

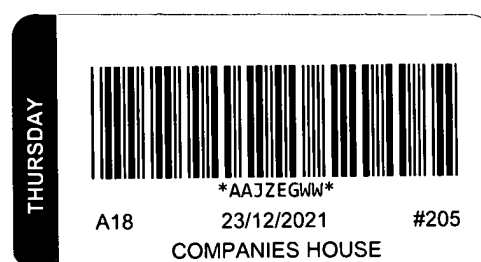
North Kesteven Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2021

Forrester Boyd
Waynflete House
139 Eastgate
Louth
Lincolnshire
LN11 9QQ



North Kesteven Academy

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 10
Governance Statement	11 to 13
Statement of Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditor's Report on the Financial Statements to the Members of North Kesteven Academy	16 to 18
Independent Reporting Accountant's Assurance Report on Regularity to North Kesteven Academy and the Education and Skills Funding Agency	19 to 20
Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure Account)	21 to 22
Balance Sheet as at 31 August 2021	23
Statement of Cash Flows for the year ended 31 August 2021	24
Notes to the Financial Statements	25 to 44

North Kesteven Academy

Reference and Administrative Details

Members	R Barrett J Burt (appointed 3 February 2021) P Phillipson (appointed 9 December 2020) D Salisbury J Sloan
Trustees (Directors)	J Sloan, Chair of Trustees R Barrett S Bull (appointed 9 December 2020) J Burnett J Burt (appointed 3 February 2021) N Cooper (resigned 7 October 2020) C Ferguson (appointed 9 December 2020) A Greenwood (resigned 7 October 2020) G Johnson-Hirt (appointed 3 February 2021 and resigned 31 July 2021) M Joy (appointed 26 May 2021) A Lloyd (resigned 31 December 2020) D McCran (appointed 3 February 2021) P Phillipson (appointed 9 December 2020) D Salisbury (resigned 2 September 2021) J Tunncliffe S Van Zyl (resigned 3 February 2021)
Senior Management Team	J Tunncliffe, Head Teacher R Goldsworthy, Head of Human Resources A Sandbrook, Assistant Head Teacher (resigned 6 June 2021) F McGrath, Assistant Head Teacher K Warburton, Assistant Head Teacher L Althersych, Associate SLT A Ayre, Associate SLT
Principal and Registered Office	Moor Lane North Hykeham Lincoln LN6 9AG
Company Registration Number	07657605
Auditors	Forrester Boyd Waynflete House 139 Eastgate Louth Lincolnshire LN11 9QQ 13 August 2020

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

Constitution

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

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

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

Policies and procedures adopted for the induction and training of Trustees

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

Organisational structure

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

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

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

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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

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

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

Trade union facility time

Information, as it applies to the academy trust, is included below to satisfy requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 for the period from 1 April 2018 to 31 March 2019 (the relevant period).

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

Connected organisations, including related party relationships

North Kesteven Academy is a single academy trust. It works closely with neighbouring schools and academies, particularly local infant, junior and primary schools. The academy works with the Lincolnshire Teaching School Alliance and the numerous secondary schools and academies within the local area and beyond.

Objectives and activities

Objects and aims

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

North Kesteven Academy's Mission statement aims to:

- Instil a passion for lifelong learning and the courage to learn from mistakes; and
- To develop students who are ambassadors for the academy, positive role models in the community, and who will achieve well progressing to the best universities and careers.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

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

- Enables young people to experience a huge breadth of academic, practical and creative subjects to develop their curiosity, to spark their interests and to encourage an enquiring mind in order to amaze us and themselves.
- Links to our values of NK Cares: Community, Aspiration, Respect, Endeavour, Safe.
- Ensures knowledge acquisition is at the heart of everything via regular and consistent retrieval technique.
- Is built around the understanding of how young people learn, forgetting helps us to remember.
- Is consistently rigorous across the academy.
- Regularly checks how well learning has taken place and responds to the findings.
- Allows all learners to experience success by taking account of their individual needs to both stretch and support to create confident young people.
- Encourages them to broaden their experience of the wider world beyond Lincoln, to explore different cultures and to provide opportunities to visit places within the UK and beyond that provide them with a means of understanding more about the opportunities that exist beyond our local area.
- Equips learners with knowledge and skills to make them competitive in the future labour market.
- Links to local labour market information and employers in the local community, to give them experience of the workplace to make informed decisions about their futures and to grow an entrepreneurial mentality in which they are willing to take risks.
- Allows students to be brave and commit to achieving qualifications in subjects which are aspirational and meaningful for their preferred destinations and career aspirations.
- Is responsive to the challenges faced as a result of the Covid pandemic to ensure it adapts to the needs of the learners.

Objectives, strategies and activities

The curriculum is built on the following principles:

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

Examinations and Assessment

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

Behaviour

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

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Teaching and Learning

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

Safeguarding Systems

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

Environment

- To ensure the academy's site is at a safe and a high standard, and is continuously maintained and improved.
- To offer a world-class teaching and learning environment.
- To explore a range of alternative and innovative learning environments.

Public benefit

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

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

Achievements and performance

The Covid-19 pandemic has meant that analysing results is very difficult. The Teacher Assessed Grades (TAGs) were determined by a robust system of moderation, standardisation and quality assurance by middle and senior leaders. The tables below indicate the results from the Teacher Assessed Grades for 2020-21

KS4 Key Performance Indicators

	2020/21
4+ E&M	63.60%
5+ E&M	35.30%
4+ Eng	74.00%
5+ Eng	52.60%
4+ Ma	70.50%
5+ Ma	45.70%
Ebacc 4+	31.20%
Ebacc 5+	18.50%

KS5 Key Performance Indicators

A-Level	2020/21
% A*/A	26.70%
% A*-B	62.90%
% A*-C	89.50%
% A*-E	100.00%
Applied General	2019/20
Ave. Pt. Score per entry	29.39
Ave. Grade per entry	Merit+

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

Other Successes

The Covid-19 pandemic meant that the planned visits to Ecuador, Holland, Germany, London and other local visits were not able to take place and have been deferred to next academic year.

Throughout the pandemic the academy remained open to students, with an excellent provision of online remote learning in periods of lockdown. Digital devices were effectively deployed to enable those students without access to technology at home to be able to access the remote learning provision.

Students who are vulnerable were able to access education provision on site throughout all periods of lockdown. Extensive support for mental health has been put in place for all students following the return after each period of lockdown.

Wellbeing checks were carried out regularly by tutors, senior staff and our pastoral team.

Students who had to isolate due to Covid were able to access live streamed lessons in order to minimise the impact of their isolation period.

Following the return to normal school provision following lockdowns the academy has taken the silver linings and moved the academy forward positively to ensure the best provision for our students.

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

The academy has benefited from a successful Condition Improvement Fund bid to change the heating system and redo the roofing across the academy.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Trading deficits posted in recent years have seen the Academy fall into a deficit position overall. This position has been reported to the ESFA, and a recovery plan has been developed and is continually reviewed and updated through the Finance and Audit Committee.

Financial review

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

Expenditure for the period was more than grants from the ESFA and other income, such as voluntary income and activities for generating funds. During the year ended 31 August 2021 total expenditure of £6,679,816 was more than recurrent grant funding from the ESFA together with other incoming resources. After adjusting for the gain on the Local Government Pension Scheme the Academy Trust had a surplus of £23,445 during the year.

At 31 August 2021 the net book value of fixed assets was £11,284,760 and movements in tangible fixed assets are shown in Note 11 to the financial statements. The assets are used primarily for providing the academy's educational operations and associated support service to the students of the academy.

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

Reserves policy

The Academy Trust continues to analyse student numbers over a 5 year period in feeder primary schools as well as changes to formula funding and has planned to cover these eventualities. The reserves are split into the categories of restricted general funds and unrestricted funds. The unrestricted funds are the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its planned expenditure.

The academy's revenue reserves at 31 August 2021 total £165,712 compared to a deficit of £325,807 in 2020.

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

The free reserves (unrestricted general funds) as at 31 August 2021 amounted to £nil. The academy expects that as student numbers increase, building up the reserves will be difficult due to the lagged funding system. As numbers stabilize and where possible anyhow, the academy intends to increase revenue reserve to the above figure.

Principal risks and uncertainties

There are two principal risks and uncertainties related to the trust:

Trustees note that the finances of the academy are highly sensitive to the annual intakes in Year 7 and Year 12. Work continues to build on the new branding for the academy introduced in 2017 and with Primary Schools, with a number of areas of the curriculum visiting feeder schools, and many local Primary School children visiting the academy for a variety of events and activities. Ultimately, however, the strong historic reputation for excellence and results particularly in performing arts subjects continues to attract students to North Kesteven Academy. It is hoped that a steady improvement in examination and assessment results and collaborative working with local Primary Schools, both in tandem with a rising local population will help to see increasing student recruitment at both Year 7 and Year 12.

Future funding of the sector has been quite volatile in recent years. Although the per pupil funding has increased there a number of areas where uncertainty remains:

- Year 7 catch-up premium has been removed for the 2020-2021 year
- Covid-19 Catchup Premium has been introduced but no clarity over the duration it will continue for
- Teachers pay and pension grant was due to be included with the funding formula but this is now delayed and the impact of this eventually happening is uncertain on the academy.

Risk Management

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

North Kesteven Academy

Trustees' Report for the Year Ended 31 August 2021 (continued)

Strategic Report

Financial and Risk Management Objectives and Policies

The academy trust's exposure to financial risks is minimal, due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 26 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

Fundraising

The academy trust only participates in low level fundraising. The purpose of this is principally not to fund the academy's core provision of education, but support related activities and charities. This fundraising does not involve any professional fundraisers and is only based on voluntary donations from the academy's stakeholders and arrangements are monitored by trustees.

Plans for future periods

The academy continues to enjoy access to the world-class facilities at the neighbouring ONE NK Leisure Centre through the shared use arrangements with Lincolnshire County Council, North Kesteven District Council and their management company, and will continue to work with partners to ensure it enjoys high quality, value for money facilities.

Staffing costs continued to reduce during 2020-21, with careful scrutiny of the staffing budget (and particularly any vacancies) to ensure it meets the needs of the academy. The utilisation of a flexible workforce and Integrated Curriculum and Financial Planning (ICFP) remains critical as the academy delivers an effective curriculum in an efficient fashion. Any necessary teaching recruitment has been, and will continue to be, primarily centred on teachers with 1 to 3 years of experience. However, the philosophy of encouraging staff to develop their skills and experience is a cornerstone of the academy's Professional Learning programme and inevitably leads to promotion opportunities for some. A strategy will be adopted to recruit from within as the works closely with the local Initial Teacher Training providers and has recruited a number of trainees over the past two years, some of which have successfully been recruited to permanent roles.

All members of the Senior Leadership Team will complete a National Professional Qualification in the coming 12 months to further enhance the leadership of the academy.

North Kesteven Academy

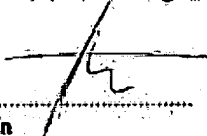
Trustees' Report for the Year Ended 31 August 2021 (continued)

Auditor

Insofar as the Trustees are aware:

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

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 8 December 2021 and signed on its behalf by:



J Sloan
Chair of Trustees

North Kesteven Academy

Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that North Kesteven Academy has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

The Board of Trustees has delegated the day-to-day responsibility to J Tunnicliffe, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between North Kesteven Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Sloan	7	7
R Barrett	6	7
S Bull (appointed 9 December 2020)	6	6
J Burnett	5	7
J Burt (appointed 3 February 2021)	4	4
N Cooper (resigned 7 October 2020)	1	1
C Ferguson (appointed 9 December 2020)	6	6
A Greenwood (resigned 7 October 2020)	1	1
M Joy (appointed 26 May 2021)	1	1
A Lloyd (resigned 31 December 2020)	2	2
D McCran (appointed 3 February 2021)	4	4
P Phillipson (appointed 9 December 2020)	6	6
D Salisbury	7	7
J Tunnicliffe	7	7
S Van Zyl (resigned 3 February 2021)	3	3
G Johnson-Hirt (appointed 3 February 2021 and resigned 31 July 2021)	2	4

Governance reviews

A review of governance was carried out in 20-21 appropriate actions have been taken.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to propose the annual budget, review actual performance throughout the year in financial matters, review the effectiveness of financial internal controls through internal audit, advise the trustees on the appropriateness or otherwise of spending requests outside the delegated powers given to it and monitor and keep under review the needs and requirements of the academy in relation to competitive tendering. Attendance at meetings during the year was as follows:

North Kesteven Academy

Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
J Sloan	6	6
R Barrett	6	6
J Burt	3	3
P Phillipson	3	4
D Salisbury	4	6
J Tunnicliffe	6	6

Review of value for money

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

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

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

The Trust adhered to the PPN 02/20 and 04/20 issued by the Government in relation to payments of suppliers during the Covid-19 pandemic. Overall, Covid-19 did not impact adversely on the Trust's ability secure value for money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North Kesteven Academy for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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;

North Kesteven Academy

Governance Statement (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.
- to appoint BHP as internal auditor

During 2021, the Board of Trustees appointed BHP as internal auditor. A programme of internal audit work has been agreed by the Finance & Audit Committee and internal audit reviews of Key Financial Controls have taken place.

The internal auditor's role includes performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll authorisation controls
- Testing of control account / bank reconciliations
- Testing of controls over budgeting and financial monitoring
- Testing of business continuity processes

Review of effectiveness

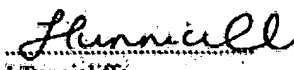
As Accounting Officer, J Tunnicliffe has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 8 December 2021 and signed on its behalf by:


J Sloan
Chair of Trustees


J Tunnicliffe
Accounting Officer


North Kesteven Academy

Statement of Regularity, Propriety and Compliance

As Accounting Officer of North Kesteven Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2021.

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.



J Tunnicliffe
Accounting Officer

8 December 2021

North Kesteven Academy

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

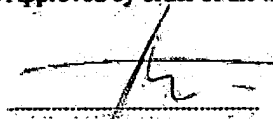
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 8 December 2021 and signed on its behalf by:


J Sloan
Chair of Trustees

North Kesteven Academy

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

Opinion

We have audited the financial statements of North Kesteven Academy (the 'Academy') for the year ended 31 August 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

North Kesteven Academy

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 15], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

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

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

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

North Kesteven Academy

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

Use of our report

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



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

Waynflete House
139 Eastgate
Louth
Lincolnshire
LN11 9QQ

8 December 2021

North Kesteven Academy

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

In accordance with the terms of our engagement letter dated 13 August 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Kesteven Academy during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 8 July 2011 and the Academies Financial Handbook extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:


- evaluating the systems and control environment;
- assessing the risk of irregularity, impropriety and non-compliance;
- confirming the activities of the Academy are in keeping with the academy's framework and the charitable objectives; and
- obtaining representations from the accounting officer and key management personnel.

North Kesteven Academy

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Adam Millson ACA (Reporting Accountant)
For and on behalf of Forrester Boyd, Chartered Accountants

Waynflete House
139 Eastgate
Louth
Lincolnshire
LN11 9QQ

8 December 2021

North Kesteven Academy

Statement of Financial Activities for the Year Ended 31 August 2021 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed-Asset Funds £	2020/21 Total £
Income and endowments from:					
Donations and capital grants	2	44,065	-	1,506,400	1,550,465
Other trading activities	4	90,592	-	-	90,592
Investments	5	3	-	-	3
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,346,201	-	5,346,201
Total		134,660	5,346,201	1,506,400	6,987,261
Expenditure on:					
Raising funds	6	1,775	-	-	1,775
<i>Charitable activities:</i>					
Academy trust educational operations	7	132,885	5,030,682	1,514,474	6,678,041
Total		134,660	5,030,682	1,514,474	6,679,816
Net income/(expenditure)		-	315,519	(8,074)	307,445
Transfers between funds		-	(7,014)	7,014	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	27	-	(284,000)	-	(284,000)
Net movement in funds/(deficit)		-	24,505	(1,060)	23,445
Reconciliation of funds					
Total (deficit)/funds brought forward at 1 September 2020		-	(3,851,807)	11,571,775	7,719,968
Total (deficit)/funds carried forward at 31 August 2021		-	(3,827,302)	11,570,715	7,743,413

North Kesteven Academy

Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

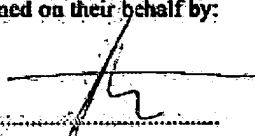
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed-Asset Funds £	2019/20 Total £
Income and endowments from:					
Donations and capital grants	2	6,156	13,156	22,636	41,948
Other trading activities	4	107,337	4,500	-	111,837
Investments	5	143	-	-	143
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	5,653,433	-	5,653,433
Total		113,636	5,671,089	22,636	5,807,361
Expenditure on:					
Raising funds	6	-	7,423	-	7,423
<i>Charitable activities:</i>					
Academy trust educational operations	7	99,938	5,934,624	319,942	6,354,504
Total		99,938	5,942,047	319,942	6,361,927
Net income/(expenditure)		13,698	(270,958)	(297,306)	(554,566)
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	27	-	755,000	-	755,000
Net movement in funds/(deficit)		13,698	484,042	(297,306)	200,434
Reconciliation of funds					
Total (deficit)/funds brought forward at 1 September 2019		(13,698)	(4,335,849)	11,869,081	7,519,534
Total (deficit)/funds carried forward at 31 August 2020		-	(3,851,807)	11,571,775	7,719,968

North Kesteven Academy

(Registration number: 07657605)
Balance Sheet as at 31 August 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	11,284,760	11,571,775
Current assets			
Stocks	12	2,463	2,463
Debtors	13	581,860	259,437
Cash at bank and in hand		632,413	150,763
		1,216,736	412,663
Creditors: Amounts falling due within one year	14	(619,691)	(544,524)
Net current assets/(liabilities)		597,045	(131,861)
Total assets less current liabilities		11,881,805	11,439,914
Creditors: Amounts falling due after more than one year	15	(152,392)	(193,946)
Net assets excluding pension liability		11,729,413	11,245,968
Pension scheme liability	27	(3,986,000)	(3,526,000)
Net assets including pension liability		7,743,413	7,719,968
Funds of the Academy:			
Restricted funds			
Restricted general fund		158,698	(325,807)
Restricted fixed asset fund		11,570,715	11,571,775
Restricted pension fund		(3,986,000)	(3,526,000)
		7,743,413	7,719,968
Unrestricted funds			
		-	-
Total funds		7,743,413	7,719,968

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue on 8 December 2021 and signed on their behalf by:


J Sloan
Chair of Trustees

North Kesteven Academy

Statement of Cash Flows for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(965,916)	136,990
Cash flows from investing activities	22	1,499,389	22,779
Cash flows from financing activities	21	<u>(51,823)</u>	<u>(51,823)</u>
Change in cash and cash equivalents in the year		481,650	107,946
Cash and cash equivalents at 1 September		<u>150,763</u>	<u>42,817</u>
Cash and cash equivalents at 31 August	23	<u>632,413</u>	<u>150,763</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

1 Accounting policies

General Information

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

The address of its registered and principal office is:

Moor lane
North Hykeham
Lincoln
LN6 9AG
United Kingdom.

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

Specifically in connection with the current economic climate, the directors have considered the impact of COVID-19 on the business and they are satisfied that the company has sufficient financial headroom to continue trading for at least the next twelve months. For this reason the financial statements have been prepared on a going concern basis.

Going concern

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

Income

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

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

Grants

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

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

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

Sponsorship Income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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

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

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

Asset class	Depreciation method and rate
Freehold Buildings	50 years/10 years straight line basis
Furniture, fixtures and equipment	10 years straight line basis
Motor vehicles	7 years straight line basis
Computer equipment	5 years straight line basis

Liabilities

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

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Taxation

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

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

Pension benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes. The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

1 Accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 31/08/2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	2020/21 Total £	2019/20 Total £
Educational trips and visits	35,923	-	35,923	13,156
Capital grants	-	1,506,400	1,506,400	22,636
Other donations	8,142	-	8,142	6,156
	<u>44,065</u>	<u>1,506,400</u>	<u>1,550,465</u>	<u>41,948</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2020/21 Total £	2019/20 Total £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	4,458,837	4,458,837	4,847,595
Rates Relief	42,793	42,793	17,346
Teachers' Pay Grant	60,904	60,904	69,859
Teachers' Pension Grant	172,100	172,100	197,030
Pupil Premium	208,741	208,741	217,544
Lincoln City 6th Form Program GAG funding	226,650	226,650	155,544
Other DfE grants	17,188	17,188	11,440
	<u>5,187,213</u>	<u>5,187,213</u>	<u>5,516,358</u>
Other government grants			
Other Local Authority grants	39,314	39,314	40,973
SEN Funding	24,080	24,080	81,526
	<u>63,394</u>	<u>63,394</u>	<u>122,499</u>
Non-government grants and other income			
Non-Government income	15,344	15,344	-
Covid-19 additional funding (DfE/ESFA)			
Coronavirus exceptional support	-	-	14,576
Covid-19 catch-up	52,480	52,480	-
Mass testing	27,770	27,770	-
	<u>80,250</u>	<u>80,250</u>	<u>14,576</u>
Total grants	<u>5,346,201</u>	<u>5,346,201</u>	<u>5,653,433</u>

The Trust received £80,250 (2020:£14,576) of Covid-19 funding and costs incurred in respect of this funding totalled £80,250 (2020:£14,576).

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

4 Other trading activities

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Catering income	85,895	85,895	104,213
Other sales	4,697	4,697	3,124
Insurance Claims	-	-	4,500
	<u>90,592</u>	<u>90,592</u>	<u>111,837</u>

5 Investment income

	Unrestricted funds £	2020/21 Total £	2019/20 Total £
Short term deposits	<u>3</u>	<u>3</u>	<u>143</u>

6 Expenditure

	Non Pay Expenditure			2020/21 Total £	2019/20 Total £
	Staff costs £	Premises £	Other costs £		
Expenditure on raising funds					
Direct costs	-	-	-	-	5,581
Allocated support costs	-	-	1,775	1,775	1,842
Academy's educational operations					
Direct costs	2,861,513	247,568	457,033	3,566,114	3,818,820
Allocated support costs	<u>1,028,450</u>	<u>1,619,969</u>	<u>463,508</u>	<u>3,111,927</u>	<u>2,535,684</u>
	<u>3,889,963</u>	<u>1,867,537</u>	<u>922,316</u>	<u>6,679,816</u>	<u>6,361,927</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2020/21	2019/20
	£	£
Operating lease rentals	30,754	43,123
Depreciation	294,029	297,310
Fees payable to auditor - audit	7,350	7,250
- other audit services	3,980	3,105

7 Charitable activities

	Total 2021	Total 2020
	£	£
Direct costs - educational operations		
Teaching and educational support staff costs	2,861,513	3,154,769
Depreciation	247,568	247,568
Technology costs	46,909	14,358
Educational supplies	44,689	62,651
Examination fees	98,381	128,585
Staff development	1,859	7,262
Educational consultancy	210,943	164,076
Other direct costs	54,252	39,551
	<u>3,566,114</u>	<u>3,818,820</u>
Support costs - educational operations		
Support staff costs	912,450	1,271,641
LGPS Service cost adjustment	116,000	185,000
Depreciation	46,461	49,742
Technology costs	54,167	37,600
Maintenance of premises and equipment	1,172,631	109,122
Cleaning	142,375	134,394
Rent, rates and utilities	226,816	377,289
Insurance	31,686	39,927
Recruitment and support	17,788	18,502
Security and transport	12,616	6,282
Catering	82,423	69,263
LGPS admin cost	2,000	-
Interest on defined benefit pension scheme	58,000	74,000
Professional fees	168,346	56,014
Other support costs	40,456	81,891
Interest payable	12,454	14,522
Governance costs	15,258	10,495
	<u>3,111,927</u>	<u>2,535,684</u>
Total direct and support costs	<u>6,678,041</u>	<u>6,354,504</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

8 Staff

Staff costs

	2020/21 £	2019/20 £
Staff costs during the year were:		
Wages and salaries	2,723,244	3,139,829
Social security costs	251,257	338,156
Operating costs of defined benefit pension schemes	772,535	851,369
	<u>3,747,036</u>	<u>4,329,354</u>
Supply staff costs	91,480	215,855
Staff restructuring costs	51,447	66,201
	<u>3,889,963</u>	<u>4,611,410</u>
	2021 £	2020 £

Staff restructuring costs comprise:

Redundancy payments	25,743	66,201
Other restructuring costs	25,704	
	<u>51,447</u>	<u>66,201</u>

Staff numbers

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

	2020/21 No	2019/20 No
Teachers	38	46
Administration and support	42	49
Management	11	12
	<u>91</u>	<u>107</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2021 No	2020 No
£80,001 - £90,000	1	1
£90,001 - £100,000	1	

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £575,062 (2019: £630,432).

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

9 Related party transactions - trustees' remuneration and expenses

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

J Tunnicliffe (Headteacher):

Remuneration: £90,000 - £95,000 (2020 - £85,000 - £90,000)

Employer's pension contributions: £20,000 - £25,000 (2020 - £20,000 - £25,000)

M Gallimore (Cover Manager - Resigned 8th January 2020):

Remuneration: (2020 - £25,000 - £30,000)

Employer's pension contributions: (2020 - £0 - £5,000)

A Lloyd (Teacher):

Remuneration: £15,000 - £20,000 (2020 - £50,000 - £55,000)

Employer's pension contributions: £0 - £5,000 (2020 - £10,000 - £15,000)

Other related party transactions involving the trustees are set out in note 28.

10 Trustees' and officers' insurance

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

11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	IT Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2020	12,388,920	331,799	170,148	16,500	12,907,367
Additions	-	-	7,014	-	7,014
At 31 August 2021	12,388,920	331,799	177,162	16,500	12,914,381
Depreciation					
At 1 September 2020	987,872	213,502	126,075	8,143	1,335,592
Charge for the year	247,568	23,236	20,868	2,357	294,029
At 31 August 2021	1,235,440	236,738	146,943	10,500	1,629,621
Net book value					
At 31 August 2021	11,153,480	95,061	30,219	6,000	11,284,760
At 31 August 2020	11,401,048	118,297	44,073	8,357	11,571,775

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

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

12 Stock

	2021 £	2020 £
Catering	<u>2,463</u>	<u>2,463</u>

13 Debtors

	2021 £	2020 £
Trade debtors	1,309	5,781
VAT recoverable	256,935	16,328
Prepayments	51,107	31,062
Accrued grant and other income	<u>272,509</u>	<u>206,266</u>
	<u>581,860</u>	<u>259,437</u>

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	44,252	114,622
Other taxation and social security	64,125	68,431
Loans	41,554	39,370
Other creditors	6,114	10,758
Accruals	438,840	284,638
Deferred income	9,110	11,580
Pension scheme creditor	<u>15,696</u>	<u>15,125</u>
	<u>619,691</u>	<u>544,524</u>

Included in loans above are three separate capital loans with Lincolnshire County Council which, were transferred to the Trust on conversion. The amounts repayable within one year are £41,554 (2020: £39,370) and are provided on the below terms detailed under note 15.

	2021 £	2020 £
Deferred income		
Deferred income at 1 September 2020	11,580	27,664
Resources deferred in the period	9,110	11,580
Amounts released from previous periods	<u>(11,580)</u>	<u>(27,664)</u>
Deferred income at 31 August 2021	<u>9,110</u>	<u>11,580</u>

Deferred income as at 31st August 2021 includes £9,110 (2020: £11,580) of trip income received in advance.

15 Creditors: amounts falling due after one year

	2021 £	2020 £
Loans	<u>152,392</u>	<u>193,946</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15 Creditors: amounts falling due after one year (continued)

Included in creditors falling due after more than one year is three separate capital loans with Lincolnshire County Council which were transferred to the Trust on conversion. The amounts repayable due after more than one year total £152,392 (2020: £193,946) and are provided on the following terms:

Date of Loan Term	Original amount (£)	Interest rate (per annum)	Balance as at 31 August 2021	Amount due within 1 year	Amounts due in more than 1 year
01/06/1999 25 years	400,000	5.25%	79,303	25,077	54,226
19/06/2002 25 years	150,000	6.00%	58,030	8,177	49,730
19/07/2002 25 years	150,000	5.625%	56,613	8,300	48,436
	<u>700,000</u>		<u>193,946</u>	<u>41,554</u>	<u>152,392</u>

16 Funds

	Balance at 1 September 2020 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	(92,491)	4,685,487	(4,181,514)	(58,838)	352,644
Pupil Premium	-	208,741	(208,741)	-	-
Local Authority grants	-	78,738	(78,738)	-	-
Other restricted income	-	27,770	(27,770)	-	-
Other DfE / ESFA grants	-	345,465	(345,465)	-	-
Inherited loan	(233,316)	-	(12,454)	51,824	(193,946)
	<u>(325,807)</u>	<u>5,346,201</u>	<u>(4,854,682)</u>	<u>(7,014)</u>	<u>158,698</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	1,058,754	1,506,400	(1,220,445)	-	1,344,709
Capital expenditure from GAG or other funds	540,118	-	(9,875)	7,014	537,257
Assets transferred on conversion	8,168,715	-	(246,438)	-	7,922,277
Other reserves	1,804,188	-	(37,716)	-	1,766,472
	<u>11,571,775</u>	<u>1,506,400</u>	<u>(1,514,474)</u>	<u>7,014</u>	<u>11,570,715</u>
Restricted pension funds					
Pension reserve	(3,526,000)	-	(176,000)	(284,000)	(3,986,000)
Total restricted funds	<u>7,719,968</u>	<u>6,852,601</u>	<u>(6,545,156)</u>	<u>(284,000)</u>	<u>7,743,413</u>
Unrestricted funds					
Unrestricted general funds	-	134,660	(134,660)	-	-
Total funds	<u>7,719,968</u>	<u>6,987,261</u>	<u>(6,679,816)</u>	<u>(284,000)</u>	<u>7,743,413</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

16 Funds (continued)

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

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	(43,231)	5,003,139	(5,000,575)	(51,824)	(92,491)
Pupil Premium	-	217,544	(217,544)	-	-
Local Authority grants	-	105,504	(105,504)	-	-
Other restricted income	-	17,656	(17,656)	-	-
Other DfE / ESFA grants	-	327,246	(327,246)	-	-
Inherited loan	(270,618)	-	(14,522)	51,824	(233,316)
	<u>(313,849)</u>	<u>5,671,089</u>	<u>(5,683,047)</u>	<u>-</u>	<u>(325,807)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	1,098,617	22,636	(62,499)	-	1,058,754
Capital expenditure from GAG or other funds	549,993	-	(9,875)	-	540,118
Assets transferred on conversion	8,379,463	-	(210,748)	-	8,168,715
Other reserves	<u>1,841,008</u>	<u>-</u>	<u>(36,820)</u>	<u>-</u>	<u>1,804,188</u>
	<u>11,869,081</u>	<u>22,636</u>	<u>(319,942)</u>	<u>-</u>	<u>11,571,775</u>
Restricted pension funds					
Pension reserve	<u>(4,022,000)</u>	<u>-</u>	<u>(259,000)</u>	<u>755,000</u>	<u>(3,526,000)</u>
Total restricted funds	<u>7,533,232</u>	<u>5,693,725</u>	<u>(6,261,989)</u>	<u>755,000</u>	<u>7,719,968</u>
Unrestricted funds					
Unrestricted general funds	(15,377)	113,636	(98,259)	-	-
Unrestricted designated funds	<u>1,679</u>	<u>-</u>	<u>(1,679)</u>	<u>-</u>	<u>-</u>
Total unrestricted funds	<u>(13,698)</u>	<u>113,636</u>	<u>(99,938)</u>	<u>-</u>	<u>-</u>
Total funds	<u>7,519,534</u>	<u>5,807,361</u>	<u>(6,361,927)</u>	<u>755,000</u>	<u>7,719,968</u>

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

16 Funds (continued)

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

Restricted general funds -

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

Restricted fixed asset funds -

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

The Academy received Devolved Formula Capital (DFC) grant income during the year of £20,296 (2019: £22,636) from the DfE / ESFA. This income is permitted to be used for repairs, maintenance and capital expenditure on the premises. The Academy Trust also received Condition Improvement Funding (CIF) of £1,486,104 during the year.

Unrestricted funds -

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

Transfers between funds -

A transfer of £7,014 was made during the year to the restricted fixed asset fund to reflect capital additions bought using restricted general funds.

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

17 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	11,284,760	11,284,760
Current assets	930,781	285,955	1,216,736
Current liabilities	(619,691)	-	(619,691)
Creditors over 1 year	(152,392)	-	(152,392)
Pension scheme liability	(3,986,000)	-	(3,986,000)
Total net assets	(3,827,302)	11,570,715	7,743,413

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

	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	11,571,775	11,571,775
Current assets	412,663	-	412,663
Current liabilities	(544,524)	-	(544,524)
Creditors over 1 year	(193,946)	-	(193,946)
Pension scheme liability	(3,526,000)	-	(3,526,000)
Total net assets	(3,851,807)	11,571,775	7,719,968

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

18 Capital commitments

	2021 £	2020 £
Contracted for, but not provided in the financial statements	524,016	-

19 Long-term commitments, including operating leases

Operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	29,441	30,754
Amounts due between one and five years	20,400	40,980
	49,841	71,734

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

	2020/21 £	2019/20 £
Net income/(expenditure)	307,445	(554,566)
Depreciation	294,029	297,310
Capital grants from DfE and other capital income	(1,506,400)	(22,636)
Interest receivable	(3)	(143)
Interest payable	12,454	14,522
Defined benefit pension scheme service cost adjustment	116,000	185,000
Defined benefit pension scheme admin costs	2,000	-
Defined benefit pension scheme finance cost	58,000	74,000
Decrease in stocks	-	2,754
(Increase)/decrease in debtors	(322,423)	41,951
Increase in creditors	72,982	98,798
Net cash (used in)/provided by Operating Activities	(965,916)	136,990

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

21 Cash flows from financing activities

	2020/21 £	2019/20 £
Repayments of borrowing	(51,823)	(51,823)
Net cash used in financing activities	(51,823)	(51,823)

22 Cash flows from investing activities

	2020/21 £	2019/20 £
Purchase of tangible fixed assets	(7,014)	-
Capital funding received from sponsors and others	1,506,400	22,636
Short term deposits	3	143
Net cash provided by investing activities	1,499,389	22,779

23 Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	632,413	150,763
Total cash and cash equivalents	632,413	150,763

24 Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	Other non-cash changes £	At 31 August 2021 £
Cash at bank	148,644	483,233	-	631,877
Cash equivalents	2,119	(1,583)	-	536
	150,763	481,650	-	632,413
Loans falling due within one year	(39,370)	-	(2,184)	(41,554)
Loans falling due after more than one year	(193,946)	51,823	(10,269)	(152,392)
	(233,316)	51,823	(12,453)	(193,946)
Total	(82,553)	533,473	(12,453)	438,467

25 Contingent liabilities

At the 31st August 2020 the Trust had received invoices totalling £108,624 from a supplier in relation to electricity costs which remain under dispute. The supplier and the Academy Trust share costs for the use of the sports centre facilities. The supplier has recently been informed they cannot reclaim input VAT on their electricity charges and as a result invoiced the Academy Trust for a proportion of the irrecoverable VAT. The Academy Trust do not believe it is likely this amount is payable as it is not in line with the sports centre agreement.

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

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 Pension and similar obligations

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

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

Contributions amounting to £(15,696) (2020: £(15,125)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with 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 2023.

The employer's pension costs paid to TPS in the period amounted to £455,541 (2020: £518,745).

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

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

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

27 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £249,000 (2020 - £254,000), of which employer's contributions totalled £205,000 (2020 - £206,000) and employees' contributions totalled £44,000 (2020 - £48,000). The agreed contribution rates for future years are 18.7 per cent for employers and 5.5 to 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2021 %	2020 %
Rate of increase in salaries	3.20	2.50
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	1.70	1.70

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

	2021	2020
Retiring today		
Males retiring today	21.20	21.40
Females retiring today	23.60	23.70
Retiring in 20 years		
Males retiring in 20 years	22.00	22.40
Females retiring in 20 years	25.10	25.20

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1%	0.0%	- 0.1%
Adjustment to discount rate	£	£	£
Present value of total obligation	8,461,000	8,655,000	8,853,000
Projected service cost	382,000	391,000	401,000
Adjustment to rate of inflation	£	£	£
Present value of total obligation	8,831,000	8,655,000	8,483,000
Projected service cost	401,000	391,000	382,000
Adjustment to rate of salary growth	£	£	£
Present value of total obligation	8,675,000	8,655,000	8,635,000
Projected service cost	391,000	391,000	391,000
Adjustment to mortality age rating assumption	£	£	£
Present value of total obligation	9,047,000	8,655,000	8,280,000
Projected service cost	410,000	391,000	373,000

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

27 Pension and similar obligations (continued)

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

	2021 £	2020 £
Equities	3,345,000	2,618,000
Other bonds	664,000	759,000
Property	482,000	379,000
Cash and other liquid assets	178,000	38,000
Total market value of assets	4,669,000	3,794,000

The actual return on scheme assets was £801,000 (2020 - (£336,000)).

Amounts recognised in the statement of financial activities

	2020/21 £	2019/20 £
Current service cost	(321,000)	(391,000)
Interest income	65,000	73,000
Interest cost	(123,000)	(147,000)
Admin expenses	(2,000)	-
Total amount recognized in the SOFA	(381,000)	(465,000)

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

	2020/21 £	2019/20 £
At start of period	7,320,000	7,994,000
Current service cost	321,000	391,000
Interest cost	123,000	147,000
Employee contributions	44,000	48,000
Actuarial (gain)/loss	1,020,000	(1,164,000)
Benefits paid	(173,000)	(96,000)
At 31 August	8,655,000	7,320,000

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

	2020/21 £	2019/20 £
At start of period	3,794,000	3,972,000
Interest income	630,000	73,000
Actuarial gain/(loss)	736,000	(409,000)
Employer contributions	44,000	48,000
Employee contributions	205,000	206,000
Benefits paid	(173,000)	(96,000)
At 31 August	5,236,000	3,794,000

North Kesteven Academy

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

29 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the academy trust received £11,537 and disbursed £11,537 from the fund. 5% of the amount received was kept by the Academy Trust towards the administrative costs involved managing the funds. As at 31st August 2021 there were no funds carried forward to be disbursed in the new academic year.

Comparatives for the accounting period ending 31 August 2020 are £15,727 received, £13,297 disbursed and £1,644 included in other creditors.