

North Kesteven Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2024

Forrester Boyd
26 South St Mary's Gate
Grimsby
Lincolnshire
DN31 1LW

North Kesteven Academy

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North Kesteven Academy

Reference and administrative details

Members	R Barrett J Burt D Salisbury J Sloan
Trustees (Directors)	J Sloan, Chair of Trustees R Barrett S Bull J Burt C Ferguson (resigned 2 October 2023) M Finley M Joy (resigned 31 October 2023) D McCran M Squirrell (resigned 19 February 2024) J Tunnicliffe (Accounting Officer) D Maier (appointed 8 November 2023)
Company Secretary	R Goldsworthy
Senior Management Team	J Tunnicliffe, Head Teacher R Goldsworthy, Director of Operations F McGrath, Assistant Head Teacher K Buttiner, Assistant Head Teacher L Athersych, Assistant Head Teacher A Ayre, Deputy Head Teacher K Harpham, Chief Finance Officer A Bains, Assistant Head Teacher
Principal and Registered Office	Moor Lane North Hykeham Lincoln LN6 9AG
Company Registration Number	07657605
Auditors	Forrester Boyd 26 South St Mary's Gate Grimsby Lincolnshire DN31 1LW

North Kesteven Academy

Reference and administrative details (continued)

Bankers
Lloyds Bank PLC
101 High Street
Lincoln
Lincolnshire
LN1 1YT

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 2024

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31/08/2024. 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.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

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.

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 2023 to 31 March 2024 (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.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

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.
- develop ambition to become experts in a broad range of subjects by challenging themselves to be excellent and to creatively think about how to overcome barriers.
- 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:

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.

We ensure that assessment opportunities are carefully planned for and sequenced to support progression.

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 carefully plan for and sequence opportunities to develop, accelerate and widen knowledge and understanding through Home Learning.

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 ThiNK Expert, ThiNK Challenge, ThiNK Creative and Ready, Respectful, Safe approaches enables the students to access high quality teaching and learning through high academic expectations together with strong pastoral support.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

Objectives, strategies and activities

Quality of Education

- Ensure all lessons are planned to challenge students and set an ethos of aspiration within and beyond the classroom.
- Further develop the NK 3 part lesson: Connect, Develop, Apply.
- Further develop how teachers plan how to adapt once their checking identifies i) which students do not understand or remember the key knowledge underpinning the lesson or ii) which students can be stretched.
- Further develop formal assessment processes and reporting mechanisms, to include the spiral effect of previous content, to support secure, deep knowledge and understanding.
- Clearly identify the extra-curricular opportunities on offer within each subject area and beyond to identify and close gaps in opportunities offered to engage students with a wide variety of interests.
- Further develop the programme for Personal Development Time and ensure its consistency across the academy.
- Further enhance our reading strategy

Behaviour and Attendance

- to ensure consistency of high standards underpinned by a robust behaviour policy through understanding of core values.
- to ensure data for behaviour and attendance is used effectively and in a timely manner to ensure barriers are removed swiftly and appropriate support is in place.
- to establish an effective whole academy attendance strategy to improve the attendance of students, reducing persistent absenteeism significantly alongside clear and consistent rewards for high and improved attendance.
- To improve punctuality among students by ensuring clear communication systems alongside clear and consistent rewards and sanctions.

SEND & Disadvantaged

- Further develop the data we use to identify students with SEND to ensure that students are identified as quickly as possible for the full range of potential SEND.
- Ensure that teachers understand the individual needs of students in their classrooms and use identified strategies to meet those needs.
- Establish a simple method of identifying which students are engaging in extra-curricular clubs, trips, visits and other opportunities in order to target those who are not engaging and devise an effective strategy to engage these identified groups.

Leadership

- Further develop high quality professional development and reflection opportunities.
- Further develop quality assurance processes across all areas of the academy.
- Further develop student leadership to ensure that students in Years 7 to 11 have more leadership opportunities and to enhance the house system.
- Recruit higher numbers into our academy by enhancing links with all stakeholders, gathering the voice of all and effectively taking action in order to ensure a higher regard for NK in the community.
- Ensure all middle leaders are able to articulate the impact of their curriculum and explicitly share leading practice.
- Ensure our technological provision is sufficiently up to date to provide high quality education for all.

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.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

Strategic Report

Achievements and performance

KS4 Key Performance Indicators

2023/24	
4+ E&M	38.8%
5+ E&M	20.1%
4+ Eng	48.2%
5+ Eng	35.3%
4+ Ma	49.6%
5+ Ma	27.3%
Ebacc 4+	10.1%
Ebacc 5+	3.6%

KS5 Key Performance Indicators

A-Level	2023/24
% A*/A	2.8%
% A*- B	24.8%
% A*- C	51.8%
% A*- E	92.9%
Applied General	2023/24
Ave. Pt. Score per entry	27.17%
Ave. Grade per entry	Merit+

Key non-financial performance indicators

Other Successes:

We have completed the work we had been undertaking with the Behaviour Hub and successfully “graduated” from this programme in April 2024.

Following the success of the previous visits to Tanzania and Costa Rica, a third expedition to Borneo took place in 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.

We have completed our two year Embedding Formative Assessment programme and this is starting to have impact on student progress.

The academy has benefited from a further successful Condition Improvement Fund to upgrade fire systems compliance across the Academy and additional roofing works.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

Going concern

The board of trustees closely monitors monthly management accounts and adopts planning measures appropriate to changes in funding. The leadership team are in close contact with the local authority to establish projected student numbers for the next 1 to 5 years. Strong numbers of mid year admissions and an increase in parents choosing the school as their first choice would indicate that student numbers will stabilise 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.

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 2024 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 2024 total expenditure of £6,017,216 was less than recurrent grant funding from the ESFA together with other incoming resources. The Academy Trust had an in-year deficit of £189,857 on free reserves.

At 31 August 2024, the net book value of fixed assets was £10,979,594 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 £nil balance on the Local Government Pension Scheme, as described in note 24 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 (2023: £nil).

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

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 2024 total £111,027 compared to £300,884 in 2023.

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 £450,000 excluding the fixed asset fund.

The unrestricted general funds as at 31 August 2024 amounted to £21,090 (2023: £3,240). 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.

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 Academy Trust 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.

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 an asset which has been restricted to £nil on the Local Government Pension Scheme, as described in note 24 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

The plans for future periods are to continue meeting the aforementioned objectives.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2024 (continued)

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 13 December 2024 and signed on its behalf by:

Signed by:

.....89D0C157913E49B.....

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 Governance 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 7 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	7	7
R Barrett	6	7
S Bull	5	7
J Burt	6	7
C Ferguson (resigned 2 October 2023)	1	1
J Tunnicliffe	7	7
M Joy (resigned 31 October 2023)	1	1
D McCran	5	7
M Finley	6	7
M Squirrell (resigned 19 February 2024)	3	3
D Maier (appointed 8 November 2023)	3	4

North Kesteven Academy

Governance statement (continued)

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.

Conflicts of interest

The trust retains an up to date and complete register of interests for all Governors, which is updated regularly. The Director of Operations and Chief Finance Officer & Deputy Director of Operations manage the Academy's business affairs and are fully aware of a limited number of Governor interests which could lead to a conflict. These interests are given full consideration when procuring goods or services for the Academy, or when considering joint ventures with other Academy trusts or other partners. There are currently no subsidiaries, joint ventures or associations which present any conflict of interest.

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	5	6
J Burt	6	6
M Finley	6	6
J Tunnicliffe	6	6

North Kesteven Academy

Governance statement (continued)

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 2024 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 2024 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)

The risk and control framework

The academy trust's system of internal 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 for the period 1 September 2023 to 31 August 2024. 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
- testing of budgets and financial monitoring
- testing of expenditure and credit card

The internal auditor reports to the Board of Trustees, through the audit committee on the operations of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and 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.

Review of effectiveness

As accounting officer, the Head Teacher 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 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.

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.

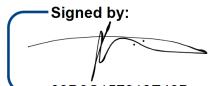
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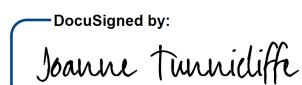
Governance statement (continued)

Conclusion

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees is of the opinion that the Academy Trust has adequate and effective framework for governance, risk management and control.

Approved by order of the members of the Board of Trustees on 13 December 2024 and signed on its behalf by:

Signed by:

99D0C167913E49B.....
J Sloan
Chair of Trustees

DocuSigned by:

9790F8DAFCF3434.....
J Tunnicliffe
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 2023, 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 2023.

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 and manipulating BACS payment runs to transfer Trust money to a personal account. 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. An RPA claim for losses suffered has been submitted now that an amount has been quantified.

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 Board of Trustees and ESFA.

DocuSigned by:

.....9790F8D0AFCF3434.....
J Tunnicliffe
Accounting Officer

13 December 2024

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 2023 to 2024;
- 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 13 December 2024 and signed on its behalf by:

Signed by:

99D0C157913E49B.....

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 Trust') for the year ended 31 August 2024, 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', the Charities SORP 2019 and the Academies Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2024 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 2023 to 2024 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust 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 Trust'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Other information includes the Trustees' annual report (incorporating the Strategic Report and the Directors' Report), the Governance Statement and the Accounting Officer's statement. 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 course of 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.

North Kesteven Academy

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the Strategic Report and Directors' Report prepared for the purposes of Company Law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report included within the 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report included within the Trustees' Report.

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 Directors' 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 17, the Trustees (who are also directors of the Academy Trust for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust'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 Trust 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:

North Kesteven Academy

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

- 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 2023 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. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:


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Carrie Anne Jensen ACA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd, Statutory Auditor

26 South St Mary's Gate
Grimsby
Lincolnshire
DN31 1LW

13 December 2024

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 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2023 to 2024, 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 2023 to 31 August 2024 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 North Kesteven Academy Trust's accounting officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of the board of trustees' funding agreement with the Secretary of State for Education dated 8 July 2011 and the Academy Trust Handbook, extant from 1 September 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 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 2023 to 31 August 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- 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. BACS payment runs were also manipulated and Trust funds were transferred to the same staff member's personal account. The amount has now been quantified and due to the volume and the nature of the fraud being regular and systematic, the ESFA have been notified and an RPA claim made for losses suffered.

DocuSigned by:



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Carrie Anne Jensen ACA (Reporting Accountant)
For and on behalf of Forrester Boyd, Chartered Accountants

26 South St Mary's Gate
Grimsby
Lincolnshire
DN31 1LW

13 December 2024

North Kesteven Academy

Statement of Financial Activities for the Year Ended 31 August 2024 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2023/24 Total £	2022/23 Total £
Income and endowments from:						
Donations and capital grants	2	1,004	-	1,584,846	1,585,850	836,947
Other trading activities	4	147,587	-	-	147,587	134,652
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	36,872	5,025,810	-	5,062,682	5,063,960
Total		<u>185,463</u>	<u>5,025,810</u>	<u>1,584,846</u>	<u>6,796,119</u>	<u>6,035,559</u>
Expenditure on:						
Raising funds	5	1,628	-	-	1,628	5,324
<i>Charitable activities:</i>						
Academy trust educational operations	6	165,985	5,121,193	728,410	6,015,588	6,716,733
Total		<u>167,613</u>	<u>5,121,193</u>	<u>728,410</u>	<u>6,017,216</u>	<u>6,722,057</u>
Net income/(expenditure)		17,850	(95,383)	856,436	778,903	(686,498)
Transfers between funds		-	16,676	(16,676)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(129,000)	-	(129,000)	399,000
Net movement in funds/(deficit)		17,850	(207,707)	839,760	649,903	(287,498)
Reconciliation of funds						
Total funds brought forward at 1 September 2023		<u>3,240</u>	<u>297,644</u>	<u>10,915,000</u>	<u>11,215,884</u>	<u>11,503,382</u>
Total funds carried forward at 31 August 2024		<u>21,090</u>	<u>89,937</u>	<u>11,754,760</u>	<u>11,865,787</u>	<u>11,215,884</u>

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 £
Income and endowments from:					
Donations and capital grants	2	5,863	-	831,084	836,947
Other trading activities	4	134,652	-	-	134,652
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	46,912	5,017,048	-	5,063,960
Total		<u>187,427</u>	<u>5,017,048</u>	<u>831,084</u>	<u>6,035,559</u>
Expenditure on:					
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		<u>184,474</u>	<u>5,032,611</u>	<u>1,504,972</u>	<u>6,722,057</u>
Net income/(expenditure)		2,953	(15,563)	(673,888)	(686,498)
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	24	<u>-</u>	<u>399,000</u>	<u>-</u>	<u>399,000</u>
Net movement in funds/(deficit)		2,953	383,437	(673,888)	(287,498)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2022		<u>287</u>	<u>(85,793)</u>	<u>11,588,888</u>	<u>11,503,382</u>
Total funds carried forward at 31 August 2023		<u>3,240</u>	<u>297,644</u>	<u>10,915,000</u>	<u>11,215,884</u>

North Kesteven Academy

(Registration number: 07657605)
Balance Sheet as at 31 August 2024

	Note	2024 £	2023 £
Fixed assets			
Tangible assets	10	10,979,594	10,714,674
Current assets			
Stocks	11	2,096	2,096
Debtors	12	792,963	884,553
Cash at bank and in hand		<u>1,358,563</u>	<u>472,079</u>
		2,153,622	1,358,728
Liabilities			
Creditors: Amounts falling due within one year	13	<u>(1,224,759)</u>	<u>(795,281)</u>
Net current assets		<u>928,863</u>	<u>563,447</u>
Total assets less current liabilities		11,908,457	11,278,121
Creditors: Amounts falling due after more than one year	14	<u>(42,670)</u>	<u>(62,237)</u>
Net assets excluding pension asset		<u>11,865,787</u>	<u>11,215,884</u>
Total net assets		<u>11,865,787</u>	<u>11,215,884</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	15	89,937	297,644
Restricted fixed asset fund	15	<u>11,754,760</u>	<u>10,915,000</u>
		11,844,697	11,212,644
Unrestricted funds			
Unrestricted general fund	15	<u>21,090</u>	<u>3,240</u>
Total funds		<u>11,865,787</u>	<u>11,215,884</u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue on 13 December 2024 and signed on their behalf by:

Signed by:

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J Sloan
Chair of Trustees

North Kesteven Academy

Statement of Cash Flows for the year ended 31 August 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Net cash used in operating activities	18	(110,413)	(1,335,400)
Cash flows from investing activities	20	1,049,282	831,084
Cash flows from financing activities	19	<u>(52,385)</u>	<u>(51,823)</u>
Change in cash and cash equivalents in the year		886,484	(556,139)
Cash and cash equivalents at 1 September		<u>472,079</u>	<u>1,028,218</u>
Cash and cash equivalents at 31 August	21	<u><u>1,358,563</u></u>	<u><u>472,079</u></u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024

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 2023 to 2024 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 makes 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 2024 (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.

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.

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.

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.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

1 Accounting policies (continued)

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.

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	Depreciation method and rate
Freehold Buildings	50 years/10 years straight line basis
Furniture, fixtures and equipment	10 years straight line basis
Motor vehicles	7 years straight line basis
Computer equipment	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.

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.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

1 Accounting policies (continued)

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 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31/08/2024. 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.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

1 Accounting policies (continued)

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 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Fixed Asset Funds £	2024 Total £	2023 Total £
Capital grants	-	1,584,846	1,584,846	831,084
Other donations	1,004	-	1,004	5,863
	1,004	1,584,846	1,585,850	836,947

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

3 Funding for the academy trust's charitable activities

	Unrestricted Funds £	Restricted General Funds £	2024 Total £	2023 Total £
Educational operations				
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	3,596,945	3,596,945	3,248,646
16-19 Funding	-	657,163	657,163	950,215
Rates Relief	-	16,277	16,277	29,250
Teachers' Pay Grant	-	68,743	68,743	478
Teachers' Pension Grant	-	68,562	68,562	37,615
Pupil Premium	-	202,063	202,063	199,023
Lincoln City 6th Form Program GAG funding	-	-	-	154,475
Other DfE grants	<u>-</u>	<u>147,050</u>	<u>147,050</u>	<u>190,072</u>
	<u>-</u>	<u>4,756,803</u>	<u>4,756,803</u>	<u>4,809,774</u>
Other government grants				
Other Local Authority grants	-	47,906	47,906	65,479
SEN Funding	<u>-</u>	<u>139,401</u>	<u>139,401</u>	<u>78,900</u>
	<u>-</u>	<u>187,307</u>	<u>187,307</u>	<u>144,379</u>
Non-government grants and other income				
RPA claim	-	18,807	18,807	7,755
Non-Government income	-	15,283	15,283	6,771
Educational trips and visits	<u>36,872</u>	<u>-</u>	<u>36,872</u>	<u>46,912</u>
	<u>36,872</u>	<u>34,090</u>	<u>70,962</u>	<u>61,438</u>
Covid-19 additional funding (DfE/ESFA)				
Recovery Premium	<u>-</u>	<u>47,610</u>	<u>47,610</u>	<u>48,369</u>
Total grants	<u>36,872</u>	<u>5,025,810</u>	<u>5,062,682</u>	<u>5,063,960</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

4 Other trading activities

	Unrestricted Funds £	2024 Total £	2023 Total £
Hire of facilities	238	238	-
Catering income	132,607	132,607	122,638
Other sales	<u>14,742</u>	<u>14,742</u>	<u>12,014</u>
	<u><u>147,587</u></u>	<u><u>147,587</u></u>	<u><u>134,652</u></u>

5 Expenditure

	Non Pay Expenditure			2024	2023
	Staff costs £	Premises £	Other costs £	Total £	Total £
Expenditure on raising funds					
Allocated support costs	-	-	1,628	1,628	5,324
Academy trust's educational operations					
Direct costs	3,178,928	246,368	271,569	3,696,865	3,524,783
Allocated support costs	<u>968,274</u>	<u>1,018,489</u>	<u>331,960</u>	<u>2,318,723</u>	<u>3,191,950</u>
	<u><u>4,147,202</u></u>	<u><u>1,264,857</u></u>	<u><u>605,157</u></u>	<u><u>6,017,216</u></u>	<u><u>6,722,057</u></u>

Net income/(expenditure) for the year includes:

	2024 £	2023 £
Operating lease rentals	14,202	14,202
Depreciation	270,644	279,450
Fees payable to auditor - audit	9,000	8,250
Fees payable to auditor - other audit services	<u>4,640</u>	<u>4,730</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

6 Charitable activities

	Total 2024 £	Total 2023 £
Direct costs - educational operations		
Teaching and educational support staff costs	3,178,928	2,879,421
Depreciation	246,368	247,568
Technology costs	37,777	47,282
Educational supplies	54,326	51,033
Examination fees	88,739	107,546
Staff development	4,264	9,075
Educational consultancy	48,524	119,370
Other direct costs	<u>37,939</u>	<u>63,488</u>
	<u><u>3,696,865</u></u>	<u><u>3,524,783</u></u>
Support costs - educational operations		
Support staff costs	1,085,274	1,075,800
LGPS Service cost adjustment	(117,000)	(44,000)
Depreciation	24,276	31,882
Technology costs	49,969	47,254
Maintenance of premises and equipment	546,920	1,244,106
Cleaning	167,668	132,211
Rent, rates and utilities	260,994	358,717
Insurance	18,631	28,396
Recruitment and support	28,161	18,555
Security and transport	13,293	14,326
Catering	130,394	119,443
LGPS admin cost	2,000	5,000
Interest on defined benefit pension scheme	(14,000)	13,000
Professional fees	42,778	57,800
Other support costs	62,604	66,616
Interest payable	6,091	7,963
Governance costs	<u>10,670</u>	<u>14,881</u>
	<u><u>2,318,723</u></u>	<u><u>3,191,950</u></u>
Total direct and support costs	<u><u>6,015,588</u></u>	<u><u>6,716,733</u></u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

7 Staff

Staff costs and employee benefits

	2024 £	2023 £
Staff costs during the year were:		
Wages and salaries	2,959,725	2,796,986
Social security costs	290,913	263,925
Operating costs of defined benefit pension schemes	671,055	641,559
	<u>3,921,693</u>	<u>3,702,470</u>
Supply staff costs	225,509	167,631
Staff restructuring costs	-	41,120
	<u><u>4,147,202</u></u>	<u><u>3,911,221</u></u>
		2023 £

Staff restructuring costs comprise:

	2024	2023
Severance payments	15,303	
Other restructuring costs	25,817	
	<u><u>41,120</u></u>	

Staff numbers

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

	2024 No	2023 No
Teachers	36	40
Administration and support	45	47
Management	7	11
	<u>88</u>	<u>98</u>

Higher paid staff

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

	2024 No	2023 No
£60,001 - £70,000	10	5
£70,001 - £80,000	1	-
£80,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u><u>1</u></u>	<u><u>1</u></u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

7 Staff (continued)

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 £740,689 (2023: £568,829).

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 Tunnicliffe

Remuneration: £100,000 - £105,000 (2023 - £95,000 - £100,000)

Employer's pension contributions: £25,000 - £30,000 (2023 - £20,000 - £25,000)

D McCran

Remuneration: £30,000 - £35,000 (2023 - £20,000 - £25,000)

Employer's pension contributions: £5,000 - £10,000 (2023 - £0 - £5,000)

Other related party transactions involving the trustees are set out in note 25.

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 cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

10 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	IT Equipment £	Motor Vehicles £	2024 Total £
Cost					
At 1 September 2023	12,388,920	331,799	177,162	16,500	12,914,381
Additions	535,564	-	-	-	535,564
At 31 August 2024	12,924,484	331,799	177,162	16,500	13,449,945
Depreciation					
At 1 September 2023	1,730,575	279,912	174,006	15,214	2,199,707
Charge for the year	246,368	21,587	1,403	1,286	270,644
At 31 August 2024	1,976,943	301,499	175,409	16,500	2,470,351
Net book value					
At 31 August 2024	10,947,541	30,300	1,753	-	10,979,594
At 31 August 2023	10,658,345	51,887	3,156	1,286	10,714,674

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

	2024 £	2023 £
Catering	2,096	2,096

12 Debtors

	2024 £	2023 £
Trade debtors	4,845	12,639
VAT recoverable	115,785	78,754
Prepayments	55,861	54,745
Accrued grant and other income	616,472	738,415
	792,963	884,553

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

13 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	673,175	59,248
Other taxation and social security	69,402	66,458
Loans	19,568	46,295
Other creditors	23,309	11,749
Accruals	351,894	538,418
Pension scheme creditor	87,411	73,113
	<hr/>	<hr/>
	1,224,759	795,281
	<hr/>	<hr/>

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 £19,568 (2023: £46,295) and are provided on the below terms detailed under note 14.

14 Creditors: amounts falling due in greater than one year

	2024	2023
	£	£
Loans	42,670	62,237
	<hr/>	<hr/>

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 £42,670 (2023: £62,237) and are provided on the following terms:

Date of Loan Term	Original amount (£)	Interest rate (per annum)	Balance as at 31 August 2024	Amount due within 1 year	Amounts due in more than 1 year
19/06/2002 25 years	150,000	6.00%	31,582	9,911	21,670
19/07/2002 25 years	150,000	5.625%	30,657	9,657	21,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	700,000		62,237	19,568	42,670
	<hr/>		<hr/>	<hr/>	<hr/>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

15 Funds

	Balance at 1 September 2023 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2024 £
Restricted general funds					
General Annual Grant (GAG)	372,345	4,254,108	(4,491,770)	(35,147)	99,536
Pupil Premium	33,830	202,063	(202,062)	-	33,831
Local Authority grants	-	187,307	(187,307)	-	-
Other restricted income	-	34,090	(15,283)	-	18,807
Other DfE / ESFA grants	-	348,242	(348,242)	-	-
Inherited loan	<u>(108,531)</u>	<u>-</u>	<u>(5,529)</u>	<u>51,823</u>	<u>(62,237)</u>
	<u>297,644</u>	<u>5,025,810</u>	<u>(5,250,193)</u>	<u>16,676</u>	<u>89,937</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	1,259,082	1,584,846	(728,410)	(16,676)	2,098,842
Capital expenditure from GAG or other funds	532,542	-	-	-	532,542
Assets transferred on conversion	7,427,141	-	-	-	7,427,141
Other reserves	<u>1,696,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,235</u>
	<u>10,915,000</u>	<u>1,584,846</u>	<u>(728,410)</u>	<u>(16,676)</u>	<u>11,754,760</u>
Restricted Pension fund					
Pension reserve	<u>-</u>	<u>-</u>	<u>129,000</u>	<u>(129,000)</u>	<u>-</u>
Total restricted funds	<u>11,212,644</u>	<u>6,610,656</u>	<u>(5,849,603)</u>	<u>(129,000)</u>	<u>11,844,697</u>
Unrestricted funds					
Unrestricted general funds	<u>3,240</u>	<u>185,463</u>	<u>(167,613)</u>	<u>-</u>	<u>21,090</u>
Total funds	<u>11,215,884</u>	<u>6,796,119</u>	<u>(6,017,216)</u>	<u>(129,000)</u>	<u>11,865,787</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

15 Funds (continued)

	Balance at 1 September 2022	Incoming resources	Resources Expended	Gains, losses and transfers	Balance at 31 August 2023
	£	£	£	£	£
Restricted general funds					
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	<u>(152,392)</u>	<u>-</u>	<u>(7,963)</u>	<u>51,824</u>	<u>(108,531)</u>
	<u>339,207</u>	<u>5,017,048</u>	<u>(5,058,611)</u>	<u>-</u>	<u>297,644</u>
Restricted fixed asset funds					
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	<u>1,725,760</u>	<u>-</u>	<u>(29,525)</u>	<u>-</u>	<u>1,696,235</u>
	<u>11,588,888</u>	<u>831,084</u>	<u>(1,504,972)</u>	<u>-</u>	<u>10,915,000</u>
Restricted Pension fund					
Pension reserve	<u>(425,000)</u>	<u>-</u>	<u>26,000</u>	<u>399,000</u>	<u>-</u>
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>
Unrestricted funds					
Unrestricted general funds	<u>287</u>	<u>187,427</u>	<u>(184,474)</u>	<u>-</u>	<u>3,240</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>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

15 Funds (continued)

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 £16,676 (2023: £18,124) 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 £1,568,170 (2023: £776,094) 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.

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

16 Analysis of net assets between funds

Fund balances at 31 August 2024 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	10,979,594	10,979,594
Current assets	21,090	1,357,366	775,166	2,153,622
Current liabilities	-	(1,224,759)	-	(1,224,759)
Creditors over 1 year	-	(42,670)	-	(42,670)
Total net assets	21,090	89,937	11,754,760	11,865,787

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	-	-	10,714,674	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	3,240	297,644	10,915,000	11,215,884

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

17 Long-term commitments, including operating leases

Operating leases

At 31 August 2024 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2024	2023
	£	£
Amounts due within one year	14,202	14,202
Amounts due between one and five years	<u>35,506</u>	<u>49,708</u>
	<u><u>49,708</u></u>	<u><u>63,910</u></u>

18 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2023/24	2022/23
	£	£
Net income/(expenditure)	778,903	(686,498)
Depreciation	270,644	279,450
Capital grants from DfE and other capital income	(1,584,846)	(831,084)
Interest payable	6,091	7,963
Defined benefit pension scheme service cost adjustment	(117,000)	(44,000)
Defined benefit pension scheme admin costs	2,000	5,000
Defined benefit pension scheme finance cost	(14,000)	13,000
Increase in stocks	-	(360)
Decrease/(increase) in debtors	91,590	(285,688)
Increase in creditors	<u>456,205</u>	<u>206,817</u>
Net cash used in Operating Activities	<u><u>(110,413)</u></u>	<u><u>(1,335,400)</u></u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

19 Cash flows from financing activities

	2024 £	2023 £
Repayments of borrowing	<u>(52,385)</u>	<u>(51,823)</u>
Net cash used in financing activities	<u>(52,385)</u>	<u>(51,823)</u>

20 Cash flows from investing activities

	2023/24 £	2022/23 £
Purchase of tangible fixed assets	(535,564)	-
Capital funding received from DfE / ESFA	<u>1,584,846</u>	<u>831,084</u>
Net cash provided by investing activities	<u>1,049,282</u>	<u>831,084</u>

21 Analysis of cash and cash equivalents

	2024 £	2023 £
Cash in hand and at bank	<u>1,358,563</u>	<u>472,079</u>
Total cash and cash equivalents	<u>1,358,563</u>	<u>472,079</u>

22 Analysis of changes in net debt

	At 1 September 2023 £	Cash flows £	Other non-cash changes £	At 31 August 2024 £
Cash at bank	472,079	886,484	-	1,358,563
Loans falling due within one year	(46,295)	30,000	(3,273)	(19,568)
Loans falling due after more than one year	<u>(62,237)</u>	<u>22,385</u>	<u>(2,818)</u>	<u>(42,670)</u>
	<u>(108,532)</u>	<u>52,385</u>	<u>(6,091)</u>	<u>(62,238)</u>
Total	<u>363,547</u>	<u>938,869</u>	<u>(6,091)</u>	<u>1,296,325</u>

23 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.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

24 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 Lincolnshire Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS to the period ended 31 March 2022.

Contributions amounting to £(87,411) (2023 - £(73,113)) were payable to the schemes at 31 August and are included within creditors.

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 Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies 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 27 October 2023 with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI.

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 result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

The employer's pension costs paid to TPS in the period amounted to £500,442 (2023: £443,830).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the academy trust has taken advantage of the exemption in FRS 102 and 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.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

24 Pension and similar obligations (continued)

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 2024 was £342,000 (2023 - £295,000), of which employer's contributions totalled £286,000 (2023 - £246,000) and employees' contributions totalled £56,000 (2023 - £49,000). The agreed contribution rates for future years are 26.6% per cent for employers and 5.5% - 12.5% per cent for employees. The scheme is managed by Barnett Waddingham.

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.

Principal actuarial assumptions

	2024	2023
	%	%
Rate of increase in salaries	3.80	3.90
Rate of increase for pensions in payment/inflation	2.80	2.90
Discount rate for scheme liabilities	<u>5.10</u>	<u>5.40</u>

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

	2024	2023
Retiring today		
Males retiring today	19.50	19.50
Females retiring today	22.70	22.60
Retiring in 20 years		
Males retiring in 20 years	20.70	20.80
Females retiring in 20 years	<u>24.10</u>	<u>24.00</u>

Sensitivity analysis

	2024	2023
	£	£
Discount rate +0.1%	(95,000)	(86,000)
Discount rate -0.1%	97,000	89,000
Mortality assumption – 1 year increase	170,000	156,000
Mortality assumption – 1 year decrease	(165,000)	(151,000)
CPI rate +0.1%	96,000	87,000
CPI rate -0.1%	<u>(94,000)</u>	<u>(85,000)</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

24 Pension and similar obligations (continued)

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

	2024	2023
	£	£
Equities	3,284,000	3,301,000
Other bonds	832,000	703,000
Property	425,000	397,000
Cash and other liquid assets	200,000	183,000
Infrastructure	252,000	203,000
Other	997,000	560,000
Total market value of assets	5,990,000	5,347,000

The actual return on scheme assets was £282,000 (2023 - £136,000).

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2024	2023
	£	£
Current service cost	(169,000)	(202,000)
Interest income	282,000	213,000
Interest cost	(274,000)	(226,000)
Admin expenses	<u>(2,000)</u>	<u>(5,000)</u>
Total amount recognized in the SOFA	<u><u>(163,000)</u></u>	<u><u>(220,000)</u></u>

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

	2024	2023
	£	£
At start of period	5,235,000	5,185,000
Current service cost	169,000	202,000
Interest cost	274,000	226,000
Employee contributions	56,000	49,000
Actuarial (gain)/loss	167,000	(638,000)
Benefits paid	<u>(267,000)</u>	<u>211,000</u>
At 31 August	<u><u>5,634,000</u></u>	<u><u>5,235,000</u></u>

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

	2024	2023
	£	£
At start of period	5,235,000	4,760,000
Interest income	288,000	213,000
Actuarial gain/(loss)	282,000	(127,000)
Employer contributions	286,000	246,000
Employee contributions	56,000	49,000
Benefits paid	<u>(267,000)</u>	<u>211,000</u>
Impact of asset ceiling	<u>(244,000)</u>	<u>(112,000)</u>
Administration expenses	<u>(2,000)</u>	<u>(5,000)</u>
At 31 August	<u><u>5,634,000</u></u>	<u><u>5,235,000</u></u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

25 Related party transactions

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

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2024 the academy trust received £13,177 and disbursed £1,517 from the fund. As at 31st August 2024, there were funds £11,348 carried forward to be disbursed in the new academic year.

Comparatives for the accounting period ending 31 August 2023 are £17,362 received, £6,013 disbursed and £11,348 carried forward to be disbursed in 2023/24.