

# North Kesteven Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2023

Forrester Boyd  
Waynflete House  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

# **North Kesteven Academy**

## **Contents**

Reference and administrative details	1 to 2
Trustees' Report	3 to 9
Governance statement	10 to 13
Statement of regularity, propriety and compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report on the Financial Statements to the Members of North Kesteven Academy	16 to 18
Independent Reporting Accountant's Assurance Report on Regularity to North Kesteven Academy and the Education and Skills Funding Agency	19 to 20
Statement of Financial Activities for the year ended 31 August 2023 (including Income and Expenditure Account)	21 to 22
Balance Sheet as at 31 August 2023	23
Statement of Cash Flows for the year ended 31 August 2023	24
Notes to the Financial Statements	25 to 43

# North Kesteven Academy

## Reference and administrative details

<b>Members</b>	R Barrett J Burt D Salisbury J Sloan
<b>Trustees (Directors)</b>	J Sloan, Chair of Trustees R Barrett S Bull J Burt C Ferguson M Finley (appointed 15 March 2023) M Joy D McCran M Squirrell J Tunncliffe (Accounting Officer)
<b>Company Secretary</b>	R Goldsworthy
<b>Senior Management Team</b>	J Tunncliffe, Head Teacher R Goldsworthy, Head of Human Resources F McGrath, Assistant Head Teacher K Warburton, Assistant Head Teacher L Althersych, Associate SLT A Ayre, Associate SLT K Harpham, Finance Officer
<b>Principal and Registered Office</b>	Moor Lane North Hykeham Lincoln LN6 9AG
<b>Company Registration Number</b>	07657605
<b>Auditors</b>	Forrester Boyd Waynflete House 139 Eastgate Louth Lincolnshire LN11 9QQ 11 September 2023
<b>Bankers</b>	Lloyds Bank PLC 101 High Street Lincoln Lincolnshire LN1 1YT

## **North Kesteven Academy**

### **Reference and administrative details (continued)**

#### **Solicitors**

Wilkin Chapman LLP  
The Maltings  
10-15 Brayford Wharf  
Lincoln  
Lincolnshire  
LN5 7AY

## **North Kesteven Academy**

### **Trustees' Report for the Year Ended 31 August 2023**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31st August, 2023. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

#### **Structure, governance and management**

##### ***Constitution***

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

The trustees of North Kesteven Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as North Kesteven Academy.

Details of the trustees who served throughout the period except as noted are included in the Reference and Administrative Details on page 2.

##### ***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.

##### ***Trustees' indemnities***

The trustees of North Kesteven Academy are covered under the Professional Indemnity section of the Risk Protection Arrangement (RPA) administered by the Education and Skills Funding Agency for academy trusts to the value of an unlimited amount. This cover applies to all trustees of the academy acting in accordance with the role and professional responsibilities of the academy.

##### ***Method of recruitment and appointment or election of Trustees***

Potential new trustees are identified by the strategic committee, ensuring that the skills and experience of new trustees are complementary to those of existing board members. North Kesteven Academy has the power to appoint those trustees who are not subject to election.

##### ***Policies and procedures adopted for the induction and training of Trustees***

The training and induction provided for new trustees will depend on their existing experience. Where necessary and appropriate the induction process will provide training on charity, educational, legal and financial matters. All new trustees are welcome to visit the academy and to meet with staff and students. All trustees are provided with access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally few new trustees a year, induction tends to be done informally and is tailored specifically to the individual trustees.

##### ***Organisational structure***

There is a clear management structure to control the way in which the academy is run. The structure consists of two levels: the directors and the senior leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The directors are responsible for the strategic direction of the academy. This includes ensuring accountability for roles and exploring efficiency and opportunity strategy across the academy to drive standards. This includes setting general policy, adopting an annual plan and budget, monitoring the academy's use of budgets and making major decisions about the direction of the Trust, capital expenditure and leadership staff appointments.

The senior leadership team control the school at an executive level implementing the policies laid down by the directors and reporting back to them. As a group the senior leadership team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, although appointments to the senior leadership team always involve a representative of the directors.

## **North Kesteven Academy**

### **Trustees' Report for the Year Ended 31 August 2023 (continued)**

#### ***Arrangements for setting pay and remuneration of key management personnel***

Any new Key Management Personnel (Senior Leadership Team) post will only be advertised with the prior approval of the board of trustees, who will set the appropriate pay range with reference to the Standard Teachers' Pay and Conditions Document (STPCD).

There is no right of appeal against the salary level to which a person is appointed.

Progression on the Leadership Pay Range by Key Management Personnel follows the STPCD guidance, and stipulates that there will be no progression unless there has been sustained high quality of performance judged against:

- Performance objectives.
- Specific job descriptions.
- The Teachers' Standards.

Under no circumstances may more than two points pay progression on the Leadership Pay Range be awarded in any one year and the award of two points will be exceptional and require detailed justification.

No progression will be awarded to any Academy Leader if during the appraisal period or before the pay review the academy has been assessed by OFSTED as inadequate or requiring improvement.

#### ***Trade union facility time***

Information, as it applies to the academy trust, is included below to satisfy requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 for the period from 1 April 2022 to 31 March 2023 (the relevant period).

There was no time or pay spent on facility time during the year.

#### ***Connected organisations, including related party relationships***

The Trust does not have any related party or other connected charities or organisations in the financial year.

#### **Objectives and activities**

##### ***Objects and aims***

North Kesteven Academy encourages high ambition in a supportive and stimulating environment. By celebrating individuals' achievements, the academy enables everyone to be happy, responsible, respectful, creative and confident.

North Kesteven Academy's Mission statement aims to:

- develop a love for learning, which they carry with them throughout their lives.
- are prepared for the world of work; they are equipped with the qualifications and skills they need; have choices about their further education and employment and are successful in any work environment.
- become determined, resilient, confident and kind people, who show compassion and act with integrity.

The academy aims to deliver this via its curriculum intent, creating a curriculum that is:

## North Kesteven Academy

### Trustees' Report for the Year Ended 31 August 2023 (continued)

#### **Balanced**

Develops knowledge across a generous breadth of academic, practical and creative subjects to develop students' curiosity, spark and broaden their interests and to encourage an enquiring mind in order to amaze us, and themselves.

#### **Vertically-integrated**

Knowledge sticks to knowledge. Our curriculum must ensure that no learner is left behind and has the requisite knowledge for the next step, combatting cumulative dysfluency; it must also ensure that the steps are very carefully sequenced in order to aid progression.

The right narrative and the right questions unlock learning. We are fundamentally structuring our curriculum around very carefully sequenced 'big questions' that are a part of a clear overriding narrative that gives our curriculum a sense of purpose and direction.

#### **Focused**

Our curriculum takes its time on the deep learning that makes a difference and knows what matters. We have thought carefully about what to leave out and about the key questions that need to be asked and answered in order to develop expertise.

#### **Coherent**

We find opportunities for subjects to complement each other in order to present a coherent approach to shared concepts and vocabulary.

#### **Rigorous**

Via our curriculum, we give students a vault of subject-specific knowledge & vocabulary - both inter-disciplinary (tier 2) and discipline-specific (tier 3).

Our curriculum explicitly values and develops vocabulary and places it at the heart of learning.

#### **Authentic**

We are developing a curriculum that feels relevant and authentic for learners and helps them to make connections, making it clear why what they are doing is relevant; it exposes them to a world beyond their world and makes it clear why it matters.

All that the academy does is centred around “ThiNK Excellence, Be Excellent” and this, alongside our NK CARES (Community, Aspiration, Respect, Endeavour, Safe) approach enables the students to access high quality teaching and learning through high academic expectations together with strong pastoral support.

#### ***Objectives, strategies and activities***

The curriculum is built on the following principles:

- The opportunity to develop skills over five to seven years.
- Learning time in school is maximised.
- Challenge and support are available in every area to maximise progress and success for all learners.
- Learning for Life opportunities, with a focus on Spiritual, Moral, Social and Cultural (SMSC) development, Personal, Social, Health and Economic (PSHE) education, and Careers education, to raise aspiration, support next steps, and the development of the whole person in society.
- To support transition into secondary education in Year Seven.
- English and Maths are key components of the curriculum and develop skills that support all subject areas.
- A breadth of subjects is important to develop people and the academy's curriculum offer encompasses humanities, languages, arts, performing arts, technology and sports to this end.

#### **Examinations and Assessment**

- To develop and deliver an exam strategy for the whole academy (Year 7 - Year 13), that allows students to demonstrate regularly highly developed exam success skills, routines and habits.
- To ensure that targets are set correctly for all students in all years on a regular basis, ensuring that they are both sensitive and aspirational.
- A range of high-quality incisive data analysis tools are used to constantly assess progress for all students.
- To utilise a clear intervention strategy to ensure the delivery of effective, timely and successful intervention.
- To ensure that assessment is dynamic and that the information gathered is utilised to inform future teaching and raise achievement.
- For the academy to develop innovative assessment recording and reporting systems.

## North Kesteven Academy

### Trustees' Report for the Year Ended 31 August 2023 (continued)

#### Behaviour

- To ensure that high standards of behaviour are exhibited across the academy at all times, and that expectations are fully understood by all stakeholders.
- To ensure that all systems and protocols are transparent and fair, and are consistently applied.
- To ensure that all systems and protocols are effective, deliver excellence in education and community wellbeing.
- To ensure that areas of concern are addressed in a swift and supportive manner and to correct inconsistent practice.
- To regularly review and enhance systems and protocols to ensure effectiveness.

#### Teaching and Learning

- To implement the academy Teaching and Learning strategy, delivering excellence.
- To ensure that all teaching and learning is of the very highest order and raises achievement as a direct result.
- To deliver an enthusiasm and whole school culture for innovative practice and effective routine coaching opportunities for ongoing cross fertilisation of pedagogy.
- To deliver a whole-school raising achievement and student achievement engagement strategy, utilising new technology, and demonstrating a direct impact on outcomes (e.g. impact on staff practice, impact on student experience).
- To ensure that all staff are clear and effective in differentiation for all students of all abilities and to ensure that high expectations for all students are vigorously maintained.
- To devise a programme for very high ability students to experience teaching and learning at the very highest ability range.
- To embed an open-door culture of Research and Development, where risk taking is celebrated and learning shared for the benefit of all.
- To ensure that the academy has a clear and robust self-evaluation structure that enables and empowers managers to monitor areas of responsibility in order that all staff have clarity and support in carrying out their roles.
- To deliver a Continuing Professional Development strategy that meets the development towards innovative education techniques, whilst meeting individuals' needs fully.
- To ensure out of lesson learning and activities adds significant value to student experience and progress.

#### Safeguarding Systems

- To ensure that the academy has outstanding safeguarding systems and practices.
- To constantly review and improve the academy site and safeguarding practice.

#### Environment

- To ensure the academy's site is at a safe and a high standard, and is continuously maintained and improved.
- To offer a high quality teaching and learning environment.

#### *Public benefit*

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy trust's objectives and aims and in planning future activities for the year. The trustees consider that the trust's aims are demonstrably to the public benefit.

#### Strategic Report

##### Achievements and performance

##### KS4 Key Performance Indicators

	2022/23
4+ E&M	41.7%
5+ E&M	17.4%
4+ Eng	59.8%
5+ Eng	40.9%
4+ Ma	50.0%
5+ Ma	19.7%
Ebacc 4+	10.6%
Ebacc 5+	3.8%



## North Kesteven Academy

### Trustees' Report for the Year Ended 31 August 2023 (continued)

#### KS5 Key Performance Indicators

<b>A-Level</b>	<b>2022/23</b>
% A*/A	5.2%
% A*- B	19.8%
% A*- C	50.0%
% A*- E	87.5%
<b>Applied General</b>	<b>2022/23</b>
Ave. Pt. Score per entry	25.39%
Ave. Grade per entry	Merit

#### ***Key non-financial performance indicators***

Other Successes:

Following the success of the previous visits to Tanzania and Costa Rica, a third expedition to Borneo is being planned for July/August 2024. This academic year has seen trips to London for theatre events, A Level History and Politics & Criminology trips to Westminster, Maths trips and visits to various sporting events. Visits to universities also took place as well as other local visits.

A research based approach to continued professional development has enabled the academy to make rapid progress in the development of curriculum and teacher pedagogy, leading to improved progress and outcomes for our students.

The academy has benefited from a further successful Condition Improvement Fund to upgrade fire systems compliance across the Academy. The previous year's bid to replace gas mains was completed in June 2023. Further bids for additional roofing works and further fire compliance measures are being submitted in December 2023.

#### ***Going concern***

The board of trustees closely monitors monthly management accounts and adopts planning measures appropriate to changes in funding. Student numbers joining us in September 2023 showed an increase which together with strong mid year admissions resulted in an overall increase in student number. This is projected to continue to increase then stabilising at capacity in the 2-4 year period.

After making appropriate enquiries, the board of trustees has 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 Accounting Policies note of the financial statements.

## North Kesteven Academy

### Trustees' Report for the Year Ended 31 August 2023 (continued)

#### **Financial review**

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities SORP, grants and donations received for specific capital purposes are shown in the Statement of Financial Activities as restricted fixed asset funds. The balance sheet restricted asset fund is reduced by depreciation charges over the expected useful life of the assets concerned.

Expenditure for the period was more than grants from the ESFA and other income, such as voluntary income and activities for generating funds. During the year ended 31 August 2023 total expenditure of £6,722,057 was less than recurrent grant funding from the ESFA together with other incoming resources. After adjusting for the gain on the Local Government Pension Scheme the Academy Trust had a deficit of £686,498 during the year.

At 31 August 2023 the net book value of fixed assets was £10,714,674 and movements in tangible fixed assets are shown in Note 10 to the financial statements. The assets are used primarily for providing the academy's educational operations and associated support service to the students of the academy.

#### ***Financial and risk management objectives and policies***

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust, and its finances. The Academy has an approved Risk Policy and a Risk Register in place. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, security of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover through the Risk Protection Arrangement (RPA).

The Academy Trust's exposure to financial risks is minimal, due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 25 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the Trustees.

Reference is also made to the Local Government defined benefit pension scheme which shows a liability of £nil (2022: £425,000).

#### ***Reserves policy***

The Academy Trust, continues to analyse student numbers over a 5 year period in feeder primary schools as well as changes to formula funding and has planned to cover these eventualities. The reserves are split into the categories of restricted general funds and unrestricted funds. The unrestricted funds are 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 planned expenditure.

The Academy's revenue reserves at 31 August 2023 total £300,884 compared to £339,494 in 2022.

The Finance, Risk and Audit Committee, in conjunction with the Full Trustees Committee, aims to carry forward sufficient funds to meet the Academy Trust's long term objectives and to provide working capital, whilst ensuring that it does not affect its current operational activities. The Trustees have recognised that the appropriate level of free reserves should be equivalent to one month's expenditure, approximately £400,000.

The unrestricted general funds as at 31 August 2023 amounted to £3,240 (2022: 287). The Academy expects that as student numbers increase, building up the reserves will be difficult due to the lagged funding system. As numbers stabilize and where possible anyhow, the academy intends to increase revenue reserve to the above figure.

## North Kesteven Academy

### Trustees' Report for the Year Ended 31 August 2023 (continued)

#### *Investment policy*

The Trustees discuss and agree to any investments made by the academy. Investments are currently limited to a current account held with Lloyds Bank plc. Any future investments will be made with regard to Charity Commission guidance in relation to investments.

#### *Principal risks and uncertainties*

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities, financial, and other operational areas of the Academy, and its finances. The Academy has in place a detailed risk register which is used to identify and mitigate risks as far as possible. The management of risks to the Academy is undertaken in accordance with the Funding Agreement, the Academies Handbook and the Academy Finance Policy.

The governing body is responsible for risk management and for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, whilst safeguarding public funds and other funds and assets for which it is responsible. It is advised in this role by the Finance, Risk and Audit Committee and both are advised and informed by the Senior Leadership Team.

The governing body fulfils its role by establishing the system of internal control, approving and reviewing a series of policies that underpin the internal control process and agreeing objectives, plans and resources by means of the budget and annual Academy Improvement Plan.

#### Risk Management

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust, and its finances. The academy has an approved Risk Policy and a Risk Register in place which is updated on an annual basis. The trustees have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, security of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover through the Risk Protection Arrangement (RPA).

#### Financial and Risk Management Objectives and Policies

The academy trust's exposure to financial risks is minimal, due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 25 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

#### **Fundraising**

##### **Auditor**

Insofar as the Trustees are aware:

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

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 29 November 2023 and signed on its behalf by:

.....  
J Sloan  
Chair of Trustees

# North Kesteven Academy

## Governance statement

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that North Kesteven Academy 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Government Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to J Tunnicliffe, 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 North Kesteven Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Sloan	5	5
R Barrett	5	5
S Bull	4	5
J Burt	5	5
C Ferguson	4	5
J Tunnicliffe	4	5
M Joy	5	5
D McCran	4	5
M Finley (appointed 15 March 2023)	3	3
M Squirrell	3	5

### Governance reviews

Trustees share the leaders' ambitions for pupils' success. They are passionate about the school and are fully committed to supporting continued improvements.

Trustees understand the requirements and responsibilities of their role. They are actively involved in supporting aspects of the school's work, not only in their strategic capacity, but by attending many of the school's events. They are also keen to develop and are active in a variety of relevant training that will support the development of the school.

There is a wide range of knowledge and expertise among the trustees, and the chair of trustees ensures that all skill sets are matched to meet the needs of the school. There are regular committee and full board meetings, where trustees ask challenging questions to hold senior leaders to account.

They attend accountability meetings: at these meetings, trustees monitor underperformance of pupils and use the information gleaned from these meetings, along with other data generated by school staff to challenge underperformance, but also support the principal in dealing with the challenges faced by the school.

Governance is reviewed as part of the Leadership and Management section of the Academy Self Evaluation Form (SEF). The SEF is constantly updated and is reviewed each term at a Full Trust Board Meeting. Trustee effectiveness and improvement is now included in the Academy Improvement Plan and is addressed as part of the Leadership and Management section of that plan. Progress against the action set out in the plan are monitored on a regular basis.

## North Kesteven Academy

### Governance statement (continued)

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to approve and monitor the Academy Budget, oversee and regulate controls and procedures, and approve and monitor the internal control systems. This includes both internal and external audit reports with management response and actions to be taken. It is also responsible for risk management and pay recommendations. Staff members on this committee attend but do not vote on audit committee matters. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
J Sloan	6	6
R Barrett	6	6
J Burt	5	6
M Finley	1	2
M Joy	2	2
J Tunnicliffe	4	6

#### Review of value for money

As accounting officer, the member has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Using in-house site staff extensively for improvement projects and routine maintenance activities.
- Limiting recruitment to teachers in first phase of career.
- Creating in-house solutions to staffing changes wherever possible.
- Ensuring key projects were managed extremely carefully and efficiently.
- Making key strategic decisions to mitigate risk and limit financial commitments.
- Maintaining the school's three key curriculum strands of vocational, academic and creative pathways.
- Capitalising fully on the strong Ofsted report.
- Maintaining the school's positive destinations data.

#### 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 trust 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 North Kesteven Academy for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements.

#### Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **North Kesteven Academy**

### **Governance statement (continued)**

#### **Review of effectiveness**

As accounting officer, the trustee 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 internal auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditor;
- correspondence from ESFA: FNtI/NtI and 'minded to' letters.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee 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;
- identification and management of risks.

The Board decided to appoint BHP as internal auditor the period 1 September 2022 to 31 August 2023. This option has been chosen because it provides a level of independent assurance that might not be possible if the Trust were to employ someone or use a Trustee/peer CFO.

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

- testing of bank and petty cash controls
- testing of budgeting and financial monitoring controls
- testing of income and debtor controls

The internal auditor reports to the Board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

**North Kesteven Academy**  
**Governance statement (continued)**

Approved by order of the members of the Board of Trustees on 29 November 2023 and signed on its behalf by:

.....  
J Sloan  
Chair of Trustees

.....  
J Tunncliffe  
Accounting Officer

## North Kesteven Academy

### Statement of regularity, propriety and compliance

As accounting officer of North Kesteven Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA

- **Financial issues**

Instances of fraud have been identified where a member of staff has been using the Trust procurement card for private expenditure. Other members of staff's signatures for approval have been forged and delivery addresses concealed. There is evidence of regular, systematic fraud and as such, the Trust have reported this to the ESFA.

Apart from the above specific case, I can 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 Governing Body and ESFA.

.....  
J Tunnicliffe  
Accounting Officer

29 November 2023



## North Kesteven Academy

### Statement of Trustees' Responsibilities

The Trustees (who 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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. 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 Board on 29 November 2023 and signed on its behalf by:

.....  
J Sloan  
Chair of Trustees

## **North Kesteven Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of North Kesteven Academy**

#### **Opinion**

We have audited the financial statements of North Kesteven Academy (the 'Academy') for the year ended 31 August 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2023 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2022 to 2023.

#### **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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information (covers the Reference and administrative details, the Trustees' Report and Strategic Report and the Governance statement)**

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 auditor's 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 Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

## **North Kesteven Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of North Kesteven Academy (continued)**

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees 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.

#### **Auditor Responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management, including consideration of known or suspected instances of non-compliance held.
- Challenging assumptions and judgements made within significant accounting estimates and judgements such as depreciation and the local government pension scheme liability.
- Testing of income, bank, purchases and payroll, systems and controls and providing conclusions on the regularity of samples chosen.
- Identification of key laws and regulations central to the academies operations and review of compliance with such laws including a review of the Academy Trust Handbook 2020 and correspondence with solicitors to identify any on-going litigation.
- Testing of journal entries and potential override of systems.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **North Kesteven Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of North Kesteven Academy (continued)**

#### **Use of our report**

This report is made solely to the Academy's Member's 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 Member's those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Member's for our audit work, for this report, or for the opinions we have formed.

.....  
Adam Millson ACA (Senior Statutory Auditor)  
For and on behalf of Forrester Boyd, Statutory Auditor

Waynflete House  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

29 November 2023

## **North Kesteven Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to North Kesteven Academy and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 11 September 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Kesteven Academy during the period 1 September 2022 to 31 August 2023 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 North Kesteven Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to North Kesteven Academy 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 North Kesteven Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Board of Trustees's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 8 July 2011 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 from 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- evaluating the systems and control environment
- assessing the risk of irregularity, impropriety and non-compliance
- confirming that the activities of the academy are in keeping with the Trust's framework and the charitable objectives; and
- obtaining representations from the Accounting Officer and Key Management Personnel.

## **North Kesteven Academy**

### **Independent Reporting Accountant's Assurance Report on Regularity to North Kesteven Academy and the Education and Skills Funding Agency (continued)**

#### **Conclusion**

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Matter 1: We have been informed that the Trust have identified a series of instances of fraud committed by a member of staff over recent years. Irregular expenditure was paid for using a Trust procurement card with forged signatures on the corresponding supporting documentation. The amount has not yet been quantified but this instance of fraud was systematic and regular therefore the ESFA and our auditors have been notified.

.....

Adam Millson ACA

For and on behalf of Forrester Boyd, Chartered Accountants

Waynflete House

139 Eastgate

Louth

Lincolnshire

LN11 9QQ

29 November 2023

# North Kesteven Academy

## Statement of Financial Activities for the Year Ended 31 August 2023 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2022/23 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	52,775	-	831,084	883,859
Other trading activities	4	134,652	-	-	134,652
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,017,048	-	5,017,048
Total		187,427	5,017,048	831,084	6,035,559
<b>Expenditure on:</b>					
Raising funds	5	5,324	-	-	5,324
<i>Charitable activities:</i>					
Academy trust educational operations	6	179,150	5,032,611	1,504,972	6,716,733
Total		184,474	5,032,611	1,504,972	6,722,057
Net income/(expenditure)		2,953	(15,563)	(673,888)	(686,498)
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	25	-	399,000	-	399,000
Net movement in funds/(deficit)		2,953	383,437	(673,888)	(287,498)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2022		287	(85,793)	11,588,888	11,503,382
Total funds carried forward at 31 August 2023		3,240	297,644	10,915,000	11,215,884

# North Kesteven Academy

## Statement of Financial Activities for the Year Ended 31 August 2022 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2021/22 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	20,832	-	777,655	798,487
Other trading activities	4	123,902	-	-	123,902
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,112,354	-	5,112,354
Total		144,734	5,112,354	777,655	6,034,743
<b>Expenditure on:</b>					
Raising funds	5	2,083	-	-	2,083
<i>Charitable activities:</i>					
Academy trust educational operations	6	142,364	5,171,845	759,482	6,073,691
Total		144,447	5,171,845	759,482	6,075,774
Net income/(expenditure)		287	(59,491)	18,173	(41,031)
<b>Other recognised gains and losses</b>					
Actuarial gains/(losses) on defined benefit pension schemes	25	-	3,801,000	-	3,801,000
Net movement in funds		287	3,741,509	18,173	3,759,969
<b>Reconciliation of funds</b>					
Total (deficit)/funds brought forward at 1 September 2021		-	(3,827,302)	11,570,715	7,743,413
Total funds/(deficit) carried forward at 31 August 2022		287	(85,793)	11,588,888	11,503,382



**North Kesteven Academy**  
**(Registration number: 07657605)**  
**Balance Sheet as at 31 August 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	10	10,714,674	10,994,124
<b>Current assets</b>			
Stocks	11	2,096	1,736
Debtors	12	884,553	598,865
Cash at bank and in hand		<u>472,079</u>	<u>1,028,218</u>
		1,358,728	1,628,819
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	<u>(795,281)</u>	<u>(586,029)</u>
Net current assets		<u>563,447</u>	<u>1,042,790</u>
Total assets less current liabilities		11,278,121	12,036,914
Creditors: Amounts falling due after more than one year	14	<u>(62,237)</u>	<u>(108,532)</u>
Net assets excluding pension asset		11,215,884	11,928,382
Defined benefit pension scheme liability	25	<u>-</u>	<u>(425,000)</u>
<b>Total net assets</b>		<u><b>11,215,884</b></u>	<u><b>11,503,382</b></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund	15	297,644	339,207
Restricted fixed asset fund	15	10,915,000	11,588,888
Pension reserve	15	<u>-</u>	<u>(425,000)</u>
		11,212,644	11,503,095
<b>Unrestricted funds</b>			
Unrestricted general fund	15	<u>3,240</u>	<u>287</u>
<b>Total funds</b>		<u><b>11,215,884</b></u>	<u><b>11,503,382</b></u>

The financial statements on pages 21 to 43 were approved by the Trustees, and authorised for issue on 29 November 2023 and signed on their behalf by:

.....  
J Sloan  
Chair of Trustees

# North Kesteven Academy

## Statement of Cash Flows for the year ended 31 August 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	(1,335,400)	(330,027)
Cash flows from investing activities	21	831,084	777,655
Cash flows from financing activities	20	<u>(51,823)</u>	<u>(51,823)</u>
Change in cash and cash equivalents in the year		(556,139)	395,805
Cash and cash equivalents at 1 September		<u>1,028,218</u>	<u>632,413</u>
Cash and cash equivalents at 31 August	22	<u><u>472,079</u></u>	<u><u>1,028,218</u></u>

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023

### 1 Accounting policies

#### General Information

The Trust is a company limited by guarantee and is an exempt charity incorporated in England & Wales. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The company registration number is 07657605

The address of its registered and principal office is:

Moor lane  
North Hykeham  
Lincoln  
LN6 9AG  
United Kingdom.

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

#### Basis of preparation

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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements cover the individual entity, North Kesteven Academy.

These financial statements have been prepared in sterling which is the functional currency, and have been rounded to the nearest pound

#### Going concern

The chair of 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 company to continue as a going concern. The chair of 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.

#### Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 1 Accounting policies (continued)

##### *Grants*

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

##### *Sponsorship income*

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### *Donations*

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### *Other income*

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### *Donated goods, facilities and services*

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

##### **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.

All resources expended are inclusive of irrecoverable VAT.

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 1 Accounting policies (continued)

#### *Expenditure on raising funds*

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### *Charitable activities*

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

#### **Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Freehold land and buildings are carried at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair values at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

#### **Asset class**

Freehold Buildings  
Furniture, fixtures and equipment  
Motor vehicles  
Computer equipment

#### **Depreciation method and rate**

50 years/10 years straight line basis  
10 years straight line basis  
7 years straight line basis  
5 years straight line basis

#### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust 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.

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 1 Accounting policies (continued)

##### *Provisions*

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

##### **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term.

##### **Taxation**

The academy trust 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 trust 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.

##### **Pension benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust 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 based on of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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 net income/(expenditure) 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 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.

##### **Fund accounting**

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

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 1 Accounting policies (continued)

##### **Critical accounting estimates and areas of judgement**

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

##### ***Critical accounting estimates and assumptions***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2022 has been used by the actuary in valuing the pensions liability at 31/08/2023. 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.

##### **Agency accounting**

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 0% 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 note 27.

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 2 Donations and capital grants

	Unrestricted Funds £	Restricted Fixed Asset Funds £	2022/23 Total £	2021/22 Total £
Educational trips and visits	46,912	-	46,912	20,655
Capital grants	-	831,084	831,084	777,655
Other donations	5,863	-	5,863	177
	<u>52,775</u>	<u>831,084</u>	<u>883,859</u>	<u>798,487</u>

### 3 Funding for the Academy Trust's educational operations

	Restricted General Funds £	2022/23 Total £	2021/22 Total £
<b>Educational operations</b>			
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	4,198,861	4,198,861	4,282,177
Rates Relief	29,250	29,250	30,208
Teachers' Pay Grant	478	478	11,685
Teachers' Pension Grant	37,615	37,615	33,018
Pupil Premium	199,023	199,023	197,252
Lincoln City 6th Form Program GAG funding	154,475	154,475	265,608
Other DfE grants	190,072	190,072	156,731
	<u>4,809,774</u>	<u>4,809,774</u>	<u>4,976,679</u>
<b>Other government grants</b>			
Other Local Authority grants	65,479	65,479	40,380
SEN Funding	78,900	78,900	67,019
RPA grant	7,755	7,755	-
	<u>152,134</u>	<u>152,134</u>	<u>107,399</u>
<b>Non-government grants and other income</b>			
Non-Government income	6,771	6,771	11,598
<b>Covid-19 additional funding (DfE/ESFA)</b>			
Recovery Premium	48,369	48,369	-
Mass testing	-	-	16,678
	<u>48,369</u>	<u>48,369</u>	<u>16,678</u>
Total grants	<u>5,017,048</u>	<u>5,017,048</u>	<u>5,112,354</u>

The Trust received £nil (2022:£16,678) of Covid-19 funding and costs incurred in respect of this funding totalled £nil (2022:£16,678).



# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 4 Other trading activities

	Unrestricted Funds £	2022/23 Total £	2021/22 Total £
Catering income	122,638	122,638	117,738
Other sales	12,014	12,014	6,164
	<u>134,652</u>	<u>134,652</u>	<u>123,902</u>

### 5 Expenditure

	Non Pay Expenditure			2022/23 Total £	2021/22 Total £
	Staff costs £	Premises £	Other costs £		
<b>Expenditure on raising funds</b>					
Allocated support costs	-	-	5,324	5,324	2,083
<b>Academy's educational operations</b>					
Direct costs	2,879,421	247,568	397,794	3,524,783	3,438,484
Allocated support costs	<u>1,031,800</u>	<u>1,795,312</u>	<u>364,838</u>	<u>3,191,950</u>	<u>2,635,207</u>
	<u>3,911,221</u>	<u>2,042,880</u>	<u>767,956</u>	<u>6,722,057</u>	<u>6,075,774</u>

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 5 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2022/23	2021/22
	£	£
Operating lease rentals	14,202	29,441
Depreciation	279,450	290,637
Fees payable to auditor - audit	8,250	7,700
- other audit services	4,730	4,418
	<u>296,632</u>	<u>332,196</u>

### 6 Charitable activities

	Total 2023	Total 2022
	£	£
<b>Direct costs - educational operations</b>		
Teaching and educational support staff costs	2,879,421	2,732,687
Depreciation	247,568	247,568
Technology costs	47,282	42,245
Educational supplies	51,033	70,097
Examination fees	107,546	77,189
Staff development	9,075	3,585
Educational consultancy	119,370	219,988
Other direct costs	63,488	45,125
	<u>3,524,783</u>	<u>3,438,484</u>
<b>Support costs - educational operations</b>		
Support staff costs	1,075,800	969,186
LGPS Service cost adjustment	(44,000)	173,000
Depreciation	31,882	43,069
Technology costs	47,254	63,318
Maintenance of premises and equipment	1,244,106	484,426
Cleaning	132,211	148,254
Rent, rates and utilities	358,717	350,321
Insurance	28,396	31,791
Recruitment and support	18,555	16,916
Security and transport	14,326	20,524
Catering	119,443	116,290
LGPS admin cost	5,000	3,000
Interest on defined benefit pension scheme	13,000	64,000
Professional fees	57,800	90,146
Other support costs	66,616	40,365
Interest payable	7,963	10,268
Governance costs	14,881	10,333
	<u>3,191,950</u>	<u>2,635,207</u>
Total direct and support costs	<u>6,716,733</u>	<u>6,073,691</u>

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 7 Staff

#### Staff costs

	2022/23 £	2021/22 £
<b>Staff costs during the year were:</b>		
Wages and salaries	2,796,986	2,614,454
Social security costs	263,925	256,842
Operating costs of defined benefit pension schemes	641,559	808,502
	<u>3,702,470</u>	<u>3,679,798</u>
Supply staff costs	167,631	169,263
Staff restructuring costs	41,120	25,812
	<u>3,911,221</u>	<u>3,874,873</u>
	<b>2023 £</b>	<b>2022 £</b>

#### Staff restructuring costs comprise:

Severance payments	15,303	-
Other restructuring costs	25,817	25,812
	<u>41,120</u>	<u>25,812</u>

#### Staff numbers

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

	2022/23 No	2021/22 No
Teachers	40	32
Administration and support	47	45
Management	11	11
	<u>98</u>	<u>88</u>

#### Higher paid staff

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

	2022/23 No	2021/22 No
£60,001 - £70,000	5	2
£90,001 - £100,000	1	1

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £568,829 (2022: £518,539).

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 8 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

J Tunncliffe

Remuneration: £95,000 - £100,000 (2022 - £90,000 - £95,000)

Employer's pension contributions: £20,000 - £25,000 (2022 - £20,000 - £25,000)

D McCran

Remuneration: £20,000 - £25,000 (2022 - £5,000 - £10,000)

Employer's pension contributions: £0 - £5,000 (2022 - £0 - £5,000)

Other related party transactions involving the trustees are set out in note 26.

#### 9 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides an unlimited cover. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

#### 10 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	IT Equipment £	Motor Vehicles £	2022/23 Total £
<b>Cost</b>					
At 1 September 2022	12,388,920	331,799	177,162	16,500	12,914,381
At 31 August 2023	12,388,920	331,799	177,162	16,500	12,914,381
<b>Depreciation</b>					
At 1 September 2022	1,483,007	258,325	166,068	12,857	1,920,257
Charge for the year	247,568	21,587	7,938	2,357	279,450
At 31 August 2023	1,730,575	279,912	174,006	15,214	2,199,707
<b>Net book value</b>					
At 31 August 2023	10,658,345	51,887	3,156	1,286	10,714,674
At 31 August 2022	10,905,913	73,474	11,094	3,643	10,994,124

Included in the cost of freehold land and buildings of £12,388,920 is £1,410,000 of land which is not depreciated.

#### 11 Stock

	2023 £	2022 £
Catering	2,096	1,736

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 12 Debtors

	2023	2022
	£	£
Trade debtors	12,639	1,842
VAT recoverable	78,754	11,342
Prepayments	54,745	47,901
Accrued grant and other income	738,415	537,780
	<u>884,553</u>	<u>598,865</u>

### 13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	59,248	11,554
Other taxation and social security	66,458	61,513
Loans	46,295	43,860
Other creditors	11,749	1,995
Accruals	538,418	372,623
Deferred income	-	28,549
Pension scheme creditor	73,113	65,935
	<u>795,281</u>	<u>586,029</u>

Included in loans above are three separate capital loans with Lincolnshire County Council which, were transferred to the Trust on conversion. The amounts repayable within one year are £46,295 (2022: £43,860) and are provided on the below terms detailed under note 15.

	2023	2022
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2022	28,549	9,110
Resources deferred in the period	-	28,549
Amounts released from previous periods	<u>(28,549)</u>	<u>(9,110)</u>
Deferred income at 31 August 2023	<u>-</u>	<u>28,549</u>

Deferred income as at 31st August 2023 includes £nil (2022: £14,324) of trip income received in advance and £nil (2022: £5,000) SEN funding.

### 14 Creditors: amounts falling due in greater than one year

	2023	2022
	£	£
Loans	<u>62,237</u>	<u>108,532</u>

Included in creditors falling due after more than one year is three separate capital loans with Lincolnshire County Council which were transferred to the Trust on conversion. The amounts repayable due after more than one year total £62,237 (2022: £108,532) and are provided on the following terms:

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 14 Creditors: amounts falling due in greater than one year (continued)

Date of Loan Term	Original amount (£)	Interest rate (per annum)	Balance as at 31 August 2023	Amount due within 1 year	Amounts due in more than 1 year
01/06/1999 25 years	400,000	5.25%	27,816	27,816	-
19/06/2002 25 years	150,000	6.00%	40,924	9,343	31,580
19/07/2002 25 years	150,000	5.625%	39,793	9,136	30,657
	<u>700,000</u>		<u>108,533</u>	<u>46,295</u>	<u>62,237</u>

### 15 Funds

	Balance at 1 September 2022 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2023 £
<b>Restricted funds</b>					
<i>Restricted general funds</i>					
General Annual Grant (GAG)	491,599	4,335,975	(4,403,405)	(51,824)	372,345
Pupil Premium	-	199,023	(165,193)	-	33,830
Local Authority grants	-	148,750	(148,750)	-	-
Other restricted income	-	10,155	(10,155)	-	-
Other DfE / ESFA grants	-	323,145	(323,145)	-	-
Inherited loan	(152,392)	-	(7,963)	51,824	(108,531)
<i>Restricted fixed asset funds</i>					
DfE / ESFA capital grants	1,653,520	831,084	(1,225,522)	-	1,259,082
Capital expenditure from GAG or other funds	534,899	-	(2,357)	-	532,542
Assets transferred on conversion	7,674,709	-	(247,568)	-	7,427,141
Other reserves	1,725,760	-	(29,525)	-	1,696,235
<i>Pension reserve funds</i>					
Pension reserve	(425,000)	-	26,000	399,000	-
Total restricted funds	<u>11,503,095</u>	<u>5,848,132</u>	<u>(6,537,583)</u>	<u>399,000</u>	<u>11,212,644</u>
<i>Unrestricted general funds</i>					
General unrestricted funds	<u>287</u>	<u>187,427</u>	<u>(184,474)</u>	<u>-</u>	<u>3,240</u>
Total unrestricted funds	<u>287</u>	<u>187,427</u>	<u>(184,474)</u>	<u>-</u>	<u>3,240</u>
Total endowment funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>11,503,382</u>	<u>6,035,559</u>	<u>(6,722,057)</u>	<u>399,000</u>	<u>11,215,884</u>

Comparative information in respect of the preceding period is as follows:

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 15 Funds (continued)

	Balance at 1 September 2021 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2022 £
<b>Restricted funds</b>					
<i>Restricted general funds</i>					
General Annual Grant (GAG)	352,644	4,547,785	(4,357,006)	(51,824)	491,599
Pupil Premium	-	197,252	(197,252)	-	-
Local Authority grants	-	107,399	(107,399)	-	-
Other restricted income	-	11,598	(11,598)	-	-
Other DfE / ESFA grants	-	248,320	(248,320)	-	-
Inherited loan	(193,946)	-	(10,270)	51,824	(152,392)
<i>Restricted fixed asset funds</i>					
DfE / ESFA capital grants	1,344,709	777,655	(468,844)	-	1,653,520
Capital expenditure from GAG or other funds	537,257	-	(2,358)	-	534,899
Assets transferred on conversion	7,922,277	-	(247,568)	-	7,674,709
Other reserves	1,766,472	-	(40,712)	-	1,725,760
<i>Pension reserve funds</i>					
Pension reserve	(3,986,000)	-	(240,000)	3,801,000	(425,000)
<b>Total restricted funds</b>	<b>7,743,413</b>	<b>5,890,009</b>	<b>(5,931,327)</b>	<b>3,801,000</b>	<b>11,503,095</b>
<i>Unrestricted general funds</i>					
General unrestricted funds	-	144,734	(144,447)	-	287
<b>Total unrestricted funds</b>	<b>-</b>	<b>144,734</b>	<b>(144,447)</b>	<b>-</b>	<b>287</b>
<b>Total endowment funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>	<b>7,743,413</b>	<b>6,034,743</b>	<b>(6,075,774)</b>	<b>3,801,000</b>	<b>11,503,382</b>

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

#### Restricted general funds -

General Annual Grant (GAG), other DfE / ESFA grants and local authority grants are applied for the primary purpose of the Academy Trust in line with the master funding agreement and other specific funding letters.

#### Restricted fixed asset funds -

The restricted fixed asset funds relate predominantly to the assets acquired on conversion to an Academy Trust, being the property. The other reserve represents the unrealised gain on revaluation of the main school buildings.

The Academy received Devolved Formula Capital (DFC) grant income during the year of £18,124 (2022:£19,067) from the DfE / ESFA. This income is permitted to be used for repairs, maintenance and capital expenditure on the premises. The Academy Trust also received Condition Improvement Funding (CIF) of £776,094 (2022:£758,588) during the year.

#### Unrestricted funds -

Unrestricted funds represent other incoming resources to the Trust applied for the general purposes of the Trust at the discretion of the Trustees.

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 15 Funds (continued)

The academy trust is not subject to GAG carried forward limits.

### 16 Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	10,714,674	10,714,674
Current assets	3,240	1,155,162	200,326	1,358,728
Current liabilities	-	(795,281)	-	(795,281)
Creditors over 1 year	-	(62,237)	-	(62,237)
Total net assets	<u>3,240</u>	<u>297,644</u>	<u>10,915,000</u>	<u>11,215,884</u>

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	10,994,124	10,994,124
Current assets	287	1,033,768	594,764	1,628,819
Current liabilities	-	(586,029)	-	(586,029)
Creditors over 1 year	-	(108,532)	-	(108,532)
Pension scheme liability	-	(425,000)	-	(425,000)
Total net assets	<u>287</u>	<u>(85,793)</u>	<u>11,588,888</u>	<u>11,503,382</u>

### 17 Capital commitments

	2023 £	2022 £
Contracted for, but not provided in the financial statements	<u>-</u>	<u>47,482</u>

### 18 Long-term commitments, including operating leases

#### Operating leases

At 31 August 2023 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:



# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 18 Long-term commitments, including operating leases (continued)

	2023 £	2022 £
Amounts due within one year	14,202	20,400
Amounts due between one and five years	49,708	-
	<u>63,910</u>	<u>20,400</u>

### 19 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2022/23 £	2021/22 £
Net expenditure	(686,498)	(41,031)
Depreciation	279,450	290,636
Capital grants from DfE and other capital income	(831,084)	(777,655)
Interest payable	7,963	10,268
Defined benefit pension scheme service cost adjustment	(44,000)	173,000
Defined benefit pension scheme admin costs	5,000	3,000
Defined benefit pension scheme finance cost	13,000	64,000
(Increase)/decrease in stocks	(360)	727
Increase in debtors	(285,688)	(17,005)
Increase/(decrease) in creditors	206,817	(35,967)
Net cash used in Operating Activities	<u>(1,335,400)</u>	<u>(330,027)</u>

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 20 Cash flows from financing activities

	2023 £	2022 £
Repayments of borrowing	(51,823)	(51,823)
Net cash used in financing activities	<u>(51,823)</u>	<u>(51,823)</u>

#### 21 Cash flows from investing activities

	2022/23 £	2021/22 £
Capital funding received from DfE / ESFA	<u>831,084</u>	<u>777,655</u>

#### 22 Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	472,079	1,028,218
Total cash and cash equivalents	<u>472,079</u>	<u>1,028,218</u>

#### 23 Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	Other non-cash changes £	At 31 August 2023 £
Cash at bank	1,028,218	(556,139)	-	472,079
Loans falling due within one year	(43,860)	-	(2,435)	(46,295)
Loans falling due after more than one year	<u>(108,532)</u>	<u>51,823</u>	<u>(5,528)</u>	<u>(62,237)</u>
	<u>(152,392)</u>	<u>51,823</u>	<u>(7,963)</u>	<u>(108,532)</u>
Total	<u>875,826</u>	<u>(504,316)</u>	<u>(7,963)</u>	<u>363,547</u>

#### 24 Member 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.

#### 25 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Contributions amounting to £(73,113) (2022 - £(65,935)) were payable to the schemes at 31 August and are included within creditors.

## North Kesteven Academy

### Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

#### 25 Pension and similar obligations (continued)

##### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2020. The valuation report was published by the Department for Education on 30 October 2023.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the period amounted to £443,830 (2022: £433,139).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.  
(<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

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

##### Local government pension schemes

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £295,000 (2022 - £247,000), of which employer's contributions totalled £246,000 (2022 - £203,000) and employees' contributions totalled £49,000 (2022 - £44,000). The agreed contribution rates for future years are per cent for employers and per cent for employees. The scheme is managed by Lincolnshire Pension Fund.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 25 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.90	3.30
Rate of increase for pensions in payment/inflation	2.90	3.00
Discount rate for scheme liabilities	<u>5.40</u>	<u>4.30</u>

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

	2023	2022
<b>Retiring today</b>		
Males retiring today	19.50	21.20
Females retiring today	22.60	23.70
<b>Retiring in 20 years</b>		
Males retiring in 20 years	20.80	22.10
Females retiring in 20 years	<u>24.00</u>	<u>25.10</u>

#### Sensitivity analysis

	2023	2022
	£	£
Discount rate +0.1%	(86,000)	(113,000)
Discount rate -0.1%	89,000	116,000
Mortality assumption – 1 year increase	156,000	166,000
Mortality assumption – 1 year decrease	(151,000)	(161,000)
CPI rate +0.1%	87,000	106,000
CPI rate -0.1%	<u>(85,000)</u>	<u>(104,000)</u>

The academy's share of the assets in the scheme were:

	2023	2022
	£	£
Equities	3,301,000	3,482,000
Other bonds	703,000	563,000
Property	397,000	603,000
Cash and other liquid assets	183,000	112,000
Infrastructure	203,000	-
Other	<u>560,000</u>	<u>-</u>
Total market value of assets	<u>5,347,000</u>	<u>4,760,000</u>

The actual return on scheme assets was £136,000 (2022 - £8,000).

# North Kesteven Academy

## Notes to the Financial Statements for the Year Ended 31 August 2023 (continued)

### 25 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2022/23 £	2021/22 £
Current service cost	(44,000)	173,000
Interest income	213,000	78,000
Interest cost	(226,000)	(142,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(399,000)	-
Admin expenses	(5,000)	(3,000)
Total amount recognized in the SOFA	<u>(461,000)</u>	<u>106,000</u>

#### Changes in the present value of defined benefit obligations were as follows:

	2022/23 £	2021/22 £
At start of period	5,185,000	8,655,000
Current service cost	202,000	376,000
Interest cost	226,000	142,000
Employee contributions	49,000	44,000
Actuarial (gain)/loss	(638,000)	(3,871,000)
Benefits paid	<u>211,000</u>	<u>(161,000)</u>
At 31 August	<u>5,235,000</u>	<u>5,185,000</u>

#### Changes in the fair value of academy's share of scheme assets:

	2022/23 £	2021/22 £
At start of period	4,760,000	4,669,000
Interest income	208,000	75,000
Actuarial gain/(loss)	(127,000)	(70,000)
Employer contributions	246,000	203,000
Employee contributions	49,000	44,000
Benefits paid	211,000	(161,000)
Impact of asset ceiling	<u>(112,000)</u>	<u>-</u>
At 31 August	<u>5,235,000</u>	<u>4,760,000</u>

### 26 Related party transactions

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 8.

### 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 2023 the academy trust received £17,362 and disbursed £6,013 from the fund. As at 31st August 2023, there were funds £11,348 carried forward to be disbursed in the new academic year.

Comparatives for the accounting period ending 31 August 2022 are £11,695 received, £11,372 disbursed and £4,385 carried forward to be disbursed in 2021/22.