

Company Registration Number: 07706900 (England and Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE KING'S SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mr Les Allen
Mr David Armes
Mr Stephen Cousins
Professor Ken Durrands CBE
Mr Paul Ross
Councillor Jacky Smith
Mr Jonathan Farrington

Trustees

Mr Paul Ross, Chair
Mr Les Allen, Vice Chair
Professor Ken Durrands CBE
Mr David Armes
Mrs Joanne Cropper, Support Staff Governor (resigned 31 August 2018)
Mr Stephen Cousins
Mr Jonathan Farrington, Vice Chair Parent Governor
Ms Sara Jones, Teacher Staff Governor
Mr Frank Hedley, Head Master and Accounting Officer (resigned 31 August 2018)
Mr Simon Pickett, Head Master and Accounting Officer (appointed 1 September 2018)
Mrs Helen Sloss, Co-opted (resigned 31 August 2018)
Councillor Jacky Smith
Mr Gary Mills, Parent Governor
Mrs Elizabeth Brady, Parent Governor
Mrs Julie Parker (appointed 9 October 2018)
Mrs Catherine Barnes, Company Secretary

Company registered number

07706900

Company name

The King's School

Principal and registered office

Brook Street, Grantham, Lincolnshire, NG31 6RP

Senior management team

Mr Frank Hedley (Resigned 31/08/2018), Head Master
Mrs Catherine Barnes, Bursar & Director Resources
Mr Stephen Brook, Deputy Headmaster
Mr Justin Dixon, Deputy Headmaster
Mr Nigel Barton, Assistant Headteacher
Mrs Colette Martin, Assistant Headteacher
Mr Simon Pickett (Joined 01/09/2018), Head Master

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Duncan and Toplis Limited, 15 Chequergate, Louth, Lincolnshire, LN11 0LJ

Bankers

HSBC, 41 Westgate, Grantham, NG31 6LF

Solicitors

Veale Wasbrough Vizards (Yvonne Spencer lead contact), Orchard Court, Orchard Lane, Bristol, BS1 5WS

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the Year 1 September 2017 to 31 August 2018. 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 published admission number (PAN) of 174, but has offered above PAN, offering 186 places resulting in a school roll on 1 September 2017 of 1,146.

Structure, governance and management

a. CONSTITUTION

The Academy Trust is a company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees who served during the year and to date these accounts are approved 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, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. 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.

c. 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.

d. 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.
- There is no maximum number of Members and the Articles do allow for an infinite number of appointments. The Members appoint the Foundation Governors.
- The Governing Body may appoint a Community Governor.

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FOR THE YEAR ENDED 31 AUGUST 2018

- 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 or she is elected. The term of office of a parent governor should end when they cease to be the parent of a registered pupil.
- 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 their 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 four year term of office unless the eligibility conditions listed above prevail. Whilst closely following the requirements of the Academy Trust Articles of Association, Governors have decided to pursue a skills-based approach to the nomination and selection processes for new Governors in order to ensure the board comprises personnel with a wide range of relevant experience and professional knowledge.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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

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

f. ORGANISATIONAL STRUCTURE

The structure of the Academy consists of two senior levels: Board of Directors (known at The King's School as the Governing Body) which includes the Head Master (as Accounting Officer). The Head Master also leads the Senior Leadership Team which includes the Bursar & Director Resources, two (2) Deputy Headmasters and two (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 all staff to support continual improvement and excellence.

The Governing Body 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 Governing Body and reporting back to them.

During the Financial Year 2017 - 18 the Governing Body continued to operate as a single board and met 9 times during the year. This operating structure ensured that all Governors were aware of all operational matters, allowing for a much more efficient and transparent manner in which to manage the academy.

The academy has an approved Financial Regulations Handbook which details the School's delegated authorities

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

and authorised spending limits.

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

- Head Master and SLT recruitment.
- Personnel & Salaries (sub-committee of main board)
- Pupil Discipline
- Staff Discipline
- Complaints
- Significant areas of change management, i.e. Admissions Policy.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

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

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

The Pay Policy is designed to:

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

Leadership Pay

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

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

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

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h. TRADE UNION FACILITY TIME

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. 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 and sports hall, 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)

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Objectives and Activities

a. 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 through the 11+ process. 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 2018 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.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

- Overview of the Whole School Priorities for the 2017-18 Academic Year:

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

1. Successfully introduce new GCSE and 'A' level specifications: (New schemes of learning and revised assessment arrangements).
2. Improve teaching and learning:
 - Monitoring to improve outcomes for Pupil Premium Students Y 7 – 11/13.
 - Review and implement revised assessment arrangements at KS3 for progress to GCSE ('life after levels').
 - Improve literacy across the curriculum (reading and SPAG).
 - Increase the number and percentage of higher grades in all GCSE and 'A' level subjects by focusing on increased 'stretch and challenge'. With a particular focus at: 'A' level - Philosophy and Geography; GCSE - Art, English Language, French, German and Geography.
 - Begin work changing the sixth form curriculum to provide greater choice for less able students.
 - Implement SEND reforms.

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- Use Homework consistently as a tool to raise standards.
 - Improve transition arrangements for Y6-Y7 English.
 - Develop FROG VLE to support independent learning.
 - Implement and review revised arrangements for Sex and Relationships Education.
3. Further develop leadership and management within the school:
- Secure school finances by preparing for the loss of ESG funding and implementation of the National Fair Funding Formula. Keep budget projections and cost saving/revenue raising measures under constant review.
 - Implement the Lincolnshire peer review process.
 - Develop a pathway for Middle Leaders to prepare for Senior Leadership.
 - Continue to improve SLT links with Middle Leaders.
 - Continue to exploit the CPD opportunities offered by the LTSA.
 - Embed the Performance Management process for support staff.
 - Make sure the school is compliant with the General Data Protection Regulations (GDPR)
4. Implement strategies to support improvements in student behaviour and welfare:
- Improve sixth form attendance
 - Improve provision for the mental health and well-being of students across the school.
 - Improve supervision arrangements at break times via pro-active staff duty arrangements.
5. Continue to improve the learning environment
- Continue the programme to re-furbish science laboratories and areas of the school requiring redecoration.
 - Develop plans to build new facilities for an expanding sixth form 2019-21 including planning to move reception area to the front of the school.
 - Submit Capital Improvement Fund (CIF) bids to support the development plan.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

Achievements and Performance

School Roll

Published Admission Number (PAN) 174		2017-18	Totals
	Year 7	184	
	Year 8	185	
	Year 9	187	
	Year 10	173	
	Year 11	153	NOR Y7 – 11 882
	Year 12	125	
	Year 13	139	
	Year 14	0	NOR Y12-14 264
	Total NOR	1146	

Student Attendance (extract from SIMS – September 2017 to July 2018)

	No of Students	% Attendance	% Authorised absence	% Unauthorised absence
Year 7	186	97.09	2.71	0.2
Year 8	185	96.47	3.35	0.18
Year 9	188	95.51	4.24	0.25
Year 10	177	95.03	4.72	0.25
Year 11	153	96.18	3.62	0.2
Year 12	125	91	7.61	1.37
Year 13	139	91.27	7.57	1.12

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Academic Achievement – Summer 2018

Year	Progress 8	Attainment 8
2017/18	0.54 Well above average	68.3 significantly above the national average

Achievement is graded outstanding because:

Attainment & progress

KS4 Attainment 2017

145 pupils

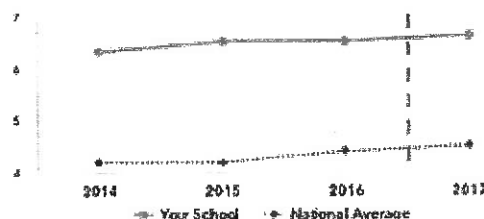
Attainment 8 (Overall)

6.6+

FFT Rank



Significantly above the national average (4.5)



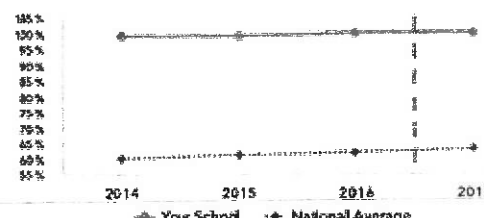
% English & Maths (Grade 4+)

100%+

FFT Rank



Significantly above the national average (63%)



KS4 Progress 2017

135 matched pupils

Progress 8 (Overall)

+0.41+

FFT Rank



Significantly above the national average (0)

% English & Maths (Grade 4+)

+9%+

FFT Rank



Significantly above the national average (0%)

Exam and Assessment Results

Students achieving grade 4 or above in GCSE English and Maths = 99%

Students achieving grade 5 or above in GCSE English and Maths = 93%

Students entering EBacc = 64% Students who achieved the EBacc at grade 5 or above = 53%

Students staying in education or employment after Key Stage 4 = 100%

Key Stage 5 Results 2017 (Awaiting DfE confirmation of 2018 results)

Students study A Levels at Key Stage 5.

A Level progress students have made compared to students across the country = 0.19

Extra – Curricular

In addition to the taught curriculum The King's School believes in the development of 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 staff and governors believe in the importance of providing a broad and balanced curriculum, offering a wide range of challenge and

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opportunities for all students both within and outside the classroom.

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

c. PUBLIC BENEFIT

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

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

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

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TRUSTEES' REPORT (continued)
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Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

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

F Y	Published Admission Number (PAN)	NOR in Y7 September
12/13	145	147
13/14	145	148
14/15	174	178
15/16	174	186
16/17	174	186
17/18	174	184

F Y	Total GAG Income	Census NOR	£ per student	KS3 & 4 pre 16 element of GAG	KS3&4 NOR	£ per KS3 & 4 student	6th form element post 16 of GAG	6th form NOR	£ per 6th form student
11/12	£4,849,153	1017	£4,768	£3,544,158	740	£4,789.40	£1,304,995	277	£4,711.17
12/13	£4,902,453	1025	£4,783	£3,559,940	738	£4,823.77	£1,342,513	287	£4,677.75
13/14	£4,851,024	1023	£4,742	£3,589,771	746	£4,812.03	£1,261,253	277	£4,553.26
14/15	£4,714,901	1015	£4,645	£3,521,400	743	£4,739.43	£1,193,501	272	£4,387.87
15/16	£4,714,437	1044	£4,516	£3,590,944	778	£4,615.61	£1,123,493	266	£4,223.66
16/17	£4,729,545	1079	£4,383	£3,622,943	809	£4,478.30	£1,106,602	270	£4,098.53
17/18	£4,795,439	1120	£4,282	£3,682,217	847	£4,347.36	£1,113,222	273	£4,077.74
18/19	£5,165,337	1147	£4,503	£4,091,319	885	£4,622.96	£1,074,018	262	£4,099.31

F Y	Teaching Staff inc supply % of GAG	Support Staff inc. lettings income & staffing costs % GAG	All Staff % of GAG + Lettings Income	LGPS Deficit
11/12	63	18	69	464000
12/13	55	18	63	466000
13/14	57	18	65	752000
14/15	62	18	69	822000
15/16	65	16	71	1412000
16/17	68	16	73	1052000
17/18	67	17	73	1052000

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b. GOING CONCERN

After making appropriate enquires, the Governors 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

a. RESULTS AND RESERVES POLICY

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy has benefited from the introduction of the new 'Fairer Funding' formula.

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

During the year, the Academy received total funding of £5,887,087 compared to total resources expended of £6,205,801 (including depreciation charges of £205,890) to give a deficit for the year of £318,714.

Taking into account the surplus brought forwards from last year, the Academy has £3,333,909 in total funds carried forwards including a pension liability of £900,000. This sum has been impacted by a deficit of £562,731 inherited on conversion and being repaid by way of half-yearly loan repayments to the local Authority. The Academy has confirmation from the LA that this loan cannot be called in or paid back early and therefore the Academy will continue to allocate the loan repayments annually through the revenue budget to ensure it provides for the ongoing liability. This approach ensures the Academy can access the "free reserves" to improve outcomes for students as these will not be called on to pay off the loan.

Restricted funds are £42,403 in deficit and unrestricted funds are £148,211 in deficit.

The fixed asset reserve balance is £4,424,523. This balance can only be realised by the disposal of fixed assets.

An annual benchmark review has confirmed that the LGPS deficit is in line with the national position for academies.

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

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 Governors' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. The trustees have determined that the appropriate level of free reserves should be no less than one month's payroll circa £300K. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies

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such as urgent maintenance. The Academy's current level of revenue ('spendable') reserves is a deficit of £190,614 but this sum is bolstered by the fact that the deficit inherited on conversion, deducted in arriving at this figure, is funded by way of a long term loan from the local Authority.

Restricted funds are in deficit as the surplus budget that was initially set for the year had to be amended to correct the contract values for staff salaries. This resulted in a deficit result. In addition, a development officer was due to be recruited and had been budgeted to bring in income of £50k against a salary of £30k. This was not successful.

The budgets have been reviewed and areas of cost saving identified. The budget for the 2018/19 year shows a surplus of £6k and for the 2019/20 year shows a surplus of £141k.

b. MATERIAL INVESTMENTS POLICY

The Academy's Articles give Governors the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects." The Governing Body has responsibility for the Trust's finances and "to approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis."

Objectives

The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation;
 - Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn;
 - By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.
- In response to monthly cash flow forecasts produced by the Bursar & Director of Resources, during the year ended August 2018, two investment accounts were closed and the cash transferred into the current bank account to support cash flow and ensure sufficient balance continued to be available to meet the financial commitments.

The King's School does not operate any Investment Accounts.

c. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

A risk register, covering low, medium and high level risks, is maintained at academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy and the

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

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 focuses 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 ESFA (ESFA) and the Local Authority. This risk has and will be mitigated in a number of ways:
 - Funding is derived through a number of direct and indirect contractual arrangements;
 - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
 - Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
 - Contingency planning embedded into the Academy budget process, including forward planning and maintenance of a forward medium term budget.
2. Maintain Adequate Funding of Pension Liabilities - The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.
3. Pupil Strategy- The Academy seeks to maintain its popularity with current and prospective pupils by:
 - Ensuring the Academy delivers high quality education and training;
 - Maintaining outstanding success rates and good inspection outcomes;
 - Investing in teaching and support staff and resources;
 - Improving the teaching environment;
 - Robust marketing strategy.
4. Financial stability- the Governors approved a NOR expansion plan which will be complete by 2020/21. Additional classroom accommodation is required to accommodate the increase in NOR to support the continuation of delivery of outstanding education. An application will be submitted to the CIF in December 2018 for a four classroom block. Failure to secure CIF support for this build application will have significant negative impact on the school's ability to maintain the NOR and any reduction in NOR will impact negatively on sustaining a strong financial position.
5. The King's School buildings are a mixture of Grade 1, Grade 2, 1960s and 21st century. English Heritage and the local community take great interest in the school's architecture and impressive history, with Sir Isaac Newton one of a number of high profile former students. Newton's original school building is maintained and used daily by the current students for assemblies, lessons, exams and as a dining hall. This notable history carries with it responsibility and financial burden. General repairs and maintenance together with any build project are all subject to intense scrutiny by English Heritage and insistence that all

THE KING'S SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

works must be carried out sympathetically to the listed buildings, renovating and reinstating back to the original state regardless of the financial consequence for the school's budget. English Heritage have stipulated the materials to be used for the forthcoming four classroom block project which will necessitate an application to the CIF in December 2018. It will be imperative for the CIF to understand that much of the requirements of this design brief are out of the control of the school and take this into account when reviewing the application.

6. Temporary planning permission to continue the siting of a modular building housing the Estate and Finance Departments has been extended for a further three years (one year is nearly spent) with the provision that it is removed at the end of this period because it is not in keeping with the listed buildings in the surrounding area. This is further evidence of the pressures placed on the school to embrace and support the town's heritage, at the same time sustain delivery of vital support services.

Fundraising

We do not carry out any fundraising activities for the Academy's own benefit, other than voluntary non-uniform days for the students where £1 is charged, and any funds raised are paid into our pupil welfare fund, which form part of our School Fund Accounts.

We do not work with any professional fundraisers.

If we were to fundraise, we would conform to recognised standards, would monitor the fundraising activities appropriately, would handle any fundraising complaints professionally and would protect the public, including vulnerable people, from unreasonably intrusive or persistent approaches.

Plans for future periods

a. FUTURE DEVELOPMENTS

The school continues to exploit the opportunities afforded by conversion to Academy status and achieved success with an application to the CIF for £205K. This project to upgrade the Fire Detection System will be completed in the Autumn term 2018.

Priority 1: With expansion of pupil numbers continuing until September 2020, there remains an urgent need to develop facilities including additional classrooms to cater for this increased pupil population. Seizing the opportunity to purchase the Church Hall in 2016 which neighbours the school, Governors saw this as an ideal location for a new classroom block. Architectural drawings for a four class building have been approved by the local Planning Authority and the application will be submitted in December 2018 to the CIF. The condition of the Church Hall is poor and it was never the intention for this to be used as an operational classroom. Owing to the mounting pressure for teaching space, this building is heavily timetabled increasing the already mounting sense of urgency to progress this four classroom build project.

Priority 2: Re submit a second CIF application for phase 2 of 3 water damage roof replacement projects, this being one of the Grade 2 listed blocks where English Heritage will continue to stipulate the roof is reinstated to its original specification with specialist materials.

Priority 3: To review the Reserves Policy to determine appropriate level of reserves.

FUNDS HELD AS CUSTODIAN

The Academy has no such funds held.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees (Governors) 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:



.....
Mr Paul Ross
Chair of Trustees (Governors)

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees (Governors), 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 Governors 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 Governors 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 (Governors) have formally met nine times during the year. Attendance during the year at the meetings was as follows:

Trustee (Governor)	Meetings attended	Out of a possible	Resigned	Joined
Mr Paul Ross (Chair)	7	9		
Mr Les Allen (Vice Chair)	8	9		
Professor Ken Durrands CBE	7	9		
Mr David Armes	9	9		
Mrs Joanne Cropper	6	9	31/08/2018	
Mr Stephen Cousins	6	9		
Mr Jonathan Farrington (Vice Chair)	8	9		
Mr Frank Hedley (Head Master & Accounting Officer)	9	9	31/08/2018	
Mr Gary Mills	9	9		
Mrs Helen Sloss	9	9	31/08/2018	
Councillor Jacky Smith	5	9		
Elizabeth Brady	8	9		
Sara Jones	9	9		
Simon Pickett (Head Master & Accounting Officer)	0	0		01/09/2018

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 for the Academy can evidence improved value for money during the year:

Challenge

- The long-term financial planning process supported the school in achieving strategic outcomes. The presentation of financial data to the leadership team and governors was reviewed and reporting processes developed and improved. The FGB minutes throughout the year confirm that governors are assured about financial leadership of the school and reinforce the fact that clarity and detail has informed their decision making through presentation of high level budget monitoring, cash flow and budget planning reports.
- Decisions are supported by accurate option analysis and business case to ensure value for money.
- A culture founded in the principles of value for money was promoted and embedded to ensure that the school continued to challenge how it secured economy, efficiency and effectiveness.
- A three year balanced budget was submitted.

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GOVERNANCE STATEMENT (continued)

•The impact of fairer funding for future sustainability of the school and opportunities for budget planning to support creativity to enrich the curriculum, school offer and outcomes for students was evaluated and reported to the FGB.

Compare

•Data Review and Analysis of School performance (ASP) Data for GCSE was presented to the FGB. Governors' attention was drawn to specific areas of the data, including Progress 8. Results showed that King's School boys improved well in comparison to other schools.

•Throughout the year, contracts were reviewed to ensure effective and economical ways of obtaining services and retendered to ensure Best Value not only in terms of price, but also delivery of service. These included: Internal Audit, Health & Safety, Electricity, Gas, Water Management Services, Building Contractors for CIF project and other build works.

Consult

•Consultation took place with stakeholders through student and parent surveys which provide clear evidence that value for money has been achieved in terms of satisfaction and outcomes summed up by 99%+ of parents confirming that they would recommend the school to another parent. 95% of students said "yes" and 5% "maybe" that they would recommend this school to a friend moving to the area.

Compete

•Audit confirms that sound controls are in place to ensure probity. Audit also confirms that quotations and tenders are obtained for the purchase of goods and services in accordance with the Scheme for Financing schools. A review of services has taken place and contracts awarded not only on the basis of value for money regarding price, but also on strengthening best practice and procedures within the school eg H&S and Water Management.

•Student outcomes are outstanding (ALIS 2017, Progress 8 measure 2017 and L3VA 2017) which gives a powerful indication of the quality and impact of teaching over time – consistently good teaching achieves outstanding results.

•Extra-curricular activities are a strength of the school and promote the ethos that education continues beyond school and the classroom. Excellence has been achieved through sport and competition, in house and at county and national level.

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GOVERNANCE STATEMENT (continued)

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 for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy 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 Year 01 September 2017 to 31 August 2018 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'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 board of trustees;
- 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 board of trustees has considered the need for a specific internal audit function and has decided to appoint Mrs Claire Welberry the FD of Boston High School to perform peer review until April 2018 when the arrangement ceased. Following a tender exercise, Duncan & Toplis were appointed to perform the Internal Audit function. Duncan & Toplis carried out an extensive interim audit visit in July 2018.

The reviewers gave advice on financial matters and performed a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current Year included:

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

During the Year ending August 2018, the one peer review and the interim audit, together with the final external audit scrutinised the operation of the systems of control and the discharge of the Governing Body financial responsibilities. The reviewers delivered their schedule of work as planned; no significant matters were identified which required internal controls or procedures to be amended.

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GOVERNANCE STATEMENT (continued)

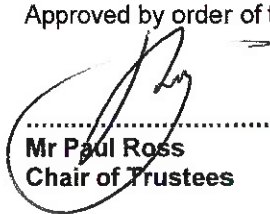
REVIEW OF EFFECTIVENESS

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 reviewers;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 trustees' 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 11 December 2018 and signed on their behalf, by:



.....
Mr Paul Ross
Chair of Trustees



.....
Mr Simon Pickett
Accounting Officer


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

As Accounting Officer of The King's School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees 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 2017.

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 ESFA.



Simon Pickett
Accounting Officer

Date: 11 December 2018

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who act as Governors for charitable activities of The King's School 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 ESFA, 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 Year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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;
- 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 (Governors) are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/ DfE have been applied for the purposes intended.

The Trustees (Governors) 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' (Full Governing Body) on 11 December 2018 11 December 2018 and signed on its behalf by:



.....
Mr Paul Ross
Chair of Trustees (Governors)

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

OPINION

We have audited the financial statements of The King's School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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 opinions we have formed.


Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan and Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

14th December 2018

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

In accordance with the terms of our engagement letter dated 21 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE KING'S SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

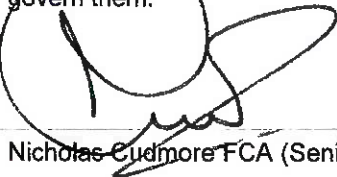
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

Duncan and Toplis Limited

Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date:

14th December 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	23,660	274,809	17,247	315,716	341,840
Charitable activities	3	-	5,146,798	-	5,146,798	5,013,167
Other trading activities	4	419,287	-	-	419,287	190,336
Investments	5	5,286	-	-	5,286	3,781
TOTAL INCOME		448,233	5,421,607	17,247	5,887,087	5,549,124
EXPENDITURE ON:						
Raising funds		-	266,257	-	266,257	287,777
Charitable activities		430,644	5,303,010	205,890	5,939,544	5,650,955
TOTAL EXPENDITURE	8	430,644	5,569,267	205,890	6,205,801	5,938,732
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	17,589	(147,660)	(188,643)	(318,714)	(389,608)
		-	(209,919)	209,919	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		17,589	(357,579)	21,276	(318,714)	(389,608)
Actuarial gains on defined benefit pension schemes	23	-	323,000	-	323,000	502,000
NET MOVEMENT IN FUNDS		17,589	(34,579)	21,276	4,286	112,392
RECONCILIATION OF FUNDS:						
Total funds brought forward		(165,800)	(907,824)	4,403,247	3,329,623	3,217,231
TOTAL FUNDS CARRIED FORWARD		(148,211)	(942,403)	4,424,523	3,333,909	3,329,623

THE KING'S SCHOOL
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REGISTERED NUMBER: 07706900

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		4,424,523		4,379,447
CURRENT ASSETS					
Stocks	14	730		6,604	
Debtors	15	201,873		147,465	
Cash at bank and in hand		737,820		856,973	
		<u>940,423</u>		<u>1,011,042</u>	
CREDITORS: amounts falling due within one year	16	<u>(601,876)</u>		<u>(446,135)</u>	
NET CURRENT ASSETS			<u>338,547</u>		<u>564,907</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,763,070</u>		<u>4,944,354</u>
CREDITORS: amounts falling due after more than one year	17		<u>(529,161)</u>		<u>(562,731)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>4,233,909</u>		<u>4,381,623</u>
Defined benefit pension scheme liability	23		<u>(900,000)</u>		<u>(1,052,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,333,909</u></u>		<u><u>3,329,623</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	(42,403)		144,176	
Restricted fixed asset funds	18	4,424,523		4,403,247	
Restricted income funds excluding pension liability		<u>4,382,120</u>		<u>4,547,423</u>	
Pension reserve		<u>(900,000)</u>		<u>(1,052,000)</u>	
Total restricted income funds			<u>3,482,120</u>		<u>3,495,423</u>
Unrestricted income funds	18		<u>(148,211)</u>		<u>(165,800)</u>
TOTAL FUNDS			<u><u>3,333,909</u></u>		<u><u>3,329,623</u></u>

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 29 to 59 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:

.....
Mr Paul Ross
Chair of Trustees



THE KING'S SCHOOL
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>135,723</u>	<u>130,604</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		5,070	3,781
Purchase of tangible fixed assets		(250,966)	(74,378)
Capital grants from DfE Group		23,003	23,800
Net cash used in investing activities		<u>(222,893)</u>	<u>(46,797)</u>
Cash flows from financing activities:			
Repayments of borrowings		(31,983)	(30,472)
Net cash used in financing activities		<u>(31,983)</u>	<u>(30,472)</u>
Change in cash and cash equivalents in the year		(119,153)	53,335
Cash and cash equivalents brought forward		<u>856,973</u>	<u>803,638</u>
Cash and cash equivalents carried forward	21	<u><u>737,820</u></u>	<u><u>856,973</u></u>

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees 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 Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Academy has confirmation from the LA that this loan cannot be called in or paid back early and therefore the Academy will continue to allocate the loan repayments annually through the revenue budget to ensure it provides for the ongoing liability. This approach ensures the Academy can access the "free reserves" to improve outcomes for students as these will not be called on to pay off the loan.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

Other income, including the hire of facilities, music tuition and lettings, 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.

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Freehold property	-	2% on cost
Leasehold property	-	2% on cost
Furniture and fixtures	-	20% on cost
Plant and equipment	-	15% to 20% on cost

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

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Taxation

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

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes.

1.15 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 Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders 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/donor and include grants from the Department for Education Group.

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	23,660	-	-	23,660	23,202
Capital grants	-	-	17,247	17,247	23,800
School fund income	-	274,809	-	274,809	294,838
	<u>23,660</u>	<u>274,809</u>	<u>17,247</u>	<u>315,716</u>	<u>341,840</u>
<i>Total 2017</i>	<u>23,202</u>	<u>294,838</u>	<u>23,800</u>	<u>341,840</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,820,627	4,820,627	4,765,117
Pupil premium	-	58,444	58,444	57,724
Other DfE/ESFA Revenue grant	-	11,186	11,186	9,963
Condition Improvement Funding	-	230,685	230,685	151,428
Other government revenue grant - DFC	-	5,756	5,756	-
	-	5,126,698	5,126,698	4,984,232
Other government grants				
SEN funding	-	20,100	20,100	28,935
	-	20,100	20,100	28,935
	-	5,146,798	5,146,798	5,013,167
Total 2017	-	5,013,167	5,013,167	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Catering income	261,124	-	261,124	-
Lettings income	32,690	-	32,690	34,080
Other income	65,831	-	65,831	60,078
Music tuition income	59,642	-	59,642	96,178
	419,287	-	419,287	190,336
Total 2017	190,336	-	190,336	

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	5,286	-	5,286	3,781
<i>Total 2017</i>	<u>3,781</u>	<u>-</u>	<u>3,781</u>	

6. DIRECT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Educational supplies	83,462	83,462	84,009
Technology costs	1,875	1,875	2,743
Examination fees	145,630	145,630	148,513
Staff development	22,973	22,973	18,521
Other costs	169,677	169,677	136,072
Wages and salaries	2,717,680	2,717,680	2,718,037
National insurance	268,719	268,719	266,642
Pension cost	447,737	447,737	441,883
Depreciation	205,890	205,890	191,669
	<u>4,063,643</u>	<u>4,063,643</u>	<u>4,008,089</u>
<i>Total 2017</i>	<u>4,008,089</u>	<u>4,008,089</u>	

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Technology costs	127,475	127,475	118,063
Maintenance of premises	152,586	152,586	241,996
Cleaning	18,403	18,403	20,314
Rent and rates	59,769	59,769	61,127
Energy costs	72,431	72,431	81,805
Insurance	30,810	30,810	36,119
Security	4,575	4,575	1,316
Transport	8,973	8,973	7,912
Telephone, postage and stationery	29,254	29,254	29,129
Catering costs	283,355	283,355	7,639
Other costs	35,231	35,231	51,544
Bank interest and charges	35,615	35,615	36,696
Operating leases - other	34,028	34,028	37,875
Auditors' remuneration	9,513	9,513	9,326
Legal and professional fees	36,391	36,391	46,633
Wages and salaries	661,133	661,133	635,916
National insurance	45,618	45,618	45,167
Pension cost	230,741	230,741	174,289
	<u>1,875,901</u>	<u>1,875,901</u>	<u>1,642,866</u>
<i>Total 2017</i>	<u>1,642,866</u>	<u>1,642,866</u>	

During the year ended 31 August 2018, the Academy incurred the following Governance costs:

£45,904 (2017 - £55,959) included within the table above in respect of Funding for the academy trust's educational operations.

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income :					
Direct costs	-	-	266,257	266,257	287,777
Support costs	-	-	-	-	-
Funding for the academy :					
Direct costs	3,434,136	92,324	537,183	4,063,643	4,008,089
Support costs	937,492	323,946	614,463	1,875,901	1,642,866
	<u>4,371,628</u>	<u>416,270</u>	<u>1,417,903</u>	<u>6,205,801</u>	<u>5,938,732</u>
<i>Total 2017</i>	<u>4,281,934</u>	<u>598,227</u>	<u>1,058,571</u>	<u>5,938,732</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	205,890	191,669
Auditors' remuneration - audit	6,250	6,250
Auditors' remuneration - other services	3,263	3,076
Operating lease rentals	<u>34,028</u>	<u>37,875</u>

THE KING'S SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,320,231	3,228,079
Social security costs	314,337	311,809
Operating costs of defined benefit pension schemes	678,478	616,172
	<u>4,313,046</u>	<u>4,156,060</u>
Agency staff costs	58,582	98,791
Staff restructuring costs	-	27,083
	<u><u>4,371,628</u></u>	<u><u>4,281,934</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £NIL (2017: £27,083).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	66	64
Management	1	1
Administration and support staff	51	49
	<u>118</u>	<u>114</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	62	60
Management	0	1
Administration and support staff	31	33
	<u>93</u>	<u>94</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	3
In the band £90,001 - £100,000	1	1

The above employees earning more than £60,000 per annum, three individuals participated in the Teachers' Pension Scheme and one participated in the Local Government Pension Scheme. During the year ended 31 August 2018, combined employer pension contributions for the members of staff amounted to £49,142 (2017: £68,322).

e. Key management personnel

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 £570,704 (2017: £614,883).

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
F Hedley, Head Teacher	Remuneration	95,000-100,000	90,000-95,000
	Pension contributions paid	15,000-20,000	10,000-15,000
J Cropper, Staff Governor	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Drulia, Staff Governor Resigned 25 April 2017	Remuneration	£Nil	20,000-25,000
	Pension contributions paid	£Nil	0-5,000
S Jones, Staff Governor Appointed 15 May 2017	Remuneration	40,000-45,000	10,000-15,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year ended 31 August 2018, expenses totalling £1,477 (2017 - £NIL) were reimbursed to 5 Trustees (2017 - NIL).

THE KING'S SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £125 (2017 - £1,300). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold Land and Buildings £	Furniture and fixtures £	Plant and equipment £	Total £
Cost					
At 1 September 2017	3,000,000	1,628,952	209,237	476,684	5,314,873
Additions	-	-	248,036	2,930	250,966
At 31 August 2018	3,000,000	1,628,952	457,273	479,614	5,565,839
Depreciation					
At 1 September 2017	365,000	126,550	159,704	284,172	935,426
Charge for the year	60,000	32,324	49,594	63,972	205,890
At 31 August 2018	425,000	158,874	209,298	348,144	1,141,316
Net book value					
At 31 August 2018	2,575,000	1,470,078	247,975	131,470	4,424,523
At 31 August 2017	2,635,000	1,502,402	49,533	192,512	4,379,447

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 in freehold property above.

14. STOCKS

	2018 £	2017 £
Cleaning and stationery stocks	730	6,604

15. DEBTORS

	2018 £	2017 £
Trade debtors	4,230	5,730
VAT repayable	59,915	45,190
Other debtors	-	4,707
Prepayments and accrued income	137,728	91,838
	201,873	147,465

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other loans	33,570	31,983
Trade creditors	235,792	194,992
Other taxation and social security	78,096	79,658
Other creditors	81,982	2,534
Accruals and deferred income	172,436	136,968
	<u>601,876</u>	<u>446,135</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	66,069	66,362
Resources deferred during the year	128,952	66,069
Amounts released from previous years	(66,069)	(66,362)
Deferred income at 31 August 2018	<u>128,952</u>	<u>66,069</u>

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

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

	2018 £	2017 £
Other loans	<u>529,161</u>	<u>562,731</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

	2018 £	2017 £
Repayable by instalments	<u>377,387</u>	<u>418,128</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Other income not for capital purposes	567,753	448,233	(430,644)	-	-	585,342
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(165,800)</u>	<u>448,233</u>	<u>(430,644)</u>	<u>-</u>	<u>-</u>	<u>(148,211)</u>
Restricted funds						
General Annual Grant (GAG)	-	4,820,627	(4,946,293)	20,870	-	(104,796)
Other DfE/ESFA Grants	12,803	306,071	(91,093)	(230,789)	-	(3,008)
Other grants and restricted income	69,036	20,100	(89,136)	-	-	-
Invest to Save	(1,661)	-	-	-	-	(1,661)
Other income restricted	5,488	-	(5,488)	-	-	-
School fund reserve	58,510	274,809	(266,257)	-	-	67,062
Pension reserve	(1,052,000)	-	(171,000)	-	323,000	(900,000)
	<u>(907,824)</u>	<u>5,421,607</u>	<u>(5,569,267)</u>	<u>(209,919)</u>	<u>323,000</u>	<u>(942,403)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,170,874	17,247	(40,406)	206,989	-	1,354,704
Fixed assets funded from GAG	475,361	-	(101,665)	2,930	-	376,626
Fixed assets funded from other income	2,757,012	-	(63,819)	-	-	2,693,193
	<u>4,403,247</u>	<u>17,247</u>	<u>(205,890)</u>	<u>209,919</u>	<u>-</u>	<u>4,424,523</u>
Total restricted funds	<u>3,495,423</u>	<u>5,438,854</u>	<u>(5,775,157)</u>	<u>-</u>	<u>323,000</u>	<u>3,482,120</u>
Total of funds	<u>3,329,623</u>	<u>5,887,087</u>	<u>(6,205,801)</u>	<u>-</u>	<u>323,000</u>	<u>3,333,909</u>

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

Unrestricted funds include a transfer on conversion which represents a local authority loan on conversion inherited from the predecessor school which is repayable over a 25 year period.

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

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18. STATEMENT OF FUNDS (continued)

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

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

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

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

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

The School Fund comprises trip income and expenses. The income and expenses are deferred where the trip occurs in the following year.

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 £272,000 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 £323,000 actuarial decrease in the net pension fund deficit.

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

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 2018.

The Academy is carrying a net deficit of £190,614 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason.

Unrestricted funds are in deficit due to a long term loan from the Local Authority which was inherited on conversion. This is 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. Restricted funds are in deficit as the surplus budget that was initially set for the year had to be amended to correct the contract values for staff salaries. This resulted in a deficit result. In addition, a development officer was due to be recruited and had been budgeted to bring in income of £50k against a salary of £30k. This was not successful.

The Academy is taking the following action to return these funds to surplus:

The budgets have been reviewed and areas of cost saving identified. The budget for the 2018/19 year shows a surplus of £6k and for the 2019/20 year shows a surplus of £141k.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
Other income not for capital purposes	525,218	217,319	(100,406)	(74,378)	-	567,753
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(208,335)</u>	<u>217,319</u>	<u>(100,406)</u>	<u>(74,378)</u>	<u>-</u>	<u>(165,800)</u>
Restricted funds						
General Annual Grant (GAG)	66,499	4,765,117	(4,831,616)	-	-	-
Other DfE/ESFA Grants	84,991	219,115	(291,303)	-	-	12,803
Other grants and restricted income	92,089	28,935	(51,988)	-	-	69,036
Invest to Save	40,312	-	(41,973)	-	-	(1,661)
Other income restricted	5,488	-	-	-	-	5,488
School fund reserve	51,449	294,838	(287,777)	-	-	58,510
Pension reserve	(1,412,000)	-	(142,000)	-	502,000	(1,052,000)
	<u>(1,071,172)</u>	<u>5,308,005</u>	<u>(5,646,657)</u>	<u>-</u>	<u>502,000</u>	<u>(907,824)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,187,479	23,800	(40,405)	-	-	1,170,874
Fixed assets funded from GAG	562,278	-	(86,917)	-	-	475,361
Fixed assets funded from other income	2,746,981	-	(64,347)	74,378	-	2,757,012
	<u>4,496,738</u>	<u>23,800</u>	<u>(191,669)</u>	<u>74,378</u>	<u>-</u>	<u>4,403,247</u>
Total restricted funds	<u>3,425,566</u>	<u>5,331,805</u>	<u>(5,838,326)</u>	<u>74,378</u>	<u>502,000</u>	<u>3,495,423</u>
Total of funds	<u>3,217,231</u>	<u>5,549,124</u>	<u>(5,938,732)</u>	<u>-</u>	<u>502,000</u>	<u>3,329,623</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Other income not for capital purposes	525,218	665,552	(531,050)	(74,378)	-	585,342
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
School fund reserve (Lord Knight's Legacy)	25,000	-	-	-	-	25,000
	<u>(208,335)</u>	<u>665,552</u>	<u>(531,050)</u>	<u>(74,378)</u>	<u>-</u>	<u>(148,211)</u>
Restricted funds						
General Annual Grant (GAG)	66,499	9,585,744	(9,777,909)	20,870	-	(104,796)
Other DfE/ESFA Grants	84,991	525,186	(382,396)	(230,789)	-	(3,008)
Other grants and restricted income	92,089	49,035	(141,124)	-	-	-
Invest to Save	40,312	-	(41,973)	-	-	(1,661)
Other income restricted	5,488	-	(5,488)	-	-	-
School fund reserve	51,449	569,647	(554,034)	-	-	67,062
Pension reserve	(1,412,000)	-	(313,000)	-	825,000	(900,000)
	<u>(1,071,172)</u>	<u>10,729,612</u>	<u>(11,215,924)</u>	<u>(209,919)</u>	<u>825,000</u>	<u>(942,403)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,187,479	41,047	(80,811)	206,989	-	1,354,704
Fixed assets funded from GAG	562,278	-	(188,582)	2,930	-	376,626
Fixed assets funded from other income	2,746,981	-	(128,166)	74,378	-	2,693,193
	<u>4,496,738</u>	<u>41,047</u>	<u>(397,559)</u>	<u>284,297</u>	<u>-</u>	<u>4,424,523</u>
	<u>3,425,566</u>	<u>10,770,659</u>	<u>(11,613,483)</u>	<u>74,378</u>	<u>825,000</u>	<u>3,482,120</u>
Total of funds	<u>3,217,231</u>	<u>11,436,211</u>	<u>(12,144,533)</u>	<u>-</u>	<u>825,000</u>	<u>3,333,909</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,424,523	4,424,523
Current assets	414,520	525,903	-	940,423
Creditors due within one year	(33,570)	(568,306)	-	(601,876)
Creditors due in more than one year	(529,161)	-	-	(529,161)
Provisions for liabilities and charges	-	(900,000)	-	(900,000)
	<u>(148,211)</u>	<u>(942,403)</u>	<u>4,424,523</u>	<u>3,333,909</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure before other recognised gains and losses for the year (as per Statement of Financial Activities)	(318,714)	(389,608)
Adjustment for:		
Depreciation charges	205,890	191,669
Dividends, interest and rents from investments	(5,070)	(3,781)
Decrease/(increase) in stocks	5,874	(440)
(Increase)/decrease in debtors	(54,408)	60,541
Increase in creditors	154,154	154,023
Capital grants from DfE and other capital income	(23,003)	(23,800)
Defined benefit pension scheme cost less contributions payable	143,000	111,000
Defined benefit pension scheme finance cost	28,000	31,000
Net cash provided by operating activities	135,723	130,604

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	737,820	437,723
Notice deposits (less than 3 months)	-	419,250
Total	737,820	856,973

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 grant was received, the Academy is required 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 the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- 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%.

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

The employer's pension costs paid to TPS in the period amounted to £405,964 (2017 - £396,710).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website

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

(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 an unfunded 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 2018 was £170,000 (2017 - £142,000), of which employer's contributions totalled £129,000 (2017 - £106,000) and employees' contributions totalled £41,000 (2017 - £36,000). The agreed contribution rates for future years are 18.15% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.80 %	2.80 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate -0.5%	380,000	358,000
Salary increase rate +0.5%	67,000	70,000
Pension increase rate +0.5%	308,000	281,000

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

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,492,000	1,364,000
Debt instruments	307,000	210,000
Property	225,000	157,000
Cash and other liquid assets	20,000	18,000
Total market value of assets	<u>2,044,000</u>	<u>1,749,000</u>

The actual return on scheme assets was £46,000 (2017 - £31,000).

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

	2018 £	2017 £
Current service cost	(272,000)	(217,000)
Interest income	46,000	31,000
Interest cost	(74,000)	(62,000)
Total	<u>(300,000)</u>	<u>(248,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	2,801,000	2,841,000
Current service cost	272,000	217,000
Interest cost	74,000	62,000
Employee contributions	41,000	36,000
Actuarial gains	(225,000)	(338,000)
Benefits paid	(19,000)	(17,000)
Closing defined benefit obligation	<u>2,944,000</u>	<u>2,801,000</u>

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

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

	2018 £	2017 £
Opening fair value of scheme assets	1,749,000	1,429,000
Interest income	46,000	31,000
Actuarial gains	98,000	164,000
Employer contributions	129,000	106,000
Employee contributions	41,000	36,000
Benefits paid	(19,000)	(17,000)
Closing fair value of scheme assets	<u>2,044,000</u>	<u>1,749,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	33,618	34,264
Between 1 and 5 years	12,471	43,064
Total	<u>46,089</u>	<u>77,328</u>

25. 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.

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

27. AGENCY ARRANGEMENTS

The academy trust distributes 16 - 19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £11,186 (2017: £9,963) and disbursed £11,455 (2017: £4,799) from the fund. Any unspent funds are carried forward for distribution in a subsequent year.

