

Company Registration Number: 07552786 (England & Wales)

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

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THE KNIGHTS TEMPLAR SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs Susan Welch Mrs Cath Connelly Mr Richard Picking Mr Paul Barnett (appointed 1 September 2023)
Trustees	Mrs Susan Welch, Chair of Trustees Ms Pam Buckle Mrs Beth Morris, Parent Trustee Mrs Pauline Poole, Community Trustee, Vice Chair of Trustees Mr Duncan Wardrop, Community Trustee Mr David Summer, Parent Trustee Mr Mark Lynam, Community Trustee Mrs Jane Millett, Community Trustee Mr Andrew Sills (resigned 31 December 2022) Mr Edward Hutchings, Head Teacher Mr Obilor Nwamadi (appointed 8 December 2022)
Company registered number	07552786
Company name	The Knights Templar School
Principal and registered office	Park Street Baldock Herts SG7 6DZ
Company secretary	Mrs Fiona Roper
Senior leadership team	Edward Hutchings, Headteacher Sarah Barker, Deputy Headteacher John Swift, School Business Manager / Finance Director Gill Hopkins, Head of 6th Form Jonathan Milne, Assistant Headteacher Joseph Sherry, Assistant Headteacher (Resigned 31 December 2022) Jenny Major, Assistant Headteacher Katie Curtis, Assistant Headteacher Andrew Sills, Deputy Headteacher (Resigned 31 December 2022) Sarah Bain, Deputy Headteacher (Appointed 1 January 2023) Will Byers, Associate Assistant Headteacher (Appointed 1 January 2023) Joe Grove, Associate Assistant Headteacher (Appointed 1 January 2023) Lucy Moore, SENDCo

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Independent auditors	MHA Chartered Accountants Century House 1 The Lakes Northampton Northamptonshire NN4 7HD
Bankers	Lloyds Bank PLC 1 Bancroft Hitchin Hertfordshire SG5 1JG
Solicitors	Michelmores Solicitors 12th Floor 6 New St Square Holborn London EC4A 3BF

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year commencing 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report and Strategic Report under company law.

The Academy Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Baldock and its surrounding villages. It has a pupil capacity of 1,450 and had a roll of 1,415, in the school census of October 2023.

Structure, governance and management

a. 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 Trustee documents of the Academy Trust. The Trustees of The Knights Templar School Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Knights Templar School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1 and 2.

b. Members' liability

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

c. Trustees' indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. Details are provided in note 12 to the financial statements.

d. Method of recruitment and appointment or election of Trustees

Trustees are appointed in accordance with Article 50 of the Academy's Articles of Association.

The Trustee Board includes the Headteacher, as the only staff Trustee, in accordance with best practice guidelines issued by the Department for Education. Up to five Community Trustees are appointed by the Trustee Board following invitation, where the school deems that person to have skills and experience that would be helpful to the school. Community Trustees hold an initial four-year term of office. Between two and five Parent Trustees are elected by the school's parents who serve four-year terms of office.

e. Policies adopted for the induction and training of Trustees

New Trustees undergo an induction training programme offered by Hertfordshire County Council. All Trustees are offered periodic training courses dependent on their requirements and areas of specialisation within the various sub committees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

f. Organisational structure

The school's day to day management is overseen by the Senior Leadership Team (SLT) made up of the Headteacher, two Deputy Headteachers, three Assistant Headteachers, the Head of 6th Form, the School Business Manager, the Special Education Needs Co-ordinator and two Associate Assistant Headteachers. The SLT meets weekly during term time to discuss and make decisions on current affairs of the school. These invariably involve matters relating to teaching and learning, staffing issues, pastoral care, behaviour, community, finance, premises management and health & safety.

The school has four sub committees which meet once every term: Standards & Curriculum, Student Experience, Finance & Strategy and Audit & Risk committee. Each committee has its own separate terms of reference and looks at main issues and areas of policy within its own remit.

The chairs of each of the four sub committees and the Chair of Trustees and Vice Chair, form the Finance & Strategy Committee. This is the main financial decision-making committee and is the approving authority for all transactions and contracts in excess of £20,000. The committee meets once every term after each of the sub committees have met and before the full Trustee Board committee meetings, which take place towards the end of each term.

The Trustee Board is the ultimate decision making authority of the Academy, focusing on strategic matters, issues of policy and overall implementation of the School Improvement Plan.

The School Business Manager holds the role of Finance Director of the academy and the Headteacher is the Accounting Officer.

g. Arrangements for setting pay and remuneration of key management personnel

Key Management personnel comprise the Trustees and the Senior Leadership Team. The Trustees are not remunerated in their capacity as Trustees.

Remuneration of Key Management Personnel is set by a pay committee of three Trustees comprising the Chair and two other Trustees. The pay bands set for the Senior Leadership Team are reviewed based on benchmarking with other schools of a similar size and profile in the locality.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	404
Total pay bill	10,328,842
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. Related parties and other connected charities and organisations

The Friends of Knights Templar School is a registered charity, founded to encourage donations from parents, former students and the local community. This is an independent charity which is not controlled by the Academy although the Headteacher and School Business Manager are Trustees and declare their interest.

The Baldock Forum is an association that enables regular contact with the wider school community.

The Academy has a partnership with Emil Dale Academy, a performing arts school, to which BTEC studies in Musical Theatre are sub contracted.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities

a. Objects and aims

The Academy aims to develop all students to be successful citizens for the 21st century through the provision of a comprehensive education with a broad and balanced curriculum. Student experience is further enhanced from a wide range of extra curricular activities on offer.

The Academy also recognises its responsibilities to the wider Baldock community and seeks to engage with all community stakeholders for mutual benefit. The school's facilities are available to the local community with a particular emphasis on sport given the school's excellent facilities. These include a modern sports hall, gymnasium and floodlit 3G AstroTurf facility.

b. Objectives, strategies and activities

Our core purpose is to nurture all of our students as uniquely talented individuals and principled global citizens, maximising their academic outcomes, their personal development and their capacity to be independent autonomous learners. It is our responsibility to ensure they leave school respectful, happy, well rounded individuals who are a credit to themselves and their community.

Key school priorities in this regard are to ensure:

- Achievement practices focus on students with the greatest needs to allow them to make rapid progress.
- The impact on learning for all students in all years regarding the Key Concepts and the Habits of Mind is reviewed and developed.
- Processes and procedures across the school are in place to identify and minimise the impact of barriers to learning for all students in all years.
- All staff and Trustees are confident in their understanding of the current school priorities and are able to explain how their role/job contributes to achieving them.

c. Public benefit

The Trustees have considered their obligation with regard to demonstrating identifiable benefits to a section of the public which in its case, would be to the students, parents and wider community of The Knights Templar School. By so doing the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The Trustees consider that provision of this benefit is clearly evidenced by the school's good performance and reputation, measured by:

- Its demonstrable success in student attainment through examination results that are consistently above national averages.
- Its reputation, noted by OFSTED, in contributing to outstanding student behaviour.
- Its strong community links.

The Academy is a non selective school. Admissions are based on a priority ranking system which adheres to the School Admissions Code.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report

Achievements and performance

a. Key performance indicators

Please see section below for our Financial Review.

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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.

c. Promoting the success of the company

The Trustees are committed to promoting the success of the school and in doing so have regard to:

- The likely consequences of any decision in the long term.
- The interest of the school's employees and students.
- The need to foster the school's business relationships with suppliers, customers and others.
- The impact of the school's operations on the community and the environment.
- The desire of the school to maintain a reputation for high standards.
- The need to act fairly as between members of the company.

Financial review

The school continues to manage its revenue budget sustainably to ensure that a financial deficit position is avoided. Despite some unforeseen costs relating to inflationary pressures and much higher energy costs, the school maintained a healthy cash position at year end.

The Academy's main source of income for the period was the General Annual Grant, received from the Department for Education, a total of £8,192,522. Other income received from the DfE included £207,150 of Pupil Premium.

A further £263,525 was received by the Academy in payment for food and beverages from the school canteen which is paid to Herts Catering as part of arrangements between the school and its contract caterer. Some £88,328 of Music Department income was received from students for music lessons. This is used to fund the related tuition costs. It is included in the special educational projects income.

Expenditure was tightly monitored through monthly management accounts and strong budgetary disciplines. Oversight of financial management is provided by the Finance & Strategy committee and the Audit & Risk committee.

GAG funding was the core funding element to the provision of education services for the year. Capital funding amounted to a total of £107,522 in the year.

Cash at bank and in hand of £1,023,274, adjusted for short term debtors and creditors, amounted to net funds of £644,075 at the balance sheet date.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

The school made provision during the year to increase the number of pastoral support staff to support students in the aftermath of the Covid-19 pandemic.

The school was unsuccessful in its bid to the Condition Improvement Fund for a large scale replacement roofing project to replace existing worn and dilapidated flat roofs.

The key financial risk to the school relates to future government policy for school funding and whether future staff pay awards and inflationary pressures are fully funded. Robust financial management practices by Trustees and school staff will continue to provide support in maintaining financial sustainability. In addition, the risk of falling 6th Form numbers to a level where 6th Form funding allocated does not break-even with the related cost of provision is a concern, but the current levels of 6th Form students at the school is a positive factor in mitigating this risk.

a. Reserves policy

The levels of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. This applies particularly to funds earmarked for future capital projects. The level of reserves will be kept under review by the Trustees.

Reserves at the end of the year to 31 August 2023 were £23,299,165 comprising £147,538 of restricted general funds, £88,004 of unrestricted general funds, £23,143,623 of restricted fixed asset funds and a pension deficit of £80,000.

The deficit on the pension reserve relates to the non teaching staff pension scheme (Local Government Pension Scheme) where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 24. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. Plans are in place to reduce the pension deficit. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees, and represent approximately 1/6th of one month's worth of Academy educational expenditure. The aim of the Trustees is to increase this reserve to meet future working capital requirements.

At 31 August 2023 the total funds comprised:

Unrestricted		88,004
Restricted:	Fixed asset funds	23,143,623
	Pension reserve	(80,000)
	Other	147,538

		23,299,165
		=====

b. Investment policy

A formal investment policy has been approved by the Trustee Board and allows for cash surpluses to be placed on short term deposit with Lloyds Bank.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

c. Principal risks and uncertainties

The principal risks facing the Academy are:

Reputational risk mitigated by:

- Strong demand for places at the school from catchment area and beyond.
- Consistently good examination results that are above national averages.
- Strong community links as the only secondary school in Baldock.
- Experienced and professional staff, all trained in safeguarding of children.
- Recent "Good" OFSTED judgment from April 2023.
- A stable Trustee Board and Senior Leadership Team with an established track record.

Risks from failing infrastructure and accommodation (e.g leaking roofs, faulty boilers etc.) mitigated by:

- The development of new school buildings under a whole school Redevelopment Plan.
- Tried and tested policies and procedures in place that are regularly reviewed.
- Adequate insurance cover in place through government RPA scheme.
- A Business Continuity Plan.

Financial Risk:

The principal financial risks are a reduction in pupil numbers, reductions in central government funding, unfunded staff pay awards, inflationary pressures and unfunded need for major capital repairs and replacement buildings. The risks presented here are mitigated by:

- Strong demand for school places at Key Stages 3 and 4 and marketing efforts continue to improve student numbers in Key Stage 5 uptake.
- Curriculum review will address reduction in central government funding and reserves will cushion the immediate impact of these cuts.
- Contingency funding in place for costs of teaching staff absences.
- Unbudgeted major capital repairs could be funded by the Academies Condition Improvement Fund or emergency support requested from ESFA.

Risks associated with personnel mitigated by:

- Strong track record for quality staff recruitment given school's good reputation.
- Recruitment process is rigorous to ensure best available staff are recruited.
- Performance management and HR systems in place to monitor staff and ensure best possible performance output from all staff.

The Academy manages risks through its Trustee Board and the constituted sub committees. Any major risks highlighted at any sub committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Trustee Board accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Trustee Board collectively, whilst more minor risks are dealt with by the Senior Leadership Team.

Fundraising

The school continues to benefit from donations from Friends of Knights Templar School, a registered charity set up by the parent community to raise money for school projects.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

Future plans are to focus on the delivery of a top-quality education and extra-curricular provision for our students, in line with the School Improvement Plan. The school will continue to bid for Condition Improvement Funding to improve the quality of its older building stock with a focus on replacement flat roofing for certain buildings that are experiencing significant water ingress. School leaders will continue their dialogue with the various bodies involved in the North Hertfordshire Local Plan. The plan involves a significant increase in the number of school places needed in Baldock in the coming years from new housing developments.

Funds held as custodian on behalf of others

No such funds are held by The Knights Templar School.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.

Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, and signed on its behalf by:


.....
Susan Welch
Chair of Trustees

Date: 6 Dec 23

THE KNIGHTS TEMPLAR SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The Knights Templar School 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 The Department for Education's Academy Trust Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Knights Templar School 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 4 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
Ms Pam Buckle	4	4
Mr Edward Hutchings, Head Teacher	4	4
Mr Mark Lynam, Community Trustee	4	4
Mrs Jane Millett, Community Trustee	3	4
Mrs Beth Morris, Parent Trustee	3	4
Mr Obilor Nwamadi	2	2
Mrs Pauline Poole, Community Trustee, Vice Chair of Trustees	4	4
Mr David Summer, Parent Trustee	1	4
Mr Andrew Sills	0	0
Mr Duncan Wardrop, Community Trustee	4	4
Mrs Susan Welch, Chair of Trustees	3	4

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Conflicts of interest are managed through the annual request for Trustees and Key Management Personnel to complete related parties questionnaires.

The Board of Trustees meets termly to ensure a minimum of three meetings each year. Sub-committees similarly meet at least termly.

Trustees conduct an annual skills appraisal to ensure that the Board is suitably represented with the necessary professional skills to oversee the running of the Academy.

Standards and Curriculum Committee

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms Pam Buckle	2	2
Mr Edward Hutchings	3	3
Mrs Jane Millett	1	3
Mrs Beth Morris	3	3
Mrs Pauline Poole	3	3
Mr David Summer	1	1
Mrs Susan Welch	2	3

Student Experience Committee

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms Pam Buckle	0	1
Mr Edward Hutchings	3	3
Mr Obilor Nwamadi	1	2
Mrs Pauline Poole	2	3
Mr Duncan Wardrop	2	3
Mrs Susan Welch	2	3

The Finance and Strategy committee is a sub-committee of the main Board of Trustees. Its purpose is to have oversight of all financial and strategic matters relating to the Academy and to approve transactions / contracts in excess of £20,000 in accordance with Academy's Financial Procedures Manual.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Edward Hutchings	2	3
Mrs Beth Morris	3	3
Mrs Pauline Poole	2	3
Mr Duncan Wardrop	2	3
Mrs Susan Welch	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to comply with the need for internal scrutiny of the academy's finances through engagement with a third-party audit provider. Herts for Learning provide this service and visit the school termly to produce an internal audit report for the Audit & Risk committee.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Edward Hutchings	2	3
Mr Mark Lynam	2	3
Mrs Pauline Poole	3	3
Mr Duncan Wardrop	3	3
Mrs Susan Welch	2	3

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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 Academy 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:

- Ensuring the school's financial procedures are closely adhered to, including the requirement to tender for goods and services as appropriate.
- Conducting a curriculum efficiency review to ensure staffing costs are aligned to meet the teaching and learning priorities of the school.
- Ensuring rigorous financial monitoring using monthly management accounts.
- Arranging for the school's internal auditor to carry out a series of internal audit reports each term and report these to the Audit & Risk committee.
- Conducting an efficiency review of the current support staff structure.

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 on-going 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 The Knights Templar School for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the 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 of Trustees has decided to employ Herts for Learning as internal auditor.

This option has been chosen because of their status as an independent school focused financial services provider who have the necessary skills and qualifications to fulfil this important role.

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

- month end procedures and financial reporting
- sales to receipt process
- Budget setting and monitor review

On a termly basis, the internal auditor reports to the Board of Trustees through the audit and risk committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a 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.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- The work of the internal auditor.
- The financial management and governance self-assessment process.
- The school resource management self-assessment tool.
- The work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.
- The work of the external auditors.
- Correspondence from ESFA e.g. FNI/NII and 'minded to' letters.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on their behalf by:


.....
Susan Welch
Chair of Trustees


.....
Edward Hutchings
Accounting Officer

Date: 6 DEC 23

THE KNIGHTS TEMPLAR SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Knights Templar School, 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 received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academy Trust Handbook 2022.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2022.

I confirm that 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.


.....
Edward Hutchings
Accounting Officer

Date: 13/12/23

THE KNIGHTS TEMPLAR SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023

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 then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of Trustees and signed on its behalf by:


.....
Susan Welch
Chair of Trustees

Date: 6 Dec 23

THE KNIGHTS TEMPLAR SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KNIGHTS TEMPLAR SCHOOL**

Opinion

We have audited the financial statements of The Knights Templar School (the 'Academy') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KNIGHTS TEMPLAR SCHOOL (CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KNIGHTS TEMPLAR SCHOOL (CONTINUED)**

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
KNIGHTS TEMPLAR SCHOOL (CONTINUED)**

Use of our report

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



Rebecca Hughes BSc(Hons) FCCA (Senior Statutory Auditor)

for and on behalf of

MHA

Chartered Accountants

Statutory Auditors

Northampton

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

Date: **18/12/2023**

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
KNIGHTS TEMPLAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 29 August 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Knights Templar School during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Knights Templar School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Knights Templar School's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing the Minutes of meetings of the Governing Board and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- Testing a sample of payroll payments to staff;
- Consideration of governance issues; and
- Evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
KNIGHTS TEMPLAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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



MHA
Chartered Accountants
Statutory Auditors
Northampton

Date: 18/12/2023

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	20,860	-	107,522	128,382	34,408
Other trading activities	5	77,492	24,872	-	102,364	90,293
Investments	6	162	-	-	162	155
Charitable activities	4	-	9,660,949	-	9,660,949	8,758,696
Total income		98,514	9,685,821	107,522	9,891,857	8,883,552
Expenditure on:						
Charitable activities	7	91,526	9,684,645	552,671	10,328,842	9,885,261
Total expenditure		91,526	9,684,645	552,671	10,328,842	9,885,261
Net movement in funds before other recognised losses		6,988	1,176	(445,149)	(436,985)	(1,001,709)
Other recognised losses						
Actuarial gains on defined benefit pension schemes	24	-	571,000	-	571,000	4,522,000
Net movement in funds		6,988	572,176	(445,149)	134,015	3,520,291
Reconciliation of funds:						
Total funds brought forward		81,016	(504,638)	23,588,772	23,165,150	19,644,859
Net movement in funds		6,988	572,176	(445,149)	134,015	3,520,291
Total funds carried forward		88,004	67,538	23,143,623	23,299,165	23,165,150

The notes on pages 28 to 55 form part of these financial statements.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07552786

BALANCE SHEET
AS AT 31 AUGUST 2023


	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	22,764,715	23,143,969
Current assets			
Debtors	14	237,738	265,834
Cash at bank and in hand	22,23	1,023,274	956,827
		<u>1,261,012</u>	<u>1,222,661</u>
Creditors: amounts falling due within one year	15	(616,937)	(581,412)
Net current assets		<u>644,075</u>	<u>641,249</u>
Total assets less current liabilities		<u>23,408,790</u>	<u>23,785,218</u>
Creditors: amounts falling due after more than one year	16	(29,625)	(59,068)
Net assets excluding pension liability		<u>23,379,165</u>	<u>23,726,150</u>
Defined benefit pension scheme liability	24	(80,000)	(561,000)
Total net assets		<u><u>23,299,165</u></u>	<u><u>23,165,150</u></u>

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07552786

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	23,143,623	23,588,772
Restricted funds	17	147,538	56,362
Restricted funds excluding pension asset	17	23,291,161	23,645,134
Pension reserve	17	(80,000)	(561,000)
Total restricted funds	17	23,211,161	23,084,134
Unrestricted income funds	17	88,004	81,016
Total funds		23,299,165	23,165,150

The financial statements on pages 24 to 55 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Susan Welch
 (Chair of Trustees)

Date: 6 Dec 23

The notes on pages 28 to 55 form part of these financial statements.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	19	104,817	90,973
Cash flows from investing activities	21	(8,370)	(114,552)
		<hr/>	<hr/>
Cash flows from financing activities	20	(30,000)	(30,000)
Change in cash and cash equivalents in the year		66,447	(53,579)
Cash and cash equivalents at the beginning of the year		956,827	1,010,406
Cash and cash equivalents at the end of the year	22, 23	1,023,274	956,827
		<hr/>	<hr/>

The notes on pages 28 to 55 form part of these financial statements.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies

The Knights Templar School is a private company limited by guarantee, incorporated in England. Its registered number and address of registered office are detailed on page 1. The nature of the academy trust's operations and principal activity are detailed in the Trustees Report.

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

The financial statements are prepared in £ sterling, rounded to the nearest £1.

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.3 Income

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

- **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

- **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 year 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 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 year it is receivable and to the extent the Academy has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.7 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, as follows:

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% per annum on a straight line basis
Leasehold land	-	Over the length of the 125 year lease
Furniture and equipment	-	25% per annum on a straight line basis
Plant and equipment	-	25% to 33.3% per annum on a straight line basis
Motor vehicles	-	25% per annum on a straight line basis

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.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.11 Financial instruments

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

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

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

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

1.12 Operating leases

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating deficit 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 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.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.14 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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 as well as any balances still held are disclosed in note 28.

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy 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 or 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

3. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	20,860	15,700	36,560	4,100
Capital Grants	-	91,822	91,822	30,308
	<u>20,860</u>	<u>107,522</u>	<u>128,382</u>	<u>34,408</u>

THE KNIGHTS TEMPLAR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

4. Funding for the Academy's charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,192,522	8,192,522	7,630,866
Other DfE/ESFA grants				
Pupil Premium	-	207,150	207,150	182,768
Teachers pay/Pension grant	-	87,241	87,241	109,401
Other DfE/ESFA group grants	-	469,967	469,967	210,000
	-	8,956,880	8,956,880	8,133,035
Other Government grants				
Special educational projects	-	70,087	70,087	75,926
Other funding	-	150,274	150,274	138,858
	-	220,361	220,361	214,784
COVID-19 additional funding (DfE/ESFA)				
Catch up premium grant	-	-	-	26,245
COVID-19 Mass Testing funding	-	-	-	20,540
	-	-	-	46,785
Other income				
Other income	-	483,708	483,708	364,092
	-	9,660,949	9,660,949	8,758,696

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5. Income from other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Rental income	8,978	-	8,978	12,276
Fundraising events	-	24,872	24,872	20,460
Other income	68,514	-	68,514	57,557
	<u>77,492</u>	<u>24,872</u>	<u>102,364</u>	<u>90,293</u>

6. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest receivable	162	162	155

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other costs 2023 £	Total 2023 £	Total 2022 £
Educational operations:					
Direct costs	6,691,815	-	1,002,910	7,694,725	7,493,508
Support costs	771,092	1,307,783	555,242	2,634,117	2,391,753
	<u>7,462,907</u>	<u>1,307,783</u>	<u>1,558,152</u>	<u>10,328,842</u>	<u>9,885,261</u>

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8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Educational operations	7,694,725	2,634,117	10,328,842	9,885,261

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Wages, salaries, NI and pensions	771,092	695,783
Depreciation	479,608	508,227
Other professional fees	36,419	12,128
Defined benefit pension scheme	25,000	79,000
Maintenance of premises and equipment	299,061	269,734
Cleaning	142,441	136,647
Water and rates	48,125	44,187
Light and heat	282,915	142,179
Insurance	55,633	51,231
Catering	281,571	254,425
Security and transport	3,788	2,670
Other costs	187,638	172,748
Bank charges	1,173	1,173
Governance costs	19,653	21,621
	<u>2,634,117</u>	<u>2,391,753</u>

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9. Net expenditure

Net expenditure for the year includes:

	2023 £	2022 £
Operating lease rentals	1,147	4,015
Depreciation of tangible fixed assets	479,608	508,227
Fees paid to auditors for:		
- audit	15,000	14,496
- other services	4,653	6,939
	<u>15,000</u>	<u>14,496</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	5,554,607	5,095,002
Social security costs	565,553	500,633
Pension costs	1,331,377	1,618,008
	<u>7,451,537</u>	<u>7,213,643</u>
Agency staff costs	11,370	26,314
	<u>7,462,907</u>	<u>7,239,957</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

b. Staff numbers

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

	2023	2022
	No.	No.
Teachers	86	89
Administration and support	69	68
Senior Leadership Team	11	9
	166	166

The average headcount expressed as full-time equivalents was:

	2023	2022
	No.	No.
Teachers	76	75
Administration and support	48	47
Senior leadership team	11	9
	135	131

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10. Staff (continued)

c. Higher paid staff

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

	2023	2022
	No.	No.
In the band £60,001 - £70,000	4	1
In the band £70,001 - £80,000	-	3
In the band £80,001 - £90,000	2	-
In the band £90,001 - £100,000	1	-

The above banding's state annualised employee emoluments before employer's pension contributions.

Six of the above employees participated in the Teachers' Pension Scheme and one in the Local Government Pension Scheme (2022 - three and one respectively). During the year ended 31 August 2023 pension contributions for these staff members amounted to £100,120 and £18,731 (2022 - £51,999 and £18,108) respectively.

d. Key management personnel

The key management personnel of the Academy 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 was £1,064,344 (2022 - £802,651).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

Mr Edward Hutchings:	
Remuneration	£90,000 - £95,000 (2022: £55,000 - £60,000)
Pension contributions paid	£20,000 - £25,000 (2022: £10,000 - £15,000)

Ms Jane Millet:	
Remuneration	£Nil (2022: £0 - £5,000)
Pension contributions paid	£Nil (2022: £0 - £5,000)

Mr Andrew Sills (resigned 31 December 2022):	
Remuneration	£25,000 - £30,000 (2022: £75,000 - £80,000)
Pension contributions paid	£0 - £5,000 (2022: £15,000 - £20,000)

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £299 to 2 Trustees).

12. Trustees' and Officers' insurance

The Academy 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 membership.

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2022	26,654,385	209,025	1,333,111	77,307	28,273,828
Additions	-	13,089	87,265	-	100,354
Disposals	-	(2,393)	(33,694)	(6,595)	(42,682)
At 31 August 2023	26,654,385	219,721	1,386,682	70,712	28,331,500
Depreciation					
At 1 September 2022	3,680,031	177,240	1,209,579	63,009	5,129,859
Charge for the year	391,188	11,360	70,665	6,395	479,608
On disposals	-	(2,393)	(33,694)	(6,595)	(42,682)
At 31 August 2023	4,071,219	186,207	1,246,550	62,809	5,566,785
Net book value					
At 31 August 2023	22,583,166	33,514	140,132	7,903	22,764,715
At 31 August 2022	22,974,354	31,785	123,532	14,298	23,143,969

The leasehold property is held under a 125 year lease from Hertfordshire County Council ending 31 March 2136. No rent is payable under the terms of the lease.

14. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	-	25,967
Other debtors	16,844	67,374
Prepayments and accrued income	220,894	172,493
	237,738	265,834

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FOR THE YEAR ENDED 31 AUGUST 2023

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Other loans	30,375	30,970
Trade creditors	22,186	34,428
Other taxation and social security	131,904	126,569
Other creditors	140,582	137,605
Accruals and deferred income	291,890	251,840
	<u>616,937</u>	<u>581,412</u>

Other loans of £30,375 (2022 - £30,970) relate to a Salix loan given as part of the CIF funding for 2017/18. The loan of £150,000 bears interest at 1.07% and is repayable in 60 monthly installments of £2,581 and will be fully repaid in August 2025.

	2023 £	2022 £
Deferred income at 1 September	192,739	142,414
Resources deferred during the year	265,729	153,545
Amounts released from previous periods	(192,739)	(103,220)
Deferred income at 31 August	<u>265,729</u>	<u>192,739</u>

At the balance sheet date, the Academy was holding funds received in advance for the following purposes:

	2023 £	2022 £
School trips	49,157	17,862
ESFA Rates Relief	29,858	24,420
North Hertfordshire Schools Sports Partnership	86,293	85,784
ESFA 16-19 Bursary Funding	50,431	32,508
Student income	24,722	24,697
Other income	25,268	7,468
	<u>265,729</u>	<u>192,739</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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

	2023 £	2022 £
Other loans	<u>29,625</u>	<u>59,068</u>

Other loans of £29,625 (2022 - £59,068) relate to a Salix loan given as part of the CIF funding for 2017/18. The loan of £150,000 bears interest at 1.07% and is repayable in 60 monthly instalments of £2,581 and will be fully repaid in August 2025.

17. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
General Funds - all funds	<u>81,016</u>	<u>98,514</u>	<u>(91,526)</u>	<u>-</u>	<u>-</u>	<u>88,004</u>
Restricted general funds						
General Annual Grant (GAG)	-	8,192,522	(8,509,471)	316,949	-	-
Other ESFA	8,187	508,172	(172,329)	(248,655)	-	95,375
Other Restricted Funds	-	777,977	(709,683)	(68,294)	-	-
Pupil Premium	22,090	207,150	(203,162)	-	-	26,078
Catchup Premium Grant	26,085	-	-	-	-	26,085
Pension reserve	(561,000)	-	(90,000)	-	571,000	(80,000)
	<u>(504,638)</u>	<u>9,685,821</u>	<u>(9,684,645)</u>	<u>-</u>	<u>571,000</u>	<u>67,538</u>

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17. Statement of funds (continued)

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Restricted fixed asset funds						
Fixed asset fund	23,143,969	-	(479,612)	100,358	-	22,764,715
Unspent capital grants	444,803	91,822	(73,059)	(84,658)	-	378,908
Donated fixed assets	-	15,700	-	(15,700)	-	-
	<u>23,588,772</u>	<u>107,522</u>	<u>(552,671)</u>	<u>-</u>	<u>-</u>	<u>23,143,623</u>
Total Restricted funds	<u>23,084,134</u>	<u>9,793,343</u>	<u>(10,237,316)</u>	<u>-</u>	<u>571,000</u>	<u>23,211,161</u>
Total funds	<u>23,165,150</u>	<u>9,891,857</u>	<u>(10,328,842)</u>	<u>-</u>	<u>571,000</u>	<u>23,299,165</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Following a deed of variation to the original funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes school trips, catering, music services, consortium activities for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. The fund is in deficit but given the nature of the liability this is not payable immediately and plans are in place to meet the deficit such that it is not a constraint on funds going forward.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Hertfordshire local authority following the transfer of the land and buildings and capital grants received for the acquisition of fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

17. Statement of funds (continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds - all funds	182,254	81,995	(183,233)	-	-	81,016
Restricted general funds						
General Annual Grant (GAG)	-	7,630,866	(7,630,866)	-	-	-
Other ESFA	79,766	310,532	(203,356)	(178,755)	-	8,187
Other Restricted Funds	4,343	647,083	(651,426)	-	-	-
Pupil Premium	-	182,768	(160,678)	-	-	22,090
Catchup Premium Grant	43,320	-	(17,235)	-	-	26,085
Pension reserve	(4,556,000)	-	(527,000)	-	4,522,000	(561,000)
	<u>(4,428,571)</u>	<u>8,771,249</u>	<u>(9,190,561)</u>	<u>(178,755)</u>	<u>4,522,000</u>	<u>(504,638)</u>
Restricted fixed asset funds						
Fixed asset fund	23,507,181	30,308	(511,467)	117,947	-	23,143,969
Unspent capital grants	383,995	-	-	60,808	-	444,803
Donated fixed assets	-	-	-	-	-	-
	<u>23,891,176</u>	<u>30,308</u>	<u>(511,467)</u>	<u>178,755</u>	<u>-</u>	<u>23,588,772</u>
Total Restricted funds	<u>19,462,605</u>	<u>8,801,557</u>	<u>(9,702,028)</u>	<u>-</u>	<u>4,522,000</u>	<u>23,084,134</u>
Total funds	<u><u>19,644,859</u></u>	<u><u>8,883,552</u></u>	<u><u>(9,885,261)</u></u>	<u><u>-</u></u>	<u><u>4,522,000</u></u>	<u><u>23,165,150</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	22,764,715	22,764,715
Current assets	88,004	794,100	378,908	1,261,012
Creditors due within one year	-	(616,937)	-	(616,937)
Creditors due in more than one year	-	(29,625)	-	(29,625)
Provisions for liabilities and charges	-	(80,000)	-	(80,000)
Total	88,004	67,538	23,143,623	23,299,165

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	23,143,969	23,143,969
Current assets	81,016	696,842	444,803	1,222,661
Creditors due within one year	-	(581,412)	-	(581,412)
Creditors due in more than one year	-	(59,068)	-	(59,068)
Provisions for liabilities and charges	-	(561,000)	-	(561,000)
Total	81,016	(504,638)	23,588,772	23,165,150

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

19. Reconciliation of net expenditure to net cash flow from operating activities

	2023 £	2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(436,985)	(1,001,709)
Adjustments for:		
Depreciation	479,608	508,227
Capital grants from DfE and other capital income	(91,822)	(30,308)
Interest from investments	(162)	(155)
Defined benefit pension scheme cost less contributions payable	65,000	448,000
Defined benefit pension scheme finance cost	25,000	79,000
Decrease in debtors	28,096	51,765
Increase in creditors	36,082	36,153
Net cash provided by operating activities	104,817	90,973

20. Cash flows from financing activities

	2023 £	2022 £
Repayments of borrowing	(30,000)	(30,000)
Net cash used in financing activities	(30,000)	(30,000)

21. Cash flows from investing activities

	2023 £	2022 £
Loss on disposal of tangible fixed assets	-	3,240
Purchase of tangible fixed assets	(100,354)	(148,255)
Capital grants from DfE Group	91,822	30,308
Interest income	162	155
Net cash used in investing activities	(8,370)	(114,552)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

22. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	1,023,274	956,827
Total cash and cash equivalents	1,023,274	956,827

23. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	956,827	66,447	1,023,274
Debt due within 1 year	(30,970)	595	(30,375)
Debt due after 1 year	(59,068)	29,443	(29,625)
	866,789	96,485	963,274

24. Pension commitments

The Academy'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 Hertfordshire County Council. Both are multi-employer defined benefit schemes.

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

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

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 full-time 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 the 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.

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NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £940,377 (2022 - £873,008).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £416,000 (2022 - £379,000), of which employer's contributions totalled £326,000 (2022 - £297,000) and employees' contributions totalled £ 90,000 (2022 - £82,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.50	3.45
Rate of increase for pensions in payment/inflation	3.00	3.05
Discount rate for scheme liabilities	5.20	4.25
Inflation assumption (CPI)	3.00	3.05
Commutation of pensions to lump sums	50.00	50.00

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

	2023	2022
	Years	Years
Retiring today		
Males	19.2	21.9
Females	24.8	24.4
Retiring in 20 years		
Males	22.6	22.9
Females	25.3	26.0

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	140,000	152,000
Discount rate -0.1%	(140,000)	(152,000)
Mortality assumption - 1 year increase	268,000	273,000
Mortality assumption - 1 year decrease	(268,000)	(273,000)
CPI rate +0.1%	127,000	139,000
CPI rate -0.1%	(127,000)	(139,000)

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24. Pension commitments (continued)

Share of scheme assets

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

	At 31 August 2023 £	At 31 August 2022 £
Equities	3,382,000	3,129,000
Bonds	1,592,000	1,439,000
Property	928,000	939,000
Cash and other liquid assets	730,000	751,000
Total market value of assets	6,632,000	6,258,000

The actual return on scheme assets was £120,000 (2022 - £(417,000)).

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

	2023 £	2022 £
Current service cost	(391,000)	(745,000)
Interest income	271,000	108,000
Interest cost	(296,000)	(187,000)
Total amount recognised in the Statement of Financial Activities	(416,000)	(824,000)

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

	2023 £	2022 £
At 1 September	6,818,000	10,987,000
Current service cost	391,000	745,000
Interest cost	296,000	187,000
Employee contributions	90,000	82,000
Actuarial gains	(722,000)	(5,047,000)
Benefits paid	(161,000)	(136,000)
At 31 August	6,712,000	6,818,000

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24. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2023 £	2022 £
At 1 September	6,257,000	6,431,000
Interest income	271,000	108,000
Actuarial losses	(151,000)	(525,000)
Employer contributions	326,000	297,000
Employee contributions	90,000	82,000
Benefits paid	(161,000)	(136,000)
At 31 August	6,632,000	6,257,000

The amounts recognised in the Balance Sheet are as follows:

	2023 £	2022 £
Present value of funded obligations	(6,712,000)	(6,818,000)
Fair value of scheme assets	6,632,000	6,257,000
	(80,000)	(561,000)

Total remeasurements recognised in Other Comprehensive Income:

	2023 £	2022 £
Changes in financial assumptions	1,560,000	5,026,000
Changes in demographic assumptions	196,000	37,000
Other remeasurements	(1,185,000)	(541,000)
	571,000	4,522,000

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Other finance income

	2023	2022
	£	£
Interest income on pension scheme assets	271,000	108,000
Interest on pension scheme liabilities	(296,000)	(187,000)
	<u>(25,000)</u>	<u>(79,000)</u>

25. Operating lease commitments

At 31 August 2023 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Not later than 1 year	1,147	1,147
Later than 1 year and not later than 5 years	1,911	3,057
	<u>3,058</u>	<u>4,204</u>

26. Members' liability

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

27. Related party transactions

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

No other related party transactions took place in the period of account other than those disclosed above and those disclosed in note 11.

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28. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ending 31 August 2023 the Trust received £23,055 (2022: £19,883) and disbursed £5,131 (2022: £17,615) from the fund. The balance of £17,923 (2022 - £2,268) has been added to the bursary funds carried forward so that an amount of £50,431 (2022 - £32,508) is included in other creditors relating to the undistributed funds that are repayable to the ESFA.