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

THE KING'S SCHOOL
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Period ended 31 August 2016

Company Registration Number:
07706900 (England and Wales)

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

Contents	Page
Reference and Administrative Details	1
Trustees' Report	2 - 16
Governance Statement	17 - 19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditors' Report on the Financial Statements	22 - 23
Independent Auditors' Report on Regularity	24 - 25
Statement of Financial Activities incorporating Income & Expenditure Account	26
Balance Sheet	27 - 28
Cash Flow Statement	29
Notes to the Financial Statements, incorporating:	30 - 53
Statement of Accounting Policies	
Other Notes to the Financial Statements	

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

THE KING'S SCHOOL TRUST

Reference and Administrative Details

Members	Mr Les Allen Mr David Armes Mr Stephen Cousins Professor Ken Durrands CBE Mr Paul Ross Councillor Jacky Smith
Trustees	Mr Paul Ross (Chair) Mr Les Allen (Vice Chair) Professor Ken Durrands CBE (Vice Chair) Mr David Armes Mrs Joanne Cropper (Support Staff Governor) Mr Stephen Cousins Mrs Susan Drulia (Teacher Staff Governor) Mr Jonathan Farrington (Parent) Mr Frank Hedley (Head Master and Accountable Officer) Mr Rob Kearsley Bullen (Parent) (To 14 May 2016) Mrs Helen Sloss (Parent) Councillor Jacky Smith
Company Secretary	Mr Peter Kirkbride
Senior Management Team:	
Head Master	Mr Frank Hedley
Bursar & Director Resources	Mr Peter Kirkbride
Deputy Headmasters	Mr Stephen Brook and Mr Justin Dixon
Assistant Headteachers	Mr Nigel Barton and Mrs Colette Martin
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 Limited 15 Chequergate Louth LN11 0LJ
Bankers	HSBC 41 Westgate Grantham NG31 6LF
Solicitors	Veale Wasbrough Vizards (Yvonne Spencer lead contact) Orchard Court, Orchard Lane Bristol BS1 5WS

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

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 2015 to 31 August 2016. 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 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. The insurance provides cover up to a maximum value of £5,778,300

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.

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

- 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 2014-15 the Board of Directors abolished all but one committee and adopted a single board, which meets up to 10 times a year. This new 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 new structure has proven to be effective and trustees have decided to continue with the structure into FY 2016-17.

The academy has an approved Financial 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*:

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

- Head Master and SLT recruitment.
- Personnel & Salaries (sub-committee of main board)
- 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 (Ofsted Handbook, 2016).

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.

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

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 2016 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.

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

Objectives, Strategies and Activities

The Whole School Priorities for the 2015-16 Academic Year were:

Objective 1	Strategy
Continue to raise student achievement at KS3, KS4 and KS5.	Review the school's target setting process and phase in a revised assessment policy and monitoring scheme to take account of: <ul style="list-style-type: none"> - 'Assessment without levels' at KS3. - Changes to the external assessment of GCSE and 'A' levels. Work with Grantham Feeder schools to improve Y6-Y7 transition and induction arrangements with particular emphasis on English. Review the strategy for the use of Pupil Premium (PP) funding and continue to monitor the progress of students in relation to their targets. PP students must be considered at the point of forming sets in English, Maths and Science to provide the best possible staff: student match.
Objective 2	Strategy
Effectively implement external curriculum reforms	<p><u>KS3</u> Introduce an additional period for mathematics in Y 8/9. Monitor the impact of curriculum changes on raising standards in Y8 & Y9 Modern Foreign Languages (MFL).</p> <p><u>GCSE (Year 1)</u> Mathematics, English Language, English Literature</p> <p><u>'A' level (Year 1)</u> English Literature, English Language and Literature, Biology, Chemistry, Physics, History, Psychology, Art, Business, Economics, Computer Science.</p>
VLE: supporting independent learning	<p><u>Staff</u> Remote access to drives and selected software through the FROG VLE homepage. Introduce the staff dashboard. Electronic textbooks embedded within FROG VLE. Regular training opportunities on FROG VLE. Cover uploaded on FROG VLE.</p> <p><u>Students</u> Departments make resources available to all year groups to support learning. Y7 homework set via FROG VLE. Introduce Careers Education Information and Guidance (CEIAG) site.</p> <p><u>Parents</u> FROG Parent portal introduced to Y7 parents. Bring Your Own Device (BYOD) Infrastructure. Improve the WI-FI coverage across the site. Staff and students provided with access to the school WI-FI network.</p>
Objective 3	Strategy
Continue to Professionally develop teaching staff	Develop a coaching and mentoring programme for all Band 2 staff.
Continue to develop and embed personalised learning approaches	To differentiate CPD according to staff need. Staff have access to the Lincolnshire Teaching School Alliance (LTSA) Subject Groups, examination board courses and leadership programmes. Improve staff knowledge and understanding of memory skills and learning techniques to better support student preparation for linear examinations.
Develop the role of cover supervisors	

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

	Review current arrangements for Special Educational Needs and Disability (SEND) provision and implement changes in line with the national strategy. Audit the skills and current role of Teaching Assistants in improving the performance of SEND students.
Objective 4	Strategy
Continue to monitor and implement strategies to support improvement in behaviour, safety and safeguarding.	Improve provision for student well-being by appointing a school counsellor. Improve student awareness of the mental health issues commonly affecting young people. (mindfulness) Develop student awareness of the importance of healthy eating – food standards. Develop a programme to support student understanding of British Values beyond that already provided. Revise the Safeguarding policy to take account of the PREVENT strategy. Develop a programme of enrichment activities for staff which promote their well-being.
Objective 5	Strategy
To continue to develop leadership at all levels	Strategic analysis of the school budget 2015-21 in order to devise a strategy for cost saving during this period. Exploit the opportunities presented by the LTSA and National College to access leadership development programmes to help colleagues to develop within their current role or prepare for the next stage of their career development. Senior Leadership Team develop their expertise to engage with the emerging Lincolnshire Strategy for a Self-Supporting School System (via LTSA/Lincolnshire CC programmes). Examine the school's approach to middle leadership development and how we evaluate it for impact. To explore the possible advantages of forming a grammar school multi-academy trust.
Objective 6	Strategy
To improve the learning environment for students and staff.	Refurbish all Science laboratories and create two new laboratories using EFA funding. Re-roof the tower block, hall and gym. Conduct an audit of classroom use to identify needs up to 2019. Examine options for funding all weather floodlit sports facilities at the school field to further develop the sports offer to students. Examine options to appoint a Development Officer post.

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.

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

- 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

The school roll remains very healthy and the situation at 3 September 2016 is detailed in the table below: (NB; in September 2014 the Year 7 intake was increased by a form of entry).

Year Group	2015/16	Totals	2016/17	Totals
Year 7	186		186	
Year 8	175		185	
Year 9	153		176	
Year 10	147		154	
Year 11	150	No. 7 – 11 811	145	No. Y7 – 11 846
Year 12	151		140	
Year 13	120	No. Y12-14 273	135	No. Y12-14 276
Year 14	2		1	
School Roll Total	1084	1084	1122	1122

Academic Achievement – Summer 2016

GCSE	Minimum Target	Aspirational Target	Actual
5 A* - C incl. English/Maths	89%	95%	100%
% 5+ A*/A	96%	98%	100%
% entry A*/A	34%	45%	50.5%
% 3 Levels of Progress (LP) English	74%	86%	91.2%
% 4 LP English	37%	53%	52%
% 3 LP Maths	74%	89%	94.6%
% 4 LP Maths	42%	62%	73.7%
EBacc	69%	74%	66.7%

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

Student Attendance (3 September 2015 – 21 July 2016)

Year Group	% Attendance	% Authorised absence	% Unauthorised absence
Year 7	97.14	2.77	0.09
Year 8	96.75	3.09	0.16
Year 9	96.59	3.15	0.26
Year 10	96.69	3.20	0.10
Year 11	97.38	2.53	0.09
Year 12	88.90	6.80	4.30
Year 13	88.46	8.39	3.14
Year 14	84.85	13.54	1.50

Extra – Curricular

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 the Burleigh lecture delivered by Professor John Darwin, Professor of Global and Imperial History at Nuffield College, Oxford. The title of the lecture was 'Jewel in the crown or unlimited liability: India's impact on the British Empire, 1857-1947.' and in The Newton lecture delivered by Professor Michael Proctor, Provost of King's College, Cambridge on 'the unquiet sun' - Both lectures encouraged boys to go beyond the normal curriculum and to think for themselves.
- During 2015-16, the school visited and used the services of no fewer than 8 universities to support learning – Lincoln, Nottingham, Leicester, Sheffield, Hull, Imperial College, London – as well as Oxford and Cambridge – all helped to broaden horizons and to raise expectations, whilst also providing a valuable glimpse into university life.
- Political awareness was stimulated in two key ways. The EU referendum was hotly contested in a series of debates held for all year groups. 55% of students voted to remain in the EU, with 44% voting leave and 1% undecided. An insight into the work of the House of Lords was provided by Lord Norton in July via the Peers into school programme. Lord Norton spoke about the work of the House of Lords and parliamentary processes.
- The school provided a range of opportunities for boys to learn beyond the basic curriculum. 17 students from Y9 and Y10 attend weekly lessons in Latin after school sessions on Tuesdays, and they will take the Latin entry qualification in due course.
- One pupil was the first boy for several years to be awarded the Ridgeway Scholarship for 2016. This will enable him to have year abroad at the University of Evansville. His grant offsets education costs of more than \$40,000.

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

- We have had an extensive range of national and overseas visits to support the curriculum. Last year, a new group of students experienced visits to Nordenham, Bremerhaven and Bremen; Y11 students had the opportunity to go to Bamberg; Y9 historians visited the battlefields of Northern France, and the ski trip went to Italy. The year 2015 heralded a new Physics trip to CERN in Switzerland; the 1st XI cricket team toured in Dubai and 28 students spent 4 weeks in Borneo. The latter visit included projects helping to improve standards of living in rural communities, forest regeneration, the protection of wildlife, and a jungle trek. The impact of these visits for broadening horizons, stimulating interests, developing cultural awareness and greater independence should never be underestimated.
- Senior Maths challenge – 11 out of 37 students received gold certificates with 9 going on to the British Maths Olympiad.
- In the Chess Club – one of our pupils finished second in the Junior Competition of the British Problem Solving Society's championship at Eton College in February. He faced competition of the very highest standard including 6 ex-world champions and 14 grand masters.
- The problem solving team went to Imperial College in May and they defended their title for the second year running.
- Two pupils worked with the National Trust team at Belton House on their 14 – 24 project working with archaeologists and storytellers to lead a project of remembrance for the men who trained as part of the Machine Gun Corps in Belton's parkland – 'Lest we forget Belton's bravest' project.
- King's made its own contribution to the 2016 commemoration of the Battle of the Somme via the CCF planting trees for the Woodland Trust as part of the 'Operation Reflect'.
- The CCF contingent, now almost 200 strong, continues to make a name for itself. The RAF section came 3rd in the Eastern Competition out of 33 schools and 12th in the national competition. The RAF camp took place at Inskip with the Army section having a superb camp at Cottesmore Barracks. The bi-annual inspection took place and the annual CCF dinner was held in June. The climax of the CCF year was the Contingent Shooting team (Army and RAF sections combined) winning the Cadet Skill at Arms trophy – the first school in 18 years to win the overall trophy. In addition, one student was awarded an Air Cadet Pilot Scholarship Award against competition from 160 cadets.
- One student continues to achieve highly in the Shooting arena, having successfully competed in the British Pistol Club Championship and the Lincolnshire County Junior Championship and the West Midlands Championships. He was selected to represent Great Britain at the Junior International Match held at Bisley in August and was awarded Silver in the 25 metre sport pistol and bronze in the 10 metre air pistol competitions.
- The Duke of Edinburgh Award Programme provides the boys with an excellent opportunity to experience something different and to develop the skills of leadership, teamwork and endurance. A total of 88 boys participated – 63 bronze, 17 silver and 8 gold. Two pupils have

completed all four disciplines and will receive their gold award at Buckingham Palace later this year.

- The standard of school sport remains high. In Athletics, a pupil was selected to participate in the English Schools' Intermediate Boys 400m final held at Gateshead, coming in 5th place.
- Following success as British U20 Duathlon Champion in April, one pupil finished a highly creditable 17th in the ITU World Triathlon Grand Final in Mexico when competing for Team GB in the 18-19 age group.
- The senior tennis team achieved an historic first for the school in qualifying for the National Finals where they came third.
- Two of our brilliant table tennis players represented the Midlands region at the UK Sports Games in Manchester. Both boys successfully defended their team title, winning team gold and Midland Team overall gold in the event. One player went on to win gold for England in the International School's Championships at the University of Limerick in Ireland.
- The Y10 team Water Polo team achieved 4th place at the ESSA national finals in Bolton, narrowly missing out on 3th place on penalties. The U18 team despatched St Bede's, Bradford Grammar, City of London School, St. Paul's and Eton en route to lifting the ESSA Plate.
- The U13 and U15 swimming teams both reached the National Finals in the Olympic Pool.
- Football continues to thrive at King's. The Y7 and Y9 teams were KSSA League Champions. The Y9 team were County Cup Champions and they got to the last 64 in the National Cup which started with 600 teams in total and also reached the National Futsal Finals for the first time in the school's history.
- We are also developing our Badminton talent – the U13 team qualified for the National Finals in Milton Keynes.
- The Y8, 9 and 11 rugby teams all won their county cup finals in emphatic style. Y8 won through to the last 16 of the National cup out of 300 schools. They also won the county cup in both the 15 a side 7 a side competitions. Y9 won the county cup. Y10 reached the last 32 of the National Vase competition out of 128 schools. The Y11 team won the county cup, NLD cup, and the Leicester Grammar 7s invitational. Meanwhile the 1st XV won impressive victories over Spalding, Notts High, Loughborough Grammar and Worksop College.
- There were several notable rugby representative honours – one individual was selected for the U18 and U20 England Counties, Midlands and NLD teams. Two pupils were selected for Leicester, with six boys selected for the NLD. Others were selected for Leicester Tigers U16 and U18 representation and the Irish Exiles U18 team.
- 2015-16 was a mixed year for school cricket - the U12 team won the County cup, the U13 team lost in the semi-final of the county cup. The U15 team were runners up in the county cup final.

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

The 1st XI team won 5 of its 9 matches but lost in the annual MCC fixture by 46 runs and to the Old Boys by 77 runs.

- In the cultural sphere a range of activities punctuated the academic year. In November, an outstanding performance of Dracula took place.
- Out of school, one Y9 pupil was cast in the lead role of a film called 'The Devil Outside' – filming took place over the summer and should be released in cinemas in March 2017.
- A pupil performed in the English Youth Ballet performance of Giselle at the Theatre Royal, Nottingham in July.
- Pupils participated in The Rotary Young Writer Competition theme and were placed joint 2nd for senior boys second in the Junior Category. Other pupils took third place.
- Music continues to be a particular strength of the school. King's was awarded the Incorporated Society of Musicians Trust Silver Certificate in Music 2016 – for excellent results in GCSE 2015.
- Around 320 boys participated in instrumental music and singing lessons with 44 taking grade examinations. Two pupils gained grade 8 distinction.
- Over 200 boys participated in our extensive range of extra-curricular opportunities be they choir, concert orchestra, wind band, brass ensemble, Junior big band, soul band, jazz ensemble and big band. The product of all of this hard work was showcased in our annual range of concerts. Notable in the 2015-16 academic year was the school's contribution to Lincolnshire Music Service's production of Carmina Burana at Lincoln Minster and gaining a place in the finals of the National festival of Music for Youth held in Birmingham in March.
- December 2015 saw the inauguration of the King's School Toy bank which was staffed by pupils and staff to provide toys for deprived families for Christmas 2015.

Key Financial Performance Indicators

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

- KPI 1 – 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%**

- (KPI 1a) 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%**

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

- (KPI1b) 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%**

- KPI 2 – 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 £4,949 per pupil (based on 1,122 pupils) (12 months accounting period)**

- KPI 3 – 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**

- KPI 4 – Reserves (excluding loans and deficit on conversion):
- FY 2011-12 - £249,000
- FY 2012-13 – £567,000
- FY 2013-14 was £841,000
- FY 2014-15 was £834,000
- **FY 2015-16 was £840,000**

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.

Financial Review

Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

EFA funding of schools continues to be challenging. Funding decreases resulting from annual minimum funding guarantees of (-)1.5%; reductions to 6th form per pupil funding; higher employer NI and pension contributions combined with unfunded pay rises have all put significant pressure on school reserves. 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.

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

During the year, the Academy received total funding of £5,434,563 compared to total resources expended of £5,552,789 to give a deficit for the year of £118,226.

Taking into account the surplus brought forwards from last year, the Academy has £132,493 in accumulated reserves carried forwards (excluding pension liability of £1,412,000 and fixed asset reserves of £4,496,738).

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 £100,000. 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 free reserves is £550,218.

The level of restricted funds at the period end, excluding the restricted fixed asset fund, endowment fund, school fund and the pension reserve, amounted to £289,379.

The reserves this year includes figures for future commitments/projects, including:

- Maintaining buffer funds to cushion the impact of future funding reductions
- Science Block renovation building work which may require a school contribution of £200k

Investment Policy

The trustees consider an appropriate level of reserves to be £100,000, to insulate the Academy in the event of EFA funding becoming interrupted, and the carry forward at 31 August 2016 is considered to be in line with that objective.

During the year the Academy trustees continued to hold £400,000 into short term interest-earning deposits. Interest rates on these accounts have dropped to less than 1% in the past year.

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

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

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

The principal identified risks are:

1. Government funding - The Academy has considerable reliance on continued government funding through the Education Funding Agency (EFA) 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;

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

- 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.

In this respect recent successful bids to access to EFA Capital funding have enabled the school to generate a new sports hall facility; re-roof the Grade 1 Listed Old School building; refurbish and reroof a 1960s teaching block and replace aged boilers. Urgent action is now needed to regenerate older science facilities and provide additional classroom facilities to cater for the increased pupil population over the next 5 years when pupil numbers will increase by 15%.

Funds Held as Custodian Trustee on Behalf of Others

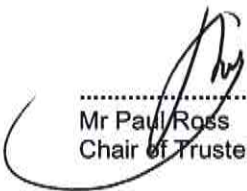
The Academy has no such funds held.

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 13 December 2016 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)	7	9
Mr Les Allen (Vice Chair)	9	9
Professor Ken Durrands CBE (Vice Chair)	9	9
Mr David Armes	9	9
Mrs Joanne Cropper	8	9
Mr Stephen Cousins	8	9
Mrs Susan Drulia	8	9
Mr Jonathan Farrington	9	9
Mr Frank Hedley (Head Master)	9	9
Mr Rob Kearsley Bullen (to May 16)	4	7
Mrs Helen Sloss	9	9
Councillor Jacky Smith	7	9

During the FY the Governing Body reviewed its modus operandi and structure and agreed to continue with the changes put in place from September 2014. This new structure saw the disestablishment of the former sub-committee structure and the number of Trustees reduced from 20 down to 12/13 members, to reflect best practice in the academy sector.

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.

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

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).
- Absorbed national pay rises and inflation costs within a budget reduced by (-)1.5%.
- Improved school non-GAG donation income.

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 2016 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 2015 to 31 August 2016 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.

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

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

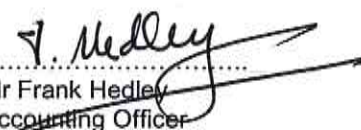
As Accounting Officer the Head Master has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 13 December 2016 and signed on its behalf by:


.....
Mr Paul Ross
Chair of Trustees


.....
Mr Frank Hedley
Accounting Officer

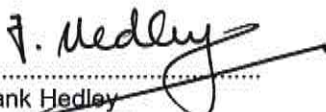
THE KING'S SCHOOL
(A company limited by guarantee)

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 Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 EFA.


.....
Mr Frank Hedley
Accounting Officer
Date: 13 December 2016

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 Funding 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 EFA/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 13 December 2016 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**

We have audited the financial statements of The King's School for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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" and the Academies Accounts Direction 2015 to 2016 issued by the Education 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 Auditors' 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Statement of Governors' responsibilities, the Governors (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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

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

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

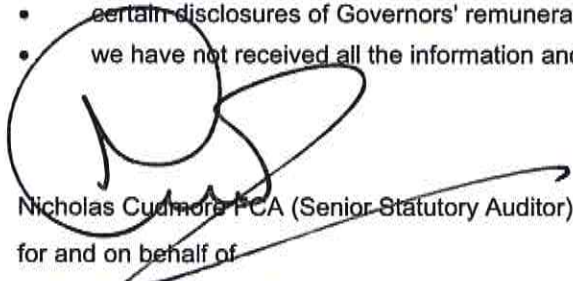
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Nicholas Cudmore FCA (Senior Statutory Auditor)
for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ
13 December 2016

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

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

In accordance with the terms of our engagement letter dated 18 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, 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 2015 to 31 August 2016 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 EFA 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 EFA 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 EFA, 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 AUDITORS**

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 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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.

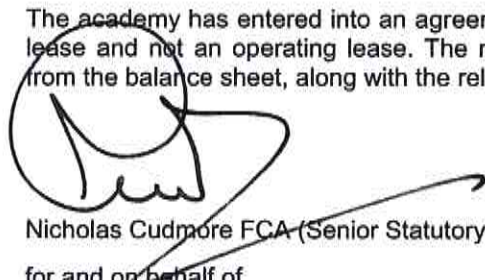
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

The academy has entered into an agreement for computer equipment which in substance qualifies as a finance lease and not an operating lease. The relevant assets are accounted for as being on hire and thus excluded from the balance sheet, along with the related lease obligation.



Nicholas Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

Duncan & Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date: 13th December 2016

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	20,176	318,976	23,024	362,176	549,986
Charitable activities	3	-	4,905,592	-	4,905,592	4,923,110
Other trading activities	4	161,830	-	-	161,830	357,011
Investments	5	4,965	-	-	4,965	4,255
TOTAL INCOME		186,971	5,224,568	23,024	5,434,563	5,834,362
EXPENDITURE ON:						
Raising funds		-	285,568	-	285,568	330,127
Charitable activities		85,771	4,985,574	195,876	5,267,221	5,383,483
TOTAL EXPENDITURE	8	85,771	5,271,142	195,876	5,552,789	5,713,610
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	101,200 25,000	(46,574) (147,745)	(172,852) 122,745	(118,226) -	120,752 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		126,200	(194,319)	(50,107)	(118,226)	120,752
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(508,000)	-	(508,000)	16,000
NET MOVEMENT IN FUNDS		126,200	(702,319)	(50,107)	(626,226)	136,752
RECONCILIATION OF FUNDS:						
Total funds brought forward		(334,535)	(368,853)	4,546,845	3,843,457	3,706,705
TOTAL FUNDS CARRIED FORWARD		(208,335)	(1,071,172)	4,496,738	3,217,231	3,843,457

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

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		4,496,738		4,571,122
CURRENT ASSETS					
Stocks	14	6,164		3,135	
Debtors	15	208,006		129,939	
Cash at bank and in hand		803,638		1,002,263	
		<u>1,017,808</u>		<u>1,135,337</u>	
CREDITORS: amounts falling due within one year	16	(290,601)		(415,808)	
NET CURRENT ASSETS			<u>727,207</u>		<u>719,529</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,223,945</u>		<u>5,290,651</u>
CREDITORS: amounts falling due after more than one year	17		(594,714)		(625,194)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>4,629,231</u>		<u>4,665,457</u>
Defined benefit pension scheme liability	24		(1,412,000)		(822,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>3,217,231</u>		<u>3,843,457</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	18	340,828		453,147	
Restricted fixed asset funds	18	4,496,738		4,546,845	
Restricted funds excluding pension liability		<u>4,837,566</u>		<u>4,999,992</u>	
Pension reserve		<u>(1,412,000)</u>		<u>(822,000)</u>	
Total restricted funds			<u>3,425,566</u>		<u>4,177,992</u>
Unrestricted funds	18		(208,335)		(334,535)
TOTAL FUNDS			<u>3,217,231</u>		<u>3,843,457</u>

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Governors, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:



.....
Mr Paul Ross
Chair of Governors

The notes on pages 30 to 53 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(76,082)	792,560
Cash flows from investing activities:			
Dividends, interest and rents from investments		4,965	4,255
Purchase of tangible fixed assets		(121,492)	(861,833)
Capital grants from DfE/EFA		23,024	181,596
Net cash used in investing activities		(93,503)	(675,982)
Cash flows from financing activities:			
Repayments of borrowings		(29,040)	(104,327)
Net cash used in financing activities		(29,040)	(104,327)
Change in cash and cash equivalents in the year		(198,625)	12,251
Cash and cash equivalents brought forward		1,002,263	990,012
Cash and cash equivalents carried forward		803,638	1,002,263

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of The King's School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The King's School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 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 Governors.

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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 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 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 in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Governors 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 Governors 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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.

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.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed 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

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.9 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.

1.10 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.

1.11 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.

1.12 Liabilities and provisions

Liabilities 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.

1.13 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

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 24, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgement

Estimates and judgements 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 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

1.17 Comparatives

Following revisions to the EFA Accounts Direction, certain expenses in 2015/16 have been classified on a different basis to 2014/15. Where such differences arise, comparatives have been realigned to accord with 2015/16 classifications.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	20,176	-	-	20,176	14,983
School fund income	-	318,976	-	318,976	353,407
Capital grants	-	-	23,024	23,024	181,596
Total donations and capital grants	20,176	318,976	23,024	362,176	549,986

In 2015, of the total income from donations and capital grants, £14,983 was to unrestricted funds and £535,003 was to restricted funds

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	4,745,490	4,745,490	4,779,513
Pupil Premium	-	56,015	56,015	50,307
Other DfE/EFA Revenue grants	-	10,899	10,899	10,924
	-	4,812,404	4,812,404	4,840,744
Other government grants				
Other government revenue grants	-	50,000	50,000	-
SEN 1-1 Funding	-	43,188	43,188	50,166
	-	93,188	93,188	50,166
Other funding				
Other income capital	-	-	-	32,200
	-	-	-	32,200
	-	4,905,592	4,905,592	4,923,110

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £4,923,110 was to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings income	29,747	-	29,747	27,673
Catering income	-	-	-	216,409
Other income	132,083	-	132,083	112,929
	161,830	-	161,830	357,011

In 2015, of the total income from other trading activities, £357,011 was to unrestricted funds and £ NIL was to restricted funds.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>Total funds 2015 £</i>
Bank account interest	4,965	-	4,965	4,255

In 2015, of the total investment income, £4,255 was to unrestricted funds and £ NIL was to restricted funds.

6. DIRECT COSTS

	Total 2016 £	<i>Total 2015 £</i>
Educational supplies	95,702	98,122
Technology costs	5,934	2,857
Examination fees	134,289	129,752
Staff development	17,977	21,814
Other costs	117,716	96,921
Operating leases - other	63,587	74,383
Wages and salaries	2,650,334	2,624,612
National insurance	222,210	176,414
Pension cost	427,226	365,722
Depreciation	195,876	177,357
	<u>3,930,851</u>	<u>3,767,954</u>

In 2015, the Academy incurred the following Direct costs:

£3,767,954 in respect of Funding for the Academy's educational operations

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. SUPPORT COSTS

	Total 2016 £	<i>Total 2015 £</i>
Net finance cost of final salary pension scheme	32,000	29,000
Technology costs	103,133	101,019
Pupil recruitment and support	3,056	4,817
Maintenance of premises and equipment	87,432	136,469
Cleaning	25,732	26,135
Rent and rates	52,180	46,886
Energy costs	94,339	99,196
Insurance	33,311	34,303
Security	112	485
Transport	6,318	8,365
Telephone, postage and stationery	30,450	34,968
Catering	18,651	144,165
Other costs	13,377	6,216
Bank interest and charges	34,857	39,406
Auditors' remuneration	9,152	8,791
Legal & professional fees	8,891	6,413
Personnel fees	22,367	30,572
Trustees' travel reimbursed	1,739	320
Wages and salaries	598,770	685,429
National insurance	36,722	33,790
Pension cost	123,781	138,784
	1,336,370	1,615,529

During the year ended 31 August 2016, the Academy incurred the following Governance costs:

£133,486 (2015 - £46,096) included within the table above in respect of Funding for the Academy's educational operations.

In 2015, the Academy incurred the following Support costs:

£1,549,433 in respect of Funding for the Academy's educational operations

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	285,568	285,568	330,127
Funding for the Acad:					
Direct costs	3,299,770	195,876	435,205	3,930,851	3,767,954
Support costs	759,273	293,106	283,991	1,336,370	1,595,529
	<u>4,059,043</u>	<u>488,982</u>	<u>1,004,764</u>	<u>5,552,789</u>	<u>5,693,610</u>

In 2016, of the total expenditure, £133,486 (2015 - £298,823) was to unrestricted funds and £5,422,294 (2015 - £5,394,787) was to restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	195,876	177,357
Auditors' remuneration - audit	6,250	6,250
Auditors' remuneration - other services	2,902	2,541
	<u>205,028</u>	<u>186,148</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,134,559	3,222,878
Social security costs	258,932	210,204
Operating costs of defined benefit pension schemes	551,007	504,506
	<u>3,944,498</u>	<u>3,937,588</u>
Supply teacher costs	103,660	87,163
Staff restructuring costs	10,885	-
	<u>4,059,043</u>	<u>4,024,751</u>

Staff restructuring costs comprise:

Severance payments	<u>10,885</u>	<u>-</u>
--------------------	---------------	----------

The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	66	67
Management	1	1
Administration and support staff	60	70
	<u>127</u>	<u>138</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	3	3
In the band £80,001 - £90,000	1	1

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for the members of staff amounted to £48,113 (2015: £41,385).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £9,000 (2015: £nil). This was for one payment only.

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 £559,575 (2015: £544,299).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. GOVERNORS' REMUNERATION AND EXPENSES

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Governors 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 Governors. The value of Governors' remuneration and other benefits was as follows:

		2016	2015
		£'000	£'000
F Hedley, Head Teacher	Remuneration	85-90	80-85
	Pension contributions paid	10-15	10-15
J Cropper, Staff Governor	Remuneration	30-35	25-30
	Pension contributions paid	5-10	5-10
S Drulia, Staff Governor	Remuneration	25-30	5-10
	Pension contributions paid	0-5	0-5
S Law, Staff Governor	Remuneration	-	20-25
	Pension contributions paid	-	0-5

During the year, no Governors received any benefits in kind (2015 - £NIL).

During the year ended 31 August 2016, expenses totalling £1,814 (2015 - £320) were reimbursed to 5 Governors (2015 - 2).

12. GOVERNORS' 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 £5,778,300 on any one claim and the cost for the year ended 31 August 2016 was £1,278 (2015 - £1,241).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £
Cost					
At 1 September 2015	4,575,056	22,220	192,633	203,739	125,355
Additions	53,896	-	4,397	19,625	43,574
At 31 August 2016	4,628,952	22,220	197,030	223,364	168,929
Depreciation					
At 1 September 2015	302,568	6,666	90,460	73,975	74,212
Charge for the year	94,900	4,444	38,890	30,708	26,934
At 31 August 2016	397,468	11,110	129,350	104,683	101,146
Net book value					
At 31 August 2016	4,231,484	11,110	67,680	118,681	67,783
At 31 August 2015	4,272,488	15,554	102,173	129,764	51,143
					Total £
Cost					
At 1 September 2015					5,119,003
Additions					121,492
At 31 August 2016					5,240,495
Depreciation					
At 1 September 2015					547,881
Charge for the year					195,876
At 31 August 2016					743,757
Net book value					
At 31 August 2016					4,496,738
At 31 August 2015					4,571,122

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.

Additions to freehold property does not include the acquisitions of any land or buildings.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. STOCKS

	2016 £	2015 £
Cleaning and stationery stocks	6,164	3,135

15. DEBTORS

	2016 £	2015 £
Trade debtors	88,348	1,879
Other debtors	23,134	57,834
Prepayments and accrued income	96,524	62,276
Grants Receivable	-	7,950
	208,006	129,939

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	30,472	29,032
Trade creditors	76,202	167,564
Other taxation and social security	75,599	68,073
Other creditors	2,534	2,641
Accruals and deferred income	105,794	148,498
	290,601	415,808

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

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	54,730	139,452
Resources deferred during the year	44,994	54,730
Amounts released from previous years	(54,730)	(139,452)
Deferred income at 31 August 2016	44,994	54,730

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. CREDITORS:

Amounts falling due after more than one year

	2016 £	2015 £
Other loans	594,714	625,194

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between two and five years		
Other loans	137,770	131,260
Over five years		
Other loans	456,944	493,934

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

	2016 £	2015 £
Repayable by instalments	456,944	493,934

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Other income not for capital purposes	424,018	186,971	(85,771)	-	-	525,218
Deficit on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	-	-	-	25,000	-	25,000
	<u>(334,535)</u>	<u>186,971</u>	<u>(85,771)</u>	<u>25,000</u>	<u>-</u>	<u>(208,335)</u>
Restricted funds						
General Annual Grant (GAG)	173,880	4,745,490	(4,730,126)	(122,745)	-	66,499
Other DfE/EFA grants	85,624	66,914	(67,547)	-	-	84,991
Other grants and restricted income	135,614	43,188	(86,713)	-	-	92,089
Invest to Save	-	50,000	(9,688)	-	-	40,312
Other income restricted	14,988	-	(9,500)	-	-	5,488
School fund reserve	43,041	318,976	(285,568)	(25,000)	-	51,449
Pension reserve	(822,000)	-	(82,000)	-	(508,000)	(1,412,000)
	<u>(368,853)</u>	<u>5,224,568</u>	<u>(5,271,142)</u>	<u>(147,745)</u>	<u>(508,000)</u>	<u>(1,071,172)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	1,204,814	23,024	(40,359)	-	-	1,187,479
Fixed assets funded from GAG	514,128	-	(74,595)	122,745	-	562,278
Fixed assets funded from other income	2,827,903	-	(80,922)	-	-	2,746,981
	<u>4,546,845</u>	<u>23,024</u>	<u>(195,876)</u>	<u>122,745</u>	<u>-</u>	<u>4,496,738</u>
Total restricted funds	<u>4,177,992</u>	<u>5,247,592</u>	<u>(5,467,018)</u>	<u>(25,000)</u>	<u>(508,000)</u>	<u>3,425,566</u>
Total of funds	<u>3,843,457</u>	<u>5,434,563</u>	<u>(5,552,789)</u>	<u>-</u>	<u>(508,000)</u>	<u>3,217,231</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. STATEMENT OF FUNDS (continued)

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 / EFA 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 £82,000 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 £508,000 actuarial increase 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.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	4,496,738	4,496,738	4,571,122
Current assets	(172,853)	1,190,661	-	1,017,808	1,135,337
Creditors due within one year	(60,482)	(230,119)	-	(290,601)	(415,808)
Creditors due in more than one year	-	(594,714)	-	(594,714)	(625,194)
Provisions for liabilities and charges	-	(1,412,000)	-	(1,412,000)	(822,000)
	<u>(208,335)</u>	<u>(1,071,172)</u>	<u>4,496,738</u>	<u>3,217,231</u>	<u>3,843,457</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(118,226)	120,752
Adjustment for:		
Depreciation charges	195,876	177,357
Dividends, interest and rents from investments	(4,965)	(4,255)
Increase in stocks	(3,029)	(770)
(Increase)/decrease in debtors	(78,067)	499,689
(Decrease)/increase in creditors	(126,647)	95,383
Capital grants from DfE and other capital income	(23,024)	(181,596)
Defined benefit pension scheme finance cost	82,000	86,000
Net cash (used in)/provided by operating activities	<u>(76,082)</u>	<u>792,560</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank	387,281	590,114
Notice deposits (less than 3 months)	416,357	412,149
Total	<u>803,638</u>	<u>1,002,263</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

23. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	34,000	36,543

24. 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 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 2013.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 will be as at March 2016, 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 £387,385 (2015 - £324,041).

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 2016 was £147,000 (2015 - £160,000), of which employer's contributions totalled £111,000 (2015 - £121,000) and employees' contributions totalled £36,000 (2015 - £39,000). The agreed contribution rates for future years are 19.85% for employers and 5.5 - 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.60 %	4.10 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.5	24.5
Females	26.8	26.8

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,100,000	802,000
Debt instruments	186,000	139,000
Property	143,000	128,000
Other - user input	-	-
Total market value of assets	<u>1,429,000</u>	<u>1,069,000</u>

The actual return on scheme assets was £43,000 (2015 - £36,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(161,000)	(178,000)
Net interest cost	(32,000)	(29,000)
Total	<u>(193,000)</u>	<u>(207,000)</u>
Actual return on scheme assets	<u>43,000</u>	<u>36,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

24. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	1,891,000	1,661,000
Current service cost	161,000	178,000
Interest cost	75,000	65,000
Contributions by employees	36,000	39,000
Actuarial losses/(gains)	691,000	(29,000)
Benefits paid	(13,000)	(23,000)
	<u>2,841,000</u>	<u>1,891,000</u>
Closing defined benefit obligation	<u>2,841,000</u>	<u>1,891,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,069,000	909,000
Interest income	43,000	36,000
Actuarial gains and (losses)	183,000	(13,000)
Contributions by employer	111,000	121,000
Contributions by employees	36,000	39,000
Benefits paid	(13,000)	(23,000)
	<u>1,429,000</u>	<u>1,069,000</u>
Closing fair value of scheme assets	<u>1,429,000</u>	<u>1,069,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	37,067	27,548
Between 1 and 5 years	78,029	67,980
	<u>115,096</u>	<u>95,528</u>
Total	<u>115,096</u>	<u>95,528</u>

26. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The King's School Old Trust has in the year acquired title to St Wulframs Church Hall. This will be used by the Academy in the future once a use for the Church Hall has been determined.

The King's School paid the initial purchase price of the property for £71,231 as well as costs of £6,769 for preparation costs to bring the site into use for the Academy.

The King's School Old Trust then reimbursed The King's School for £78,000 for the full costs incurred with the purchase.

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		3,706,705	3,843,457
Total funds reported under FRS 102		<u>3,706,705</u>	<u>3,843,457</u>
Reconciliation of net income	Notes		31 August 2015 £
Net income previously reported under UK GAAP			140,752
Change in recognition of LGPS interest cost	A		(20,000)
Net movement in funds reported under FRS 102			<u>120,752</u>

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £20,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

29. CONTROLLING PARTY

The Governors have ultimate control of the Academy.