
THE KING'S SCHOOL
(A company limited by guarantee)

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Annual Report and Financial Statements
Period ended 31 August 2017

Company Registration Number:
07706900 (England and Wales)

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THE KING'S SCHOOL Trust

Reference and Administrative Details September 2016 – August 2017

Members	Mr Les Allen		
	Mr David Armes		
	Mr Stephen Cousins		
	Professor Ken Durrands CBE		
	Mr Paul Ross		
	Councillor Jacky Smith		
Trustee	Mr Paul Ross	Chair	
	Mr Les Allen	Vice Chair	
	Professor Ken Durrands CBE		
	Mr David Armes		
	Mrs Joanne Cropper	Support Staff Governor	
	Mr Stephen Cousins		
	Mrs Susan Drulia	Teacher Staff Governor	Resigned April 2017
	Mr Jonathan Farrington	Vice Chair Parent Governor	
	Ms Sara Jones	Teacher Staff Governor	Joined April 2017
	Mr Frank Hedley	Head Master and Accountable Officer	
	Mrs Helen Sloss	Co-opted	
	Councillor Jacky Smith		
	Mr Gary Mills	Parent Governor	
	Mrs Elizabeth Brady	Parent Governor	
Senior Leadership Team	Mr Peter Kirkbride	Company Secretary	
	Mr Frank Hedley	Head Master	
	Mr Peter Kirkbride	Bursar & Director Resources	
	Mr Stephen Brook	Deputy Headmasters	
	Mr Justin Dixon		
	Mr Nigel Barton	Assistant Headteachers	
	Mrs Colette Martin		

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Principal and Registered Office	The King's School Brook Street Grantham, Lincs NG31 6RP
Company Registration Number	07706900 (England and Wales)
Independent Auditor	Duncan & Toplis 15 Chequergate Louth LN15 0LJ
Bankers	HSBC 41 Westgate Grantham NG31 6LF
Solicitors	Veale Wasbrough Vizards (Yvonne Spencer lead contact) Orchard Court, Orchard Lane Bristol BS1 5WS

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TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a wide catchment area centred on the town of Grantham in Lincolnshire. It has a pupil capacity of 1,128 and had a roll of 1,122 on the school roll on 1 September 2016.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of The King's School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The King's School.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association detail the different types of Governor, each category has slightly differing election or appointment processes, as outlined below:

- The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head Master or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.
- The Members may appoint up to 6 Foundation Governors.
- The Governing Body may appoint a Community Governor.
- The Head Master shall be treated for all purposes as being an ex officio Governor.
- A minimum of 2 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. The term of office of a parent governor should end when they ceases to be the parent of a registered pupil.

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- The Members shall appoint 2 Staff Governors (which shall include 1 teaching staff member and 1 support staff member) through such process as they may determine. If a Staff Governor ceases to work at the Academy then they shall be deemed to have resigned and shall cease to be a Governor automatically on termination of his work at the Academy.
- The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

Governors are subject to retirement or re-election at the end of their 4 year term of office unless the eligibility conditions listed above prevail. Whilst closely following the requirements of the Academy trust Articles of Association, Trustees have decided to pursue a skills-based approach to the nomination and selection processes for new trustees in order to ensure the board comprises personnel with a wide range of relevant experience and professional knowledge.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees and Governors are given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally few new Trustees each year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The structure of the Academy consists of two senior levels: the Board of Directors (Governing Body) and the Head Master (as Accounting Officer) leading the Senior Leadership Team which includes the Bursar & Director Resources, 2 Deputy Headmasters and 2 Assistant Headteachers. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the School nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Directors is responsible for setting the School's policies, adopting the School Improvement Plan and budget, monitoring performance against these plans and making major decisions about the direction of the School including its curriculum, the achievement and welfare of students and staffing.

The Head Master and Senior Leadership Team control the School at an executive level, implementing the policies set by the Board of Directors and reporting back to them.

During FY 2016-17 the Board of Directors continued to operate as a single board, which meets up to 10 times a year. This operating structure ensures that all trustees are aware of all operational matters and is a much more efficient and transparent manner to manage the academy.

The academy has an approved Financial Regulations Handbook which details the School's delegated authorities and authorised spending limits.

Groups of governors may be formally organised outside of the committee structure to support the School as required, to consider *inter alia*:

- Head Master and SLT recruitment.
- Personnel & Salaries (sub-committee of main board)

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- Pupil Discipline
- Staff Discipline
- Complaints
- Significant areas of change management, i.e. Admissions Policy.

Arrangements for setting pay and remuneration of key management personnel

The academy has an approved Pay Policy which is reviewed annually by the Personnel & Salaries Committee, a sub-committee of the Governing Body. This policy sets out the framework for making decisions on teachers and support staff pay. It has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD) and has been consulted on with staff and professional associations.

The Governing Body is committed to taking decisions using fair, transparent and objective criteria in order to secure a consistent approach in school pay decisions. The Governing Body recognises the requirement that all pay progression decisions for all leadership staff will be linked to annual appraisal of performance.

The Pay Policy is designed to:

- Ensure that decisions on pay progression are managed in a fair, just and transparent way.
- Enable the school to recognise and reward senior staff appropriately for their contribution to the school.
- Maintain and improve the quality of teaching and learning at the school.
- Support the school strategic plan.
- Support the recruitment and retention of a high quality workforce.
- Ensure there is a strong link between Performance Management and pay progression.

Leadership Pay

The Head Master's pay is determined by The Governing Body, who will assign a seven point Individual School Range (ISR) based on the school group size, as determined by the STPCD. Progression on the ISR for the Head Master will be subject to a review of the Head Master's performance set against an annual appraisal review.

Other Senior Leaders pay is determined by the Governing Body, who will determine a five point pay range for all senior leadership posts from within the Senior Leadership Range, the range for individual posts will be determined according to the duties and responsibilities of the post. Progression on the pay range for a member of staff paid on the Senior Leadership Range will be subject to a review of their performance set against the annual appraisal review.

The Governing Body will ensure that salaries are reviewed annually, with effect from 1 September and no later than 30 November (31 December for the Head Master) each year, and that all staff are given a written statement setting out the salary to which they are entitled. Reviews may take place at other times of the year to reflect any changes in circumstances or job description that lead to a change in the basis for calculating an individual's pay. A written statement will be given after any review and, where applicable, will give information about the basis on which it was made.

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Connected Organisations including Related Party Relationships

The school is connected to 3 other charities:

- The King's School Old Trust (Charity # 512256) [The King's School Old Trust own all the academy land and buildings with the exception of the Newton Building, which is owned directly by the school and is included in the accounts];
- The King's School New Trust (Charity # 701983) and,
- The King's School PTFA (Charity # 1011173).

Objectives and Activities

Objects and Aims

The principal object and aim of the charitable company is the operation of The King's School as set out in the Company's Articles of Association. The curriculum provided by the Academy to pupils between the ages of 11 and 19 is designed to be broad and balanced with an emphasis in its curriculum on Mathematics, English, Sciences, IT, Humanities and Foreign Languages.

The King's School is a selective academy for boys, selecting from the top 25% of the ability range. The school's purpose is to provide the best possible education for its students so that they can fulfil their academic, social and professional potential.

The charitable company complies with the requirements of the Articles of Association and Funding Agreement, ensuring procedures for admitting students to the academy and curriculum compliance with the substance of the national curriculum are applied.

The main objectives of The Academy during the year ended 31 August 2017 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of The Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with industry and commerce and the international community; and
- to conduct academy business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Whole School Priorities for the 2016-17 Academic Year were:

Attain the highest possible grades for each student, especially at grades A*/A at 'A' level and A*/A (grades 7 – 9) at GCSE by:

- 1. Successfully introducing new GCSE and 'A' level specifications:**
(New schemes of learning and revised assessment arrangements).
- 2. Improving teaching and learning:**
 - Monitoring to improve outcomes for Pupil Premium students Y 7 – 11/13.
 - Implement revised assessment arrangements at KS3 ('life after levels').
 - Improve literacy across the curriculum (reading and SPAG).
 - Increase the number and percentage of higher grades in **all GCSE and 'A' level subjects** by focusing on increased 'stretch and challenge'.
 - Implement SEND reforms.
 - Use Homework as a tool to raise standards.
 - Improve transition arrangements for Y6-Y7 English.
 - Develop FROG VLE to support independent learning
- 3. Developing leadership and management within the school:**
 - Implement the Lincolnshire Head teacher peer to peer review process.
 - Continue to improve SLT links with Middle Leaders.
 - Keep budget projections and cost saving/revenue raising measures under constant review.
 - Exploit the CPD opportunities offered by the LTSA.
 - Continue to explore the advantages and disadvantages of forming a Multi-Academy Trust.
- 4. Implementing strategies to support improvements in student behaviour and welfare:**
 - Review the work of the school counsellor (1:1 work, nurture groups, parent workshops).
 - Improve sixth form attendance
 - Develop a strategy to address the mental health agenda across the school.
 - Develop opportunities for sixth form student leadership to assist with supervision of students at lunchtimes.
- 5. Continuing to improve the learning environment**
 - Improve school security at the main entrance.
 - Begin a programme to re-furbish science laboratories.
 - Develop plans to build new facilities for an expanding sixth form 2019-21 including planning to move reception area to the front of the school.
 - Submit Capital Improvement Fund (CIF) bids to support development plans.

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Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The academy's public benefit is enshrined in its charitable objects, which state:

- To advance for the public benefit education in the town of Grantham and the surrounding area, in particular but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum.
- To co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the Object and to exchange information and advice with them.
- To provide facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

Strategic Report

Achievements and Performance

School Roll

	2016-17	Totals
Year 7	185	
Year 8	186	
Year 9	175	
Year 10	154	
Year 11	144	No. Y7 – 11 844
Year 12	139	
Year 13	135	No. Y12-14
Year 14	0	273
School roll total	1117	

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Academic Achievement – Summer 2017

	Target Min.	Target Asp.	Actual		Target Min.	Target Asp.	Actual
Progress 8	-0.19	0.31	+0.34 provisional	A*/A	23%	26%	31.8%
Attainment 8	6.43	6.93	6.62	A* - B	51%	58%	56.1%
% A*-C+EM	83%	100%	100%	A*/E	100%	100%	98.9%
% 5+A*-C	95%	100%	100%				
% 5+ A*/A	53%	63%	46%				
% ent. A*/A	50%	60%	48%				
% EBACC	52%	70%	61%				
Attendance	96%						

Student Attendance (September 2016 – July 2017)

	No of Students	% Attendance	% Authorised absence	% Unauthorised absence
Year 7 - 186	186	97.57	2.17	0.26
Year 8 – 188	188	96.45	3.30	0.25
Year 9 - 176	176	95.43	4.35	0.22
Year 10 - 155	155	95.49	4.04	0.47
Year 11 – 146	146	96.62	3.32	0.07
Year 12 – 143	143	92.70	6.43	0.87
Year 13 - 135	135	92.83	6.53	0.65

Extra – Curricular

The staff and governors believe in the importance of providing a broad and balanced curriculum, offering a wide range of challenge and opportunities for all students both within and outside the classroom.

1. The school curriculum encourages boys to foster their own spiritual belief and respect the faith of their peers. An established range of services are held in St. Wulfram's Church. The Christian Union, supported by Harrowby Lane Methodist Church, meets on Fridays. A prayer room is available in the CIS for Muslim students.
2. Y12/13 work placements/voluntary work provides the boys with the opportunity to develop their social skills in an adult environment.
3. The House System provides boys with the opportunity to form new relationships, develop their social and team skills through representing their house in sporting and musical activities.
4. The school's extra-curricular programme is extensive and well established. A significant number of boys play sport at both school and county and regional level. Rugby, cricket and water polo are particular strengths. Approximately one third of boys are learning a musical instrument. A significant number of boys represent the school in county music ensembles and the National Youth Choir. There is an extensive programme of school music concerts and drama productions. There is an extensive programme of overseas educational visits.
5. The CCF, together with the Duke of Edinburgh Award Scheme, is an integral part of the school's history, culture and ethos. Their activities engender a sense of discipline, resilience and contribute significantly to the boys' social, moral and cultural development.

Review of the 2016-17 academic year

At King's our educational philosophy is that what happens outside the classroom is just as important as what happens inside. We have to be as concerned as a school and as parents, about developing self-confidence, resilience, self-control, and emotional intelligence. It is in the development of such traits that our extra-curricular programme plays a fundamentally important role.

- The nurturing of scholarship was witnessed in this year's Newton lecture entitled 'From Newton's light to Electromagnetic Waves' which was delivered by Prof Zvelindovsky, of Lincoln University; and the Burleigh lecture entitled, 'Putting 1066 into perspective' delivered by Professor Bates of the University of East Anglia. Both lectures encouraged boys to go beyond the normal curriculum and to think for themselves.
- During 2016-17 the school visited and used the services of no fewer than 8 universities to support learning: Lincoln, Nottingham, Leicester, Sheffield, Hull, Imperial and King's College London, as well as Oxford and Cambridge – all helped to broaden horizons and to raise expectations, whilst providing a valuable glimpse into university life.
- Political awareness was stimulated in the Mock General Election with 31% of students voting Conservative, 29% Liberal Democrat, Green Party 22% and Labour 18% of the votes. The turnout was 70%+.
- Opportunities to learn beyond the basic curriculum:
 - Twelve boys attended the after school Latin Club with all twelve receiving their OCR entry level certificates – 9 got the top grade.
 - In the British Physics Olympiad one student was awarded Gold (top 180), and one student a Silver (top 400) out of all 'A' level Physics students nationally. Both boys also entered the British Astronomy and Astrophysics Olympiad where one received a silver and the other a gold award.
 - 8 students made it through to the Senior Kangaroo Round of the Senior Maths Challenge, each receiving certificates of merit or certificate of Qualification, with one student taking the Maths Olympiad and receiving a Certificate of Qualification.
 - King's represented the school and County in the Regional finals of the annual 'top of the Bench' competition organised by the Royal Society of Chemistry at the University of Derby. The boys came a respectable 8th out of the 400 schools that entered the competition.
 - Y8 students wrote extended crime thrillers and, after a public reading in the Old School, several of the short stories were presented and displayed in Grantham library with a superb positive response from members of the public. Students also entered their poems about St Wulfram's Church into the Sir John Betjeman Poetry Competition. Thousands of students entered this national competition and a King's boy was a runner up.
 - One boy played the part of Noah in Newark Amateur Operatic Society's production of Oliver; another boy was part of a professional production of the English Youth Ballet's production of Coppelia; and a Y10 student was selected to be part of the cast of the National Youth Musical Theatre production of 'Honk!'
- A King's student was selected as The University of Evansville's Ridgeway Scholar 2017-18. He is currently spending his year in Indiana with a grant that offsets education costs in excess of \$45,000.
- The Music Department provided a wide range of extra-curricular opportunities:
 - Boys performed in a wide variety of musical events including the PTFA Ball at Belton Woods, Christmas Concert, the Carol Service, Year 7 Celebration Concerts when all 180 boys in the year group performed on various instruments; Jazz Nite, the Spring Concert, and Lonthorpe Church. The academic year was rounded off with a concert in the

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grounds of the Head Master's Garden where we enjoyed performances by the Big Band, Soul Band, soloists and small ensemble performances by the outgoing Year 13's.

- The Percussion ensemble performed with great success at the Grantham Music Festival, winning the Roberta Lynn Trophy.
- The big band, percussion ensemble and the Y9 winners of the Battle of the bands performed in the regional round of the National Festival of Music for Youth.
- The department won a Silver Certificate from the Incorporated Society of Musicians – putting the school in the top 129 schools nationally for GCSE results
- A Y7 boy passed the highest chorister award in the country – the Royal School of Church Music – gold award – the youngest chorister to receive this award.
- The music department was declared Lincolnshire Secondary Music Department of the Year for 2017.
- Extra-curricular visits included a Y7 trip to Germany, Physics trips to Cern and the Big Bang fair; History visits to the British library, Imperial War Museum, Durham Cathedral and Castle, as well as the Battlefields tour. Geography students went on fieldwork to Hull, South Witham, Stibbington, Rutland Water and Iceland.
- The chess club continues to be popular. Junior and senior teams attended several tournaments during the year. The most prestigious of these is the annual "rapidplay" event at Eton College. Around 50 schools entered this event, mainly public schools, and we are proud of our mid table result. King' hosted the National Finals of the Individual and Team Blitz chess tournament in March. Around 20 schools from all around the country sent players for this all day event which was a tremendous success apart from the title going to our local rivals - Nottingham High School! We also qualified for our third annual chess problem solving tournament held at King's College, London. Unfortunately, this year we relinquished our title as National Champions having held it for two years; but we look forward to future competitions with the young talent coming through from our current year 7, 8 and 9.
- Rugby enjoyed another demanding and successful season.
 - The 1st XV got to the last 32 schools in the country (vase competition) where they were narrowly defeated by Worksop College 15-10. The Year 10 side also reached the last 32 losing to Bishop Stortford.
 - A Y13 boy was selected to represent the Midlands and due to his impressive performances he was called up to represent England Counties – an excellent achievement.
 - The U13 and U18 sides were County Cup winners in 15 a-side game and in the 7's season the U12, U13 and U18 were crowned County Champions and U14 and U15 were runners-up.
 - 186 boys took part in House rugby in December – with the Lower School trophy being won by Foxe, the Middle School trophy was won by More.
 - Two Y11 boys were both selected for the NLD U16 rugby squad. A Y12 student represented the Irish Exiles against the England Lambs – the only player from the state sector to play for this representative side.
 - 8 boys were selected for the U18 NLD squad, and a Y12 student achieved county honours for Leicestershire.
 - Two Y12 students qualified as rugby officials and have refereed a number of school fixtures with great confidence.
 - In July the U15 and 16 rugby teams toured Canada - Toronto, Ottawa and Halifax and came home undefeated. The trip included 6 rugby fixtures, climbing the CN Tower, a boat trip into Niagara Falls, a baseball stadium tour, white water rafting, Segway tour of Halifax and Whale watching.

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- The U13 cricket team remained undefeated winning all 7 matches and becoming county champions. The U15s won their County Cup final against Spalding. The 1st XI had a disappointing season but did manage a 2 nil whitewash against the Old Boys. The 40 over match in particular was a comfortable win much to the chagrin of the Old boys!
- The Year 10 football team were KSSA district league winners. All year groups competed in the English Schools National cups and all got to the finals phase of the County Cup. Y9 were also champions of the KSSA futsal competition
- Table Tennis – the U13, U16 and U19 table tennis teams all qualified for the second round of the national competition. One student won the Regional Schools Table Tennis competition and went onto the national finals in May at Wolverhampton.
- The Year 7 Sports hall athletics team were crowned champions and in the summer athletics season. I am delighted that several students were district champions in the 100m, 300m 800m, high jump and javelin. Two students represented Lincolnshire in their respective events and two further students were invited to compete in the English School National Finals.
- The U15 gymnastics team were KSSA champions and the U13 team did superbly well to finish 6th in the National Finals.
- The U13 and U16 table tennis teams qualified to the regional finals
- Two teams performed well in the County Golf Championships.
- Four students qualified to represent Lincolnshire in the county cross country team with two of them later qualifying to run English Schools National finals.
- The U14 and U16 basketball teams competed in the Kesteven Superzone finals.
- The senior swimming team reached the National Finals and performed in the Olympic pool in London.
- The U14 Badminton team were KSSA champions and we were runners up in U12 and U16 competitions.
- Tennis continues to develop with more fixtures than we have ever had. We finished second in the U13 and U15 groups and U 13's missed out on the National Finals in a tie break.
- At sports day there were record breaking performances in: the high jump record, 100m record, 200m record, and 800m. Foxe were Sports Day Champions with 930 points.
- Overall House Champions for 2017 – More.
- Out of school, one student won a silver medal in the men's 25m Sport Pistol Team and a bronze medal in the 10m Air Pistol Junior International event.
- A Y12 student was selected to compete for England Midlands Table Tennis team in the school games where he and the team won Gold medals.
- A Y13 qualified and represented Britain in the World Triathlon Championships held in Mexico – finished a creditable 17th. He also won his age group at the 2017 British Age Group Standard Distance Duathlon Championship.
- A KS3 boy is a rising golfing talent and was selected Junior Captain for 2017 at Belton Woods.
- A Y12 student was selected for the National Talent Camp at Loughborough University because of his commitment to coaching water polo. He was awarded the overall Young Coach award. Very few students are awarded places on this course nationally let alone win the award for overall young coach of the year.
- A Y11 was selected to train with England Programmes Water Polo National Academy in his position as goalkeeper – a major step towards his selection for the U17 England Squad.
- A Y10 student completed in the ASA National Winter Championships at Ponds Forge International Centre in Sheffield completing a successful year of swimming in which he won at County and Midland levels breaking the long-standing county record.

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- 80 students started their bronze DoE, with 24 pursuing silver and 17 gold. I was delighted to present 5 gold awards from the previous academic year in the summer term.
- The CCF has had a successful biennial inspection and continues to thrive under the leadership of our contingent Commander and his skilled team. 187 cadets – had notable successes during 2016-17: in the CADSAM shooting competition we came 3rd (5th in 2016) with the combat cadet team receiving silver medals. 202 schools nationally entered the RAF competition – King's came 7th – no mean feat! In July we were delighted to have a visit by a 33 squadron helicopter at the school field, joined by students from Magnus School in Newark. An RAF Cadet was awarded a flying scholarship. An outstanding achievement went to a further student who won a Sir Michael Knights flying scholarship for a complete private pilot's licence – he was the only CCF cadet in the UK to receive this award.
- Just as the development of self is important, so is the development of selflessness and care for others. Part of being an outstanding King's man is to have a sense of social responsibility, and this year we have seen students and staff engage in many different charitable activities, raising not just money, but more importantly awareness about some of the charities that have meant the most to us.
 - Boys collected for the St Wulfram's harvest festival collection with donations going to the Grantham passage and the food bank.
 - A Y8 boy took on a 3 day cycling challenge to raise money and awareness of the rare Kennedy's disease – raising over £500.
 - A Y10 student launched an appeal to raise £4000 for a specialised wheelchair to enable him to continue his passion for wheelchair basketball. He currently plays at national junior level and is a member of the East Midlands squad with an ambition to represent Britain in the Paralympic team. I am delighted to say that the school raised £1100.
 - Staff raised almost £200 for MacMillan nurses via their coffee morning and almost £100 for Save the Children by wearing Christmas Jumpers.
 - £150 was raised for the Army Benevolent Fund and almost £100 was raised for Help for Heroes and just short of £400 for the Royal British Legion Poppy Appeal.
 - Over £200 was raised for Prostate and Testicular Cancer Research through the Movember campaign.
 - For the second year over 30 sixth form students set up a toy bank in the market place. This is a superb way for the boys to showcase their organisational abilities and leadership skills whilst also making a real difference to the lives of others.

Key Financial Performance Indicators

The Governing Body has established the Key Performance Indicators (KPI) listed below:

Staff Cost as % of income:

- FY 2015-16 was 74.7%
- FY 2016-17 was 77.2%

Teaching Staff Costs as % of income:

- FY 2015-16 was 60.7%
- FY 2016-17 was 61.7%

Support staff Costs as % of income:

- FY 2015-16 was 14.0%
- FY 2016-17 was 15.5%

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Staff Costs as % of Expenditure:

- FY 2011-12 was 68.29%.
- FY 2012-13 was 66.13%
- FY 2013-14 was 71.68%
- FY 2014-15 was 70.80%
- FY 2015-16 was 73.10%
- FY 2016-17 was 72.10%

Teaching Staff:

- FY 2011-12 was 50.84%.
- FY 2012-13 was 47.88%.
- FY 2013-14 was 52.05%
- FY 2014-15 was 50.28%
- FY 2015-16 was 53.68%
- FY 2016-17 was 52.81%

Support staff:

- FY 2011-12 was 17.45%.
- FY 2012-13 was 18.25%.
- FY 2013-14 was 19.63%
- FY 2014-15 was 20.52%
- FY 2015-16 was 19.42%
- FY 2016-17 was 19.29%

Unit Cost/Pupil (£) (expenditure divided by pupil numbers):

- FY 2011-12 was £5,871 per pupil (based on 1,025 pupils) (13 months accounting period)
- FY 2012-13 was £5,621 per pupil (based on 1,021 pupils) (12 months accounting period)
- FY 2013-14 was £5,269 per pupil (based on 1,014 pupils) (12 months accounting period)
- FY 2014-15 was £5,450 per pupil (based on 1,043 pupils) (12 months accounting period)
- FY 2015-16 was £5,137 per pupil (based on 1,081 pupils) (12 months accounting period)
- FY 2016-17 was £5,336 per pupil (based on 1,122 pupils) (12 months accounting period)

LGPS Deficit:

- FY 2011-12 - £464,000
- FY 2012-13 - £466,000
- FY 2013-14 was £752,000
- FY 2014-15 was £822,000
- FY 2015-16 was £1,412,000
- FY 2016-17 was £1,052,000

Going Concern

After making appropriate enquires, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

THE KING'S SCHOOL
(A company limited by guarantee)

Financial Review

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy looks forward to the introduction of a new 'Fairer Funding' formula which should benefit all Lincolnshire academies.

To hedge against the aforementioned budget reductions, Governors have, from September 2014, increased the number of students admitted into Year 7 by one form of entry.

During the year, the Academy received total funding of £5,549,124 compared to total resources expended of £5,938,732 (including depreciation charges of £191,669) to give a deficit for the year of £389,608.

Taking into account the surplus brought forwards from last year, the Academy has a £21,624 deficit in accumulated reserves carried forwards. This sum has been impacted by a deficit of £758,553 inherited on conversion and being repaid by way of half-yearly loan repayments to the local Authority.

The reserves figure excludes pension liability of £1,052,000 and fixed asset reserves of £4,379,447.

Reserves Policy

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be no less than one month's payroll circa £300K. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of revenue ('spendable') reserves is a deficit of £21,624 but this sum is bolstered by the fact that the deficit inherited on conversion, deducted in arriving at this figure, is funded by way of a long term loan from the local Authority.

The reserves this year includes figures for future commitments/projects, including Classroom Expansion Build Project

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Investment Policy

The trustees consider an appropriate level of reserves to be £300,000, to insulate the Academy in the event of ESFA funding becoming interrupted.

During the year the Academy trustees continued to hold £419K in short term interest-earning deposits.

Principal Risks and Uncertainties

Based on the strategic plan, the Governing Body undertakes a comprehensive review of the risks to which the academy is exposed. The committee identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Governing Body will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the academy.

A risk register, covering low, medium and high level risks, is maintained at academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

The academy's approach to risk management is supported by a risk management training programme which raises awareness of risk throughout the academy. In addition, Heads of Department and Head Teachers incorporate risk management in their self-assessment reports and quality improvement plans.

Outlined below is a description of the principal risk factors that may affect the academy. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy. The Academy Risk Register focusses on seven (7) main risk categories. Outlined below is a brief descriptor of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Strategic/reputational
2. Physical
3. Infrastructure
4. Governance
5. Staffing
6. Students
7. Financial

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The principal identified risks are:

1. Government funding - The Academy has considerable reliance on continued government funding through the Education and Standards Agency (ESFA) and the Local Authority. This risk has and will be mitigated in a number of ways:
 - Funding is derived through a number of direct and indirect contractual arrangements;
 - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
 - Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
 - Contingency planning embedded into the Academy budget process, including forward planning and maintenance of a forward medium term budget.
2. Maintain Adequate Funding of Pension Liabilities - The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.
3. Pupil Strategy- The Academy seeks to maintain its popularity with current and prospective pupils by:
 - Ensuring the Academy delivers high quality education and training;
 - Maintaining outstanding success rates and good inspection outcomes;
 - Investing in teaching and support staff and resources;
 - Improving the teaching environment;
 - Robust marketing strategy.

With ongoing commitment to quality, the Academy now provides market-leading learning environments with state of the art technology and specialist resources. This places the Academy in an excellent position to attract new pupils.

Plans for Future Periods

The school continues to exploit the opportunities afforded by conversion to Academy status. Initially by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the school estate.

Priority 1: To upgrade the Fire Strategy Plan incorporating an overhaul of the current fire protection system.

Priority 2: With expansion of pupil numbers continuing until September 2020, there remains an urgent need to develop facilities including additional classrooms to cater for this increased pupil population.

Funds Held as Custodian Trustee on Behalf of Others

The Academy has no such funds held.

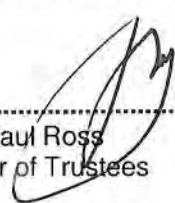
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Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees on 12 December 2017 and signed on its behalf by:



.....
Mr Paul Ross
Chair of Trustees

THE KING'S SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that THE KING'S SCHOOL Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Trustees have delegated the day-to-day responsibility to the Head Master, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The King's School Academy and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Trustees have formally met nine times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Paul Ross (Chair)	8	9
Mr Les Allen (Vice Chair)	8	9
Professor Ken Durrands CBE	9	9
Mr David Armes	9	9
Mrs Joanne Cropper	8	9
Mr Stephen Cousins	7	9
Mrs Susan Drulia (to April 2017)	5	7
Mr Jonathan Farrington (Vice Chair)	6	9
Mr Frank Hedley (Head Master)	9	9
Mr Gary Mills	8	9
Mrs Helen Sloss	9	9
Councillor Jacky Smith	8	9
Elizabeth Brady	8	9
Sara Jones (joined April 2017)	2	2

The key challenge faced by the board of trustees during the year was the need to further expand the school roll to generate increased funding to stabilise the school's financial position in the medium term.

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Review of Value for Money

As Accounting Officer the Head Master has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Absorbed 31 additional Year 7 pupils from September 2015 (lagged funding from September 2016).

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The King's School Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees Report;
- regular reviews by the Governing Body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Mrs Claire Welberry, the FD of Boston High School to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a quarterly basis (for 2 of the 4 quarters when external auditors are not reviewing financial systems), the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The reviewer has delivered their schedule of work as planned; no significant matters have been identified which require internal controls or procedures to have been amended.

Review of Effectiveness


As Accounting Officer the Head Master has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the main trustee's board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12 December 2017 and signed on its behalf by:


.....
Mr Paul Ross
Chair of Trustees


.....
Mr Frank Hedley
Accounting Officer

THE KING'S SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The King's School Trust I have considered my responsibility to notify the Academy trust Governing Body and the Education and Standards Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy trust, or material non-compliance with the terms and conditions of funding under the Academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the ESFA.


.....
Mr Frank Hedley
Accounting Officer
Date: 12 December 2017

THE KING'S SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors for charitable activities of The King's School Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Standards Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the Trustees are required to:

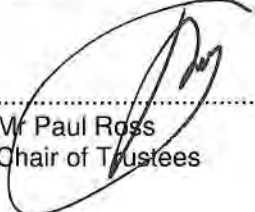
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Trustees on 12 December 2017 and signed on its behalf by:


.....
Mr Paul Ross
Chair of Trustees

THE KING'S SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KING'S SCHOOL**

OPINION

We have audited the financial statements of The King's School for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE KING'S SCHOOL

OTHER INFORMATION

The Trustee are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee's report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee's remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KING'S SCHOOL**

RESPONSIBILITIES OF TRUSTEES

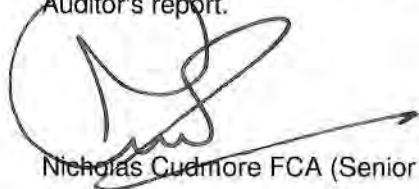
As explained more fully in the Statement of Trustee's responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan & Toplis Ltd

Chartered Accounts and Business Advisers

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

12th December 2017

THE KING'S SCHOOL
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE KING'S
SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The King's School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The King's School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The King's School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The King's School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE KING'S SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The King's School's funding agreement with the Secretary of State for Education dated 15 July 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

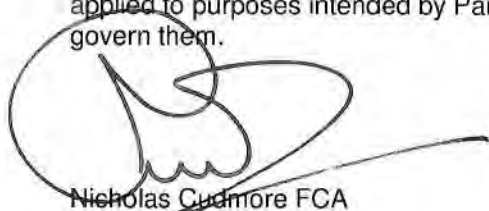
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE KING'S
SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Cudmore FCA

Duncan & Toplis Ltd

Chartered Accounts and Business Advisers

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date: 12th December 2017

THE KING'S SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	23,202	294,838	23,800	341,840	362,176
Charitable activities	3	-	5,013,167	-	5,013,167	4,905,592
Other trading activities	4	190,336	-	-	190,336	161,830
Investments	5	3,781	-	-	3,781	4,965
TOTAL INCOME		217,319	5,308,005	23,800	5,549,124	5,434,563
EXPENDITURE ON:						
Raising funds		-	287,777	-	287,777	285,568
Charitable activities		100,406	5,358,880	191,669	5,650,955	5,267,221
TOTAL EXPENDITURE	6	100,406	5,646,657	191,669	5,938,732	5,552,789
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		116,913	(338,652)	(167,869)	(389,608)	(118,226)
Transfers between Funds	17	(74,378)	-	74,378	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		42,535	(338,652)	(93,491)	(389,608)	(118,226)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	502,000	-	502,000	(508,000)
NET MOVEMENT IN FUNDS		42,535	163,348	(93,491)	112,392	(626,226)
RECONCILIATION OF FUNDS:						
Total funds brought forward		(208,335)	(1,071,172)	4,496,738	3,217,231	3,843,457
TOTAL FUNDS CARRIED FORWARD		(165,800)	(907,824)	4,403,247	3,329,623	3,217,231

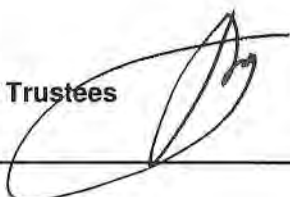
THE KING'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07706900

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		4,379,447		4,496,738
CURRENT ASSETS					
Stocks	13	6,604		6,164	
Debtors	14	147,465		208,006	
Cash at bank and in hand		856,973		803,638	
			1,011,042	1,017,808	
CREDITORS: amounts falling due within one year	15	(446,135)		(290,601)	
NET CURRENT ASSETS			564,907		727,207
TOTAL ASSETS LESS CURRENT LIABILITIES			4,944,354		5,223,945
CREDITORS: amounts falling due after more than one year	16		(562,731)		(594,714)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			4,381,623		4,629,231
Defined benefit pension scheme liability	21		(1,052,000)		(1,412,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,329,623		3,217,231
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	144,176		340,828	
Restricted fixed asset funds	17	4,403,247		4,496,738	
Restricted income funds excluding pension liability		4,547,423		4,837,566	
Pension reserve		(1,052,000)		(1,412,000)	
Total restricted income funds			3,495,423		3,425,566
Unrestricted income funds	17		(165,800)		(208,335)
TOTAL FUNDS			3,329,623		3,217,231

The financial statements on pages 29 to 51 were approved by the Trustee, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

Chair of Trustees



THE KING'S SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	<u>130,604</u>	<u>(76,082)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,781	4,965
Purchase of tangible fixed assets		(74,378)	(121,492)
Capital grants from DfE/ESFA		<u>23,800</u>	<u>23,024</u>
Net cash used in investing activities		<u>(46,797)</u>	<u>(93,503)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(30,472)</u>	<u>(29,040)</u>
Net cash used in financing activities		<u>(30,472)</u>	<u>(29,040)</u>
Change in cash and cash equivalents in the year		53,335	(198,625)
Cash and cash equivalents brought forward		<u>803,638</u>	<u>1,002,263</u>
Cash and cash equivalents carried forward	20	<u><u>856,973</u></u>	<u><u>803,638</u></u>

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The King's School constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustee assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustee make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% to 20% on cost
Motor vehicles	-	20% on cost
Fixtures and fittings	-	20% on cost
Office equipment	-	15% on cost
Computer equipment	-	20% on cost

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.6 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustee.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	23,202	-	-	23,202	20,176
Capital grants	-	-	23,800	23,800	23,024
Contributions to school trips	-	294,838	-	294,838	318,976
	23,202	294,838	23,800	341,840	362,176
<i>Total 2016</i>	<i>20,176</i>	<i>318,976</i>	<i>23,024</i>	<i>362,176</i>	

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,765,117	4,765,117	4,745,490
Pupil Premium	-	57,724	57,724	56,015
Other DfE/ESFA Revenue grants	-	9,963	9,963	10,899
Condition Improvement Funding	-	151,428	151,428	-
SEN 1-1 Funding	-	28,935	28,935	43,188
Invest to save grant	-	-	-	50,000
	-	5,013,167	5,013,167	4,905,592
<i>Total 2016</i>	-	4,905,592	4,905,592	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	34,080	-	34,080	29,747
Other income	60,078	-	60,078	42,950
Music Tuition income - unrestricted	96,178	-	96,178	89,133
	190,336	-	190,336	161,830
<i>Total 2016</i>	161,830	-	161,830	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - other local investments	3,781	-	3,781	4,965
<i>Total 2016</i>	4,965	-	4,965	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	287,777	287,777	285,568
Educational operations					
Direct costs	3,426,562	191,669	389,858	4,008,089	3,867,264
Support costs	855,372	406,558	380,936	1,642,866	1,399,957
	<u>4,281,934</u>	<u>598,227</u>	<u>1,058,571</u>	<u>5,938,732</u>	<u>5,552,789</u>
<i>Total 2016</i>	<u>4,059,043</u>	<u>488,982</u>	<u>1,004,764</u>	<u>5,552,789</u>	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Funding for the academy trust's educational operations	4,008,089	1,642,866	5,650,955	5,267,221
<i>Total 2016</i>	<u>3,930,851</u>	<u>1,336,370</u>	<u>5,267,221</u>	

Analysis of direct costs

	Educational operations £	Total 2017 £	Total 2016 £
Educational supplies	84,009	84,009	95,702
Technology costs	2,743	2,743	5,934
Examination fees	148,513	148,513	134,289
Staff development	18,521	18,521	17,977
Other costs	136,072	136,072	117,716
Wages and salaries	2,718,037	2,718,037	2,650,334
National insurance	266,642	266,642	222,210
Pension cost	441,883	441,883	427,226
Depreciation	191,669	191,669	195,876
	<u>4,008,089</u>	<u>4,008,089</u>	<u>3,867,264</u>
<i>At 31 August 2016</i>	<u>3,867,264</u>	<u>3,867,264</u>	

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Educational operations £	Total 2017 £	Total 2016 £
Staff costs	855,372	855,372	759,273
Technology costs	118,063	118,063	103,133
Maintenance of premises and equipment	241,996	241,996	87,432
Cleaning	20,314	20,314	25,732
Rent and rates	61,127	61,127	52,180
Energy costs	81,805	81,805	94,339
Insurance	36,119	36,119	33,311
Security	1,316	1,316	112
Transport	7,912	7,912	6,318
Telephone, postage and stationery	29,129	29,129	30,450
Catering	7,639	7,639	18,651
Other costs	51,544	51,544	50,172
Bank interest and charges	36,696	36,696	34,857
Operating leases - other	37,875	37,875	63,587
Auditors' remuneration	9,326	9,326	9,152
Legal and professional fees	46,633	46,633	31,258
	<u>1,642,866</u>	<u>1,642,866</u>	<u>1,399,957</u>
<i>At 31 August 2016</i>	<u>1,399,957</u>	<u>1,399,957</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	191,669	195,876
Auditors' remuneration - audit	6,250	6,250
Auditors' remuneration - other services	<u>3,076</u>	<u>2,902</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,228,079	3,134,559
Social security costs	311,809	258,932
Operating costs of defined benefit pension schemes	616,172	551,007
	<u>4,156,060</u>	<u>3,944,498</u>
Supply teacher costs	98,791	103,660
Staff restructuring costs	27,083	10,885
	<u>4,281,934</u>	<u>4,059,043</u>

Included in staff restructuring costs are non-satutory/non-contractual severance payments totalling £27,083 (2016: £9,000). Individually, the payments were: £4,500, £16,000 and £6,583.

The average number of persons employed by the Academy during the year (on a headcount basis) was as follows:

	2017 No.	2016 No.
Teachers	64	66
Management	1	1
Administration and support staff	49	60
	<u>114</u>	<u>127</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	60	60
Management	1	1
Administration and support staff	33	35
	<u>94</u>	<u>96</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	3
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS (continued)

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for the members of staff amounted to £68,322 (2016: £48,113).

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £614,883 (2016: £559,575).

10. TRUSTEE'S REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits during their tenure as trustees was as follows:

		2017 £	2016 £
F Hedley, Head Teacher	Remuneration	90,000-95,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
J Cropper, Staff Governor	Remuneration	35,000-40,000	30,000-35,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Drulia, Staff Governor Resigned 25 April 2017	Remuneration	20,000-25,000	25,000-30,000
	Pension contributions paid	0-5,000	0-5,000
S Jones, Staff Governor Appointed 15 May 2017	Remuneration	10,000-15,000	
	Pension contributions paid	0-5,000	

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL to 5 Trustees).

11. TRUSTEE'S AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,300 (2016 - £1,278).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £
Cost					
At 1 September 2016	4,628,952	22,220	197,030	223,364	168,929
Additions	-	-	12,207	40,702	21,469
At 31 August 2017	4,628,952	22,220	209,237	264,066	190,398
Depreciation					
At 1 September 2016	397,468	11,110	129,350	104,683	101,146
Charge for the year	94,082	4,444	30,354	36,844	25,945
At 31 August 2017	491,550	15,554	159,704	141,527	127,091
Net book value					
At 31 August 2017	4,137,402	6,666	49,533	122,539	63,307
At 31 August 2016	4,231,484	11,110	67,680	118,681	67,783
					Total £
Cost					
At 1 September 2016					5,240,495
Additions					74,378
At 31 August 2017					5,314,873
Depreciation					
At 1 September 2016					743,757
Charge for the year					191,669
At 31 August 2017					935,426
Net book value					
At 31 August 2017					4,379,447
At 31 August 2016					4,496,738

The King's School Trust owns all of the land and buildings occupied by the Academy, which is leased for zero rent, with the exception of the Newton Building which is owned directly by the Academy and included above.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. STOCKS

	2017 £	2016 £
Cleaning and stationery stocks	<u>6,604</u>	<u>6,164</u>

14. DEBTORS

	2017 £	2016 £
Trade debtors	5,730	88,348
Other debtors	49,897	23,134
Prepayments and accrued income	91,838	96,524
	<u>147,465</u>	<u>208,006</u>

15. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	31,983	30,472
Trade creditors	194,992	76,202
Other taxation and social security	79,658	75,599
Other creditors	2,534	2,534
Accruals and deferred income	136,968	105,794
	<u>446,135</u>	<u>290,601</u>

Deferred income relates to music tuition income and school fund income received in advance.

16. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	<u>562,731</u>	<u>594,714</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<u>418,128</u>	<u>456,944</u>

Other loans principally comprises a 25-year loan from Lincolnshire County Council, repayable by way of half-yearly instalments of capital and interest. The loan is unsecured but carries interest at a fixed rate of 4.9% per annum.

17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Other income not for capital purposes	525,218	217,319	(100,406)	(74,378)	-	567,753
Deficit on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(208,335)</u>	<u>217,319</u>	<u>(100,406)</u>	<u>(74,378)</u>	<u>-</u>	<u>(165,800)</u>
Restricted funds						
General Annual Grant (GAG)	66,499	4,765,117	(4,831,616)	-	-	-
Other DfE/ESFA Grants	84,991	219,115	(291,303)	-	-	12,803
Other grants and restricted income	92,089	28,935	(51,988)	-	-	69,036
Invest to Save	40,312	-	(41,973)	-	-	(1,661)
Other income restricted	5,488	-	-	-	-	5,488
School fund reserve	51,449	294,838	(287,777)	-	-	58,510
Pension reserve	(1,412,000)	-	(142,000)	-	502,000	(1,052,000)
	<u>(1,071,172)</u>	<u>5,308,005</u>	<u>(5,646,657)</u>	<u>-</u>	<u>502,000</u>	<u>(907,824)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

DfE/ESFA capital grants	1,187,479	23,800	(40,405)	-	-	1,170,874
Fixed assets funded from GAG	562,278	-	(86,917)	-	-	475,361
Fixed assets funded from other income	2,746,981	-	(64,347)	74,378	-	2,757,012
	<u>4,496,738</u>	<u>23,800</u>	<u>(191,669)</u>	<u>74,378</u>	<u>-</u>	<u>4,403,247</u>
Total restricted funds	<u>3,425,566</u>	<u>5,331,805</u>	<u>(5,838,326)</u>	<u>74,378</u>	<u>502,000</u>	<u>3,495,423</u>
Total of funds	<u>3,217,231</u>	<u>5,549,124</u>	<u>(5,938,732)</u>	<u>-</u>	<u>502,000</u>	<u>3,329,623</u>

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DfE/ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupil's education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount of £142,000 included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £174,000 actuarial decrease in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,379,447	4,379,447
Current assets	428,914	558,328	23,800	1,011,042
Creditors due within one year	(31,983)	(414,152)	-	(446,135)
Creditors due in more than one year	(562,731)	-	-	(562,731)
Provisions for liabilities and charges	-	(1,052,000)	-	(1,052,000)
	<u>(165,800)</u>	<u>(907,824)</u>	<u>4,403,247</u>	<u>3,329,623</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(389,608)	(118,226)
Adjustment for:		
Depreciation charges	191,669	195,876
Dividends, interest and rents from investments	(3,781)	(4,965)
Increase in stocks	(440)	(3,029)
Decrease/(increase) in debtors	60,541	(78,067)
Increase/(decrease) in creditors	154,023	(126,647)
Capital grants from DfE and other capital income	(23,800)	(23,024)
Defined benefit pension scheme cost less contributions payable	111,000	50,000
Defined benefit pension scheme finance cost	31,000	32,000
Net cash provided by/(used in) operating activities	<u>130,604</u>	<u>(76,082)</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	437,723	387,281
Notice deposits (less than 3 months)	419,250	416,357
Total	<u>856,973</u>	<u>803,638</u>

Please note: Analysis of cash and cash equivalents should be read in conjunction with Page 15 - "Financial Review and Reserves Policy".

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £396,710 (2016 - £387,385).

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21. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £142,000 (2016 - £147,000), of which employer's contributions totalled £106,000 (2016 - £111,000) and employees' contributions totalled £36,000 (2016 - £36,000). The agreed contribution rates for future years are 18.15% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.80 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.5
Females	26.6	26.8

	At 31 August 2017	At 31 August 2016
Sensitivity analysis	£	£
Discount rate -0.5%	358,000	374,000
Salary increase rate +0.5%	70,000	138,000
Pension increase rate +0.5%	281,000	224,000

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21. PENSION COMMITMENTS (continued)

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	<i>Fair value at 31 August 2016 £</i>
Equities	1,364,000	1,100,000
Debt instruments	210,000	186,000
Property	157,000	143,000
Cash and other liquid assets	18,000	-
Total market value of assets	<u>1,749,000</u>	<u>1,429,000</u>

The actual return on scheme assets was £31,000 (2016 - £43,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	<i>2016 £</i>
Current service cost	(217,000)	(161,000)
Interest income	31,000	43,000
Interest cost	(62,000)	(75,000)
Total	<u>(248,000)</u>	<u>(193,000)</u>
Actual return on scheme assets	<u>31,000</u>	<u>43,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	<i>2016 £</i>
Opening defined benefit obligation	2,841,000	1,891,000
Current service cost	217,000	161,000
Interest cost	62,000	75,000
Employee contributions	36,000	36,000
Actuarial (gains)/losses	(338,000)	691,000
Benefits paid	(17,000)	(13,000)
Closing defined benefit obligation	<u>2,801,000</u>	<u>2,841,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	1,429,000	1,069,000
Interest income	31,000	43,000
Actuarial gains (losses)	164,000	183,000
Employer contributions	106,000	111,000
Employee contributions	36,000	36,000
Benefits paid	(17,000)	(13,000)
	<u>1,749,000</u>	<u>1,429,000</u>
Closing fair value of scheme assets	<u>1,749,000</u>	<u>1,429,000</u>

22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	34,264	37,067
Between 1 and 5 years	43,064	78,029
	<u>77,328</u>	<u>115,096</u>
Total	<u>77,328</u>	<u>115,096</u>

23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

24. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.