

Company Registration Number: 07706900 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

TUESDAY



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

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 15
Governance statement	16 - 19
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditors' report on the financial statements	22 - 24
Independent reporting accountant's report on regularity	25 - 26
Statement of financial activities incorporating income and expenditure account	27 - 28
Balance sheet	29 - 30
Statement of cash flows	31
Notes to the financial statements	32 - 61

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

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr Les Allen Mr David Armes Mr Stephen Cousins Professor Ken Durrands CBE Mr Paul Ross Councillor Jacky Smith Mr Jonathan Farrington
Trustees	Mr Paul Ross, Chair Mr Les Allen, Vice Chair Professor Ken Durrands CBE, Foundation Governor Mr David Armes, Foundation Governor Mrs Julie Parker, Support Staff Governor Mr Stephen Cousins, Foundation Governor Mr Jonathan Farrington, Vice Chair Ms Sara Jones, Teacher Staff Governor Mr Simon Pickett, Head Master and Accounting Officer Councillor Jacky Smith, Community Governor Mr Gary Mills, Parent Governor Mrs Elizabeth Brady, Parent Governor
Company registered number	07706900
Company name	The King's School
Principal and registered office	Brook Street Grantham Lincolnshire NG31 6RP
Senior management team	Mr Simon Pickett, Headmaster Mr Stephen Brook, Deputy Headmaster Mr Justin Dixon, Deputy Headmaster Mr Nigel Barton, Assistant Headteacher (Retired 31 Aug 2020) Mr Nathan Whales, Assistant Headteacher Ms Helen Murray, Assistant Headteacher Mrs Sue Gordon, Director of Finance & Estates (wef 8 Jan 2020)
Independent auditors	Duncan and Toplis Limited Chartered Accountants and Statutory Auditors 15 Chequergate Louth Lincolnshire LN11 0LJ

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

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Bankers	HSBC 41 Westgate Grantham NG31 6LF
Solicitors	Veale Wasbrough Vizards (Yvonne Spencer lead contact) Orchard Court Orchard Lane Bristol BS1 5WS

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a wide catchment area centred on the town of Grantham in Lincolnshire. It has a pupil capacity of 1,215 and had a roll of 1,209 on the school roll on 1 September 2020.

Structure, governance and management

a. Constitution

The academy is a charitable 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 who served during the year, and to date, are also the directors of the charitable company for the purposes of company law. The charitable company is known as The King's School.

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

b. Members' liability

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

c. Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

d. Method of recruitment and appointment or election of Trustees

The Articles of Association detail the different types of Governor, each category has slightly differing election or appointment processes, as outlined below:

~~The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Head, Master or any post which is held ex officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. The term of office for a parent Governor should end when they cease to be the parent of a registered pupil.~~

There is no maximum number of Members and the Articles do allow for an infinite number of appointments.

The Members appoint the Foundation Governors.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

The Governing Body may appoint a Community Governor.

The Head Master shall be treated for all purposes as being an ex officio Governor.

A minimum of 2 Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he or she is elected. The term of office of a parent governor should end when they cease to be the parent of a registered pupil.

The Members shall appoint 2 Staff Governors (which shall include 1 teaching staff member and 1 support staff member) through such process as they may determine. If a Staff Governor ceases to work at the Academy, then they shall be deemed to have resigned and shall cease to be a Governor automatically on termination of their work at the Academy.

The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. Governors are subject to retirement or re-election at the end of their four-year term of office unless the eligibility conditions listed above prevail. Whilst closely following the requirements of the Academy Trust Articles of Association, Governors have decided to pursue a skills based approach to the nomination and selection processes for new Governors in order to ensure the board comprises personnel with a wide range of relevant experience and professional knowledge.

e. Policies adopted for the induction and training of Trustees

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

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

f. Organisational structure

The structure of the Academy consists of two senior levels: Board of Directors (known at The King's School as the Governing Body) which includes the Head Master (as Accounting Officer). The Head Master also leads the Senior Leadership Team which includes the Director of Finance and Estates, two (2) Deputy Headmasters and two (2) Assistant Headteachers. An aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Academy nurtures the talents of all staff to support continual improvement and excellence.

The Governing Body is responsible for setting the Academy's general policies, adopting the annual development plan and budget, monitoring performance against these plans and making major decisions about the direction of the academy and staffing.

The Head Master and Senior Leadership Team control the School at an executive level, implementing the policies set by the Governing Body and reporting back to them.

During the Financial Year 2019 - 20 the Governing Body continued to operate as a single board and met over 10 times during the year; some of these meetings were held remotely via Zoom and Microsoft Teams to facilitate decision making during the Covid-19 pandemic. This operating structure ensured that all Governors were aware of all operational matters. An Audit Committee also meets as required under separate chairmanship during

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Governors meetings to fulfil the requirements of the Academy Financial Handbook.

The academy has an approved Financial Regulations Handbook which details the School's delegated authorities and authorised spending limits.

A new ESFA Funding Agreement was submitted and subsequently accepted by Minister for Education.

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

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

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

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

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

The Pay Policy is designed to:

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

Leadership Pay

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

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

The Governing Body will ensure that salaries are reviewed annually, with effect from 1 September and no later

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

than 30 November (31 December for the Head Master) each year, and that all staff are given a written statement setting out the salary to which they are entitled. Reviews may take place at other times of the year to reflect any changes in circumstances or job description that lead to a change in the basis for calculating an individual's pay. A written statement will be given after any review and, where applicable, will give information about the basis on which it was made.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	858
Total pay bill	4,620,452
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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THE KING'S SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

a. Objectives and Aims

The principal object and aim of the charitable company is the operation of The King's School as set out in the Company's Articles of Association. The curriculum provided by the Academy to pupils between the ages of 11 and 19 is designed to be broad and balanced.

The King's School is a selective academy for boys, selecting from the top 25% of the ability range through the 11+ process. The Academy's purpose is to provide the best possible education for its students.

The charitable company complies with the requirements of both the Articles of Association and Funding Agreement. The charitable company ensures the procedures for admitting students to the academy are applied and that the curriculum complies with the substance of the national curriculum.

The main objectives of the Academy during the year ended 31 August 2020 are summarised below:

Leadership & Management

- Analyse the academy's budget projections 2020-24 and to monitor efficiency and revenue raising measures.
- Review performance management and pay policy arrangements for implementation from September 2020.
- Review the effectiveness of the Academy self review and evaluation tools and processes, to improve the mechanism of review, and implement new findings.
- Participate in the LTSA strategy for peer to peer review as part of the self-improving Academy system.
- Establish a student alumni organisation and programme.
- Implement GDPR.
- Establish a clear Vision and Value statement for the Academy.
- Introduce an improved Behaviour Tracking System.

Teaching, Learning & Assessment

- The policies for teaching and learning, assessment, reporting, recording, and marking were integrated to create a new feedback policy. This has been implemented in place.
- The Year 7 curriculum has been extended to include Art and Drama as response to the potential mental health and well-being issues.
- The recording and review of the systems for disadvantaged students has been updated to make a clearer offer to parents that can be met and addressed.
- Underperforming departments have had appropriate intervention.
- The curriculum was reviewed, and changes implemented.
- All staff were trained in remote learning and this was implemented considering the SARS-COV-2 Pandemic.

Personal Development, Behaviour and Well-being

- Develop a sixth form mentoring programme.
- Attendance arrangements were reviewed, updated and improved.
- A new system for reporting safeguarding concerns was introduced.
- A new behaviour tracking strategy was successfully introduced and implemented.
- The VESPA A'level Mind-set course was improved and implemented.
- Monitor attendance arrangements.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Outcomes for Learners

- The academic targets for 2019-20 were met and often exceeded:

TARGET	Minimum Target	Aspirational Target	Outcome
Attainment 8	6.24	6.68	6.69
Progress 8	0.14	0.57	Not released due to COVID-19
% of grades 9-7	40	46	51
% 5+ (EM) standard pass	96	100	99
% 5+ (EM) strong pass	84	100	95
% EBacc Strong	31	52	43
Y13 ALPS Teaching & Learning	5	3	2
% of grades A*-B	70	83	77
% of grades A*-E	100	100	100
Attendance	92	95	Removed due to COVID-19

Academy Environment for Learning

- The Brook Street building had a roof replacement and internal upgrade within a conservation area on this Grade II listed building.
- The Tower Block building had air conditioning added throughout this 1970s structure.
- The Academy's IT infrastructure has been improved significantly.

Extra – Curricular

In addition to the taught curriculum The King's School believes in the development of self-confidence, resilience, self-control, and emotional intelligence. It is in the development of such traits that our extracurricular programme plays a fundamentally important role. The staff and governors believe in the importance of providing a broad and balanced curriculum, offering a wide range of challenge and opportunities for all students both within and outside the classroom.

1. The Academy curriculum encourages boys to foster their own spiritual belief and respect the faith of their peers. An established range of services are held in St. Wulfram's Church. The Christian Union supported by Harrowby Lane Methodist Church, meets on Fridays. A room is available for Islamic prayer.
2. Y12/13 work placement and /voluntary work provides the boys with the opportunity to develop their social skills in an adult environment.
3. The House System provides boys with the opportunity to form new relationships, develop their social and team skills through representing their house in sporting and musical activities.
4. The Academy's extra-curricular programme is extensive and well established. A significant number of

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

- boys play sport at both school and county and regional level. Rugby, football, cricket and water polo are strengths. Approximately one third of boys are learning a musical instrument. A significant number of boys represent the school in county music ensembles and the National Youth Choir. There is an extensive programme of school music concerts and drama productions. There is an extensive programme of overseas educational visits.
5. The Combined Cadet Force (CCF), together with the Duke of Edinburgh Award Scheme, is an integral part of the school's history, culture and ethos. Their activities engender a sense of discipline, resilience and contribute significantly to the boys' social, moral and cultural development.

b. Public benefit

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

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

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

Strategic report

Achievements and performance

a. Key performance indicators

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

Financial Year (FY)	Published Admission Number (PAN)	Number on Roll (NOR) in Y7 September
12/13	145	147
13/14	145	148
14/15	174	178
15/16	174	186
16/17	174	186
17/18	174	187
18/19	174	194
19/20	174	187
20/21	174	180

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Key Financial Performance Indicators

FY	Total GAG Income	Census NOR	£ per pupil	KS3 & 4 Pre-16 element of GAG	KS3 & 4 NOR	£ per KS3 & 4 student	6th form element post 16 of GAG	6th form NOR	£ per 6th form student
12/13	£4,902,453	1025	£4,783	£3,559,940	738	£4,823.77	£1,342,513	287	£4,677.75
13/14	£4,851,024	1023	£4,742	£3,589,771	746	£4,812.03	£1,261,253	277	£4,553.26
14/15	£4,714,901	1015	£4,645	£3,521,400	743	£4,739.43	£1,193,501	272	£4,387.87
15/16	£4,714,437	1044	£4,516	£3,590,944	778	£4,615.61	£1,123,493	266	£4,223.66
16/17	£4,729,545	1079	£4,383	£3,622,943	809	£4,478.30	£1,106,602	270	£4,098.53
17/18	£4,795,439	1120	£4,282	£3,682,217	847	£4,347.36	£1,113,222	273	£4,077.74
18/19	£5,165,337	1147	£4,503	£4,091,319	885	£4,622.96	£1,074,018	262	£4,099.31
19/20	£5,434,204	1170	£4,644	£4,406,400	918	£4,800.00	£1,027,804	252	£4,078.58
20/21	£5,921,519	1205	£5,000	£4,620,000	924	£5,000	£1,301,519	281	£4,188.00

Financial Year	Teaching Staff incl Supply % of GAG (%)	Support Staff incl Lettings income & Staffing costs % GAG (%)	All Staff % GAG+ lettings income (%)	LGPS Deficit (£)
12/13	55	18	63	466,000
13/14	57	18	65	752,000
14/15	62	18	69	822,000
15/16	65	16	71	1,412,000
16/17	68	16	73	1,052,000
17/18	67	17	73	1,052,000
18/19	66	19	84	1,598,000
19/20	68	22	89	1,516,000

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquires, the board of Trustees have a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial effect of Significant events

Covid-19 Pandemic – The Cov-Sars2 virus had a detrimental impact across the UK since the pandemic was declared in March 2020. The subsequent lockdown enforced school closures to all except key worker's children and the most vulnerable. Cancellation of exams and other educational milestones had a devastating effect on the students and their expected outcome and the prolonged uncertainty caused several mental health issues. The effect on exam results will be explained later in the report. However, financially, the pandemic also negatively impacted the school in several areas. The loss of lettings income specifically affected the forecasted other income figures. In addition, expenditure on cleaning items and supplies along with equipment to ensure the school was Covid-19 safe was exponentially higher. This was compounded by the requirement to provide vouchers for the FSM eligible students at an increased cost, and the government requirement to protect areas of catering supplier income. Conversely, expenditure savings were also made in areas such as staff overtime, curriculum materials, and utilities. Overall, The King's School staff and students rose to this unique challenge and strove to minimise the effects of the lockdown on finances and both student and staff mental health by providing support wherever needed.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

a. Reserves policy

Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

To hedge against the aforementioned budget reductions the Governing Body in September 2014, increased the number of students admitted into Year 7 by one form of entry. This has now completed its cycle for Academic Years 7 to 11 which all Years have a PAN of 174.

During the year, the Academy received unrestricted and restricted income (excluding capital funding within the restricted fixed asset fund) of £6,669,973. This compares with expenditure (excluding depreciation within the restricted fixed asset fund and pension reserve expenditure) of £6,294,237 and transfers out to the restricted fixed asset fund of £531,735, to give an excess of expenditure over income on revenue funding totalling £155,999. This equates to the change in balance of restricted general funds (excluding pension reserve) plus unrestricted funds.

Restricted general funds (excluding pension reserves) at the year end were £12,883 in deficit and unrestricted funds are £25,000 in surplus. To give net free reserves of surplus £12,177.

This sum has been impacted by a deficit of £562,731 inherited on conversion and being repaid by half yearly loan repayments to the Local Authority. The Academy has confirmed with the LA that this loan cannot be called in or paid back early and therefore the Academy will continue to allocate the loan repayments annually through the revenue budget to ensure it provides for the ongoing liability. This approach ensures the Academy can access any 'free reserves' to improve outcomes for students as these will not be called on to settle the outstanding loan balance.

The fixed asset reserve balance is £5,395,094. This balance can only be realised by the disposal of fixed assets.

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Governors' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams. During the year ended August 2020, the Governors determined the appropriate level of free reserves as no less than £100,000 or 2% of GAG whichever is the greater. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of revenue (spendable) reserves of £12,117 is below the desired level, but this sum is bolstered by the fact that the deficit inherited on conversion, deducted in arriving at this figure, is funded by way of a long term loan from the Local Authority.

The reserves this year includes figures for future commitments and projects.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

b. Investment policy

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

Objectives

The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation;
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn;
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

The King's School does not currently operate any investment accounts.

c. Principal risks and uncertainties

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

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

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

A risk register, covering low, medium and high level risks, is maintained at academy level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the academy. However, not all factors are within the academy's control and other factors besides those listed below may also adversely affect the academy. The Academy Risk Register focuses on seven (7) main risk categories. Outlined below is a brief descriptor of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Strategic/reputational
2. Physical
3. Infrastructure
4. Governance
5. Staffing
6. Students
7. Financial

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The principal identified risks are:

1. Government funding - The Academy has considerable reliance on continued government funding through the ESFA (ESFA) and the Local Authority. This risk has and will be mitigated in a number of ways:
 - Funding is derived through a number of direct and indirect contractual arrangements;
 - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
 - Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
 - Contingency planning embedded into the Academy budget process, including forward planning and maintenance of a forward medium term budget.
2. Maintain Adequate Funding of Pension Liabilities - The financial statements report the share of the local government pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.
3. Pupil Strategy- The Academy seeks to maintain its popularity with current and prospective pupils by:
 - Ensuring the Academy delivers high quality education and training;
 - Maintaining outstanding success rates and good inspection outcomes;
 - Investing in teaching and support staff and resources;
 - Improving the teaching environment.
4. Financial Stability – The Governors approved a NOR expansion plan which will be complete in 20/21. Additional classroom accommodation is required to accommodate the increase in NOR to support the continuation of delivering outstanding education. A recent Condition Improvement Fund (CIF) application to convert the current Church Hall site to a new classroom block was unsuccessful and fell short of the required points by some margin. An alternative strategy to refurbish the Church Hall to provide suitable teaching space alongside a new Entrance proposal should free up some classroom space within the current main site footprint. Suitable classroom space is essential to maintain the increased NOR so as not to negatively impact the strong financial position.
5. The King's School buildings are a mixture of Grade 1, Grade 2, 1960s and 21st century. English Heritage and the local community take great interest in the school's architecture and impressive history, with Sir Isaac Newton one of a number of high profile former students. Newton's original school building is maintained and used daily by the current students for assemblies, lessons, exams and as a dining hall. This notable history carries with it responsibility and financial burden. General repairs and maintenance together with any build project are all subject to intense scrutiny by English Heritage and insistence that all works must be carried out sympathetically to the listed buildings, renovating and reinstating back to the original state regardless of the financial consequence for the academy's budget.

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

The school continues to exploit the opportunities afforded by conversion to Academy status and has achieved considerable success with applications to the CIF fund. The second CIF bid submitted in December 2019 was successful and the school were advised of this in July 2020 although the announcements should have been made in April. This project is worth £650,000 and is to replace the Collyweston and other roof materials of the CIS Block which is Grade 2 listed to ensure it is then watertight. This project should be complete by October 2021.

- Priority 1: To refurbish the Church Hall to provide suitable classroom accommodation.
- Priority 2: There remains an urgent need to develop facilities including additional classrooms to cater for this increased pupil population. The New Entrance proposal and Church Hall refurbishment should identify space in school that can be re-purposed to address the classroom shortfall.

Funds held as custodian on behalf of others

The Academy has no such funds held.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 9 December 2020 and signed on its behalf by:


.....
Mr Paul Ross
Chair of Trustees

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

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Governors have delegated the day-to-day responsibility to the Head Master, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The King's School and the Secretary of State for Education. They are also responsible for reporting to the Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities and in the Statement of Trustees' responsibilities. The Trustees (Governors) have formally met 9 times during the year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Paul Ross, Chair	8	9
Mr Les Allen, Vice Chair	9	9
Professor Ken Durrands CBE	9	9
Mr David Armes	8	9
Mrs Julie Parker	9	9
Mr Stephen Cousins	9	9
Mr Jonathan Farrington, Vice Chair	8	9
Ms Sara Jones	8	9
Mr Simon Pickett, Headmaster & Accounting officer	9	9
Councillor Jacky Smith	5	9
Mr Gary Mills, Parent Governor	8	9
Mrs Elizabeth Brady, Parent Governor	6	9

Governors continue to develop governance as one of the objectives within the Strategic Plan, aware of the importance of monitoring the impact and effectiveness of the FGB. All governors understand their legal duties and responsibilities as laid out in the Academies Financial Handbook. The Governing Body is equipped with the skills to understand and influence the academy business model.

The Governing Body provided an appropriate level of challenge and support to the Head Master. Continual Professional Development (CPD) opportunities were identified and conveyed to Governors through the National Governors' Association (NGA) and updates were provided for Governors. The development needs of governors are kept under review given the increasing complexity and accountability that goes with this role. A skills audit will be completed in the new financial year.

The audit committee is also a sub-committee of the main board of trustees. Its purpose is to:

- review the external auditor's plan each year,
- review the annual report and accounts,
- review the auditor's findings and actions taken by the trust's managers in response to those findings

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

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- assess the effectiveness and resources of the external auditor to provide a basis for decisions by the trust's members about the auditor's reappointment or dismissal or retendering.

Considerations may include:

- the auditor's sector expertise
- their understanding of the trust and its activities
- whether the audit process allows issues to be raised on a timely basis at the appropriate level
- the quality of auditor comments and recommendations in relation to key areas
- the personal authority, knowledge and integrity of the audit partners and their staff to interact effectively with, and robustly challenge, the trust's managers
- the auditor's use of technology
- produce an annual report of the committee's conclusions to advise the board of trustees and members including recommendations on the reappointment or dismissal or retendering of the external auditor, and their remuneration.

Review of value for money

As Accounting Officer, the Head Master has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer for the Academy can provide evidence of improved value for money during the year including new contracts for external ICT support, Catering, Audit and Reprographics equipment.

Challenge

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

Compare

- Data Review and Analysis of School performance (ASP) Data for GCSE was presented to the FGB. Governors' attention was drawn to specific areas of the data, including Progress 8. Results showed that King's School boys improved exceptionally well in comparison to other schools.
- Throughout the year, contracts were reviewed to ensure effective and economical ways of obtaining services and retendered to ensure Best Value not only in terms of price, but also delivery of service.

Consult

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

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

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Compete

- Audit confirms that sound controls are in place to ensure probity. Audit also confirms that quotations and tenders are obtained for the purchase of goods and services in accordance with the Scheme for Financing schools. A review of services has taken place and contracts awarded not only on the basis of value for money regarding price, but also on strengthening best practice and procedures within the school e.g. H&S, IT purchases and award of building contracts.
- Student outcomes are outstanding (ALIS 2018/9, Progress 8 measure 2018/19 and L3VA 2018/19) which gives a powerful indication of the quality and impact of teaching over time – consistently good teaching achieves outstanding results.
- Extra-curricular activities are a strength of the school and promote the ethos that education continues beyond school and the classroom. Excellence has been achieved through sport and competition, in house and at county and national level.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The King's School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Governing Body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties;
- identification and management of risks

The Governing Body considered the need for a specific internal audit function and continued to appoint Duncan & Toplis to perform the Internal Audit function for the 2019-2020 financial year. In accordance with the revised FRC Ethical Standard, this arrangement will conclude when the current auditors are replaced for the 2020-2021 financial year. Furthermore, the 2020-2021 internal audit arrangements will be compliant with the new ethical standards.

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

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Board of Trustees has decided to employ Duncan and Toplis Limited as internal auditor.

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

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

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

During the Year ending 31 August 2020, the two interim audits, together with the final external audit scrutinised the operation of the systems of control and the discharge of the Governing Body financial responsibilities. The reviewers delivered their schedule of work as planned; no significant matters were identified which required internal controls or procedures to be amended.

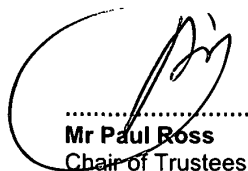
Review of effectiveness

As accounting officer, the Head Master has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

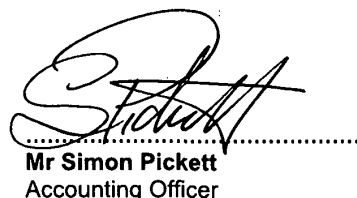
- the work of the reviewers;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the main trustees' board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on their behalf by:



.....
Mr Paul Ross
Chair of Trustees



.....
Mr Simon Pickett
Accounting Officer

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

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The King's School I have considered my responsibility to notify the Academy Trust Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding received by the 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 2019.

I confirm that I and the Academy Trust Governing Body 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 2019.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA.



.....

Simon Pickett
Accounting Officer
Date: 9 December 2020

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

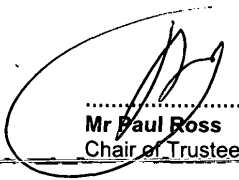
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:



.....
Mr Paul Ross
Chair of Trustees

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

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

Opinion

We have audited the financial statements of The King's School (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Tara L Beeston

Tara Beeston FCA (senior statutory auditor)
for and on behalf of
Duncan and Toplis Limited
Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

10 December 2020

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

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

In accordance with the terms of our engagement letter dated 21 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The King's School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The King's School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The King's School's funding agreement with the Secretary of State for Education dated 15 July 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Tara L Beeston

Tara Beeston FCA (senior statutory auditor)
Duncan and Toplis Limited
Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date: 10 December 2020

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	25,735	373,094	583,501	982,330	596,557
Charitable activities:						
Funding for the Academy Trust's educational operations		-	5,942,956	-	5,942,956	5,768,341
Other trading activities		325,827	-	-	325,827	469,155
Investments	6	2,361	-	-	2,361	2,873
Total income		353,923	6,316,050	583,501	7,253,474	6,836,926
Expenditure on:						
Raising funds		-	361,293	-	361,293	446,027
Charitable activities:						
Academy Trust educational operations		-	5,954,011	234,357	6,188,368	5,760,980
Other charitable activities		198,932	-	-	198,932	348,498
Total expenditure		198,932	6,315,304	234,357	6,748,593	6,555,505
Net income		154,991	746	349,144	504,881	281,421
Transfers between funds	18	(132,203)	(399,532)	531,735	-	-
Net movement in funds before other recognised gains/(losses)		22,788	(398,786)	880,879	504,881	281,421
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	28	-	332,000	-	332,000	(531,000)
Net movement in funds		22,788	(96,786)	880,879	806,881	(249,579)
Reconciliation of funds:						

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

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Total funds brought forward		2,212	(1,432,097)	4,514,215	3,084,330	3,333,909
Net movement in funds		22,788	(96,786)	880,879	806,881	(249,579)
Total funds carried forward		25,000	(1,528,883)	5,395,094	3,891,211	3,084,330

THE KING'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07706900

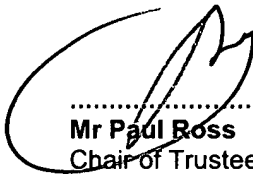
BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	4,791,714	4,448,225
Current assets			
Stocks	14	779	1,035
Debtors	15	815,411	418,876
Cash at bank and in hand		510,314	642,373
Liabilities		1,326,504	1,062,284
Creditors: amounts falling due within one year	16	(231,142)	(308,785)
Net current assets		1,095,362	753,499
Total assets less current liabilities		5,887,076	5,201,724
Creditors: amounts falling due after more than one year	17	(479,865)	(519,394)
Net assets excluding pension liability		5,407,211	4,682,330
Defined benefit pension scheme liability	28	(1,516,000)	(1,598,000)
Total net assets		3,891,211	3,084,330
Funds of the academy			
Restricted funds:			
Fixed asset funds	18	5,395,094	4,514,215
Restricted income funds	18	(12,883)	165,903
Restricted funds excluding pension reserve	18	5,382,211	4,680,118
Pension reserve	18	(1,516,000)	(1,598,000)
Total restricted funds	18	3,866,211	3,082,118
Unrestricted income funds	18	25,000	2,212
Total funds		3,891,211	3,084,330

The financial statements on pages 27 to 61 were approved by the Trustees, and authorised for issue on 09 December 2020 and are signed on their behalf, by:

THE KING'S SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07706900

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020



.....
Mr Paul Ross
Chair of Trustees

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	20	451,852	85,843
Cash flows from investing activities	22	(550,341)	(147,720)
Cash flows from financing activities	21	(33,570)	(33,570)
Change in cash and cash equivalents in the year		(132,059)	(95,447)
Cash and cash equivalents at the beginning of the year		642,373	737,820
Cash and cash equivalents at the end of the year	23, 24	<u>510,314</u>	<u>642,373</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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.

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Sponsorship income**

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where 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 and catering, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

1.4 Expenditure

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

• **Expenditure on raising funds**

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure (continued)

• Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

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

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

1.6 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Freehold property	- 2% on cost
Long-term leasehold property	- 2% on cost
Furniture and fixtures	- 20% on cost
Plant and machinery	- 15% on cost
Computer equipment	- 20% on cost
Motor vehicles	- 20% on cost

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Liabilities

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

1.9 Provisions

Provisions are recognised when the academy 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.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Pensions

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

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

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

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

1.13 Agency arrangements

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

1.14 Fund accounting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	25,735	-	-	25,735
Capital Grants	-	-	583,501	583,501
School fund income	-	373,094	-	373,094
	<u>25,735</u>	<u>373,094</u>	<u>583,501</u>	<u>982,330</u>
	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	26,893	-	-	26,893
Capital Grants	-	-	85,990	85,990
School fund income	-	483,674	-	483,674
	<u>26,893</u>	<u>483,674</u>	<u>85,990</u>	<u>596,557</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the academy's educational operations

	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	5,462,330	5,462,330	5,192,915
Pupil premium	67,833	67,833	61,926
Other DfE/ESFA Revenue grant	13,846	13,846	60,559
Teachers Pay & Pension Grant	310,455	310,455	-
Capital Maintenance grant	-	-	417,576
	5,854,464	5,854,464	5,732,976
Other government grants			
SEN funding	47,116	47,116	35,365
Local Authority energy grant	19,300	19,300	-
	66,416	66,416	35,365
Exceptional government funding			
Coronavirus exceptional support	22,076	22,076	-
	5,942,956	5,942,956	5,768,341

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding". - The funding received (£22,076) for coronavirus exceptional support covers £8,264 of premises, and £13,812 of free school meals costs. These costs are included in notes 7 and 8 below as appropriate.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Catering income	198,865	198,865	348,647
Lettings Income	24,252	24,252	40,679
Other income	77,106	77,106	53,947
Music tuition income	25,604	25,604	25,882
	<u>325,827</u>	<u>325,827</u>	<u>469,155</u>

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	2,361	2,361	2,873

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on raising voluntary income:				
Direct costs	-	-	361,293	361,293
Funding for the academy trust's educational operations:				
Direct costs	3,927,277	99,072	458,480	4,484,829
Allocated support costs	976,571	330,045	595,855	1,902,471
	<u>4,903,848</u>	<u>429,117</u>	<u>1,415,628</u>	<u>6,748,593</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Expenditure (continued)

	<i>Staff Costs</i> 2019 £	<i>Premises</i> 2019 £	<i>Other</i> 2019 £	<i>Total</i> 2019 £
Expenditure on raising voluntary income:				
Direct costs	-	-	446,027	446,027
Funding for the academy trust's educational operations:				
Direct costs	3,607,134	93,345	467,762	4,168,241
Allocated support costs	909,273	304,320	727,644	1,941,237
	<u>4,516,407</u>	<u>397,665</u>	<u>1,641,433</u>	<u>6,555,505</u>

8. Analysis of expenditure by activities

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Funding for the academy trust's educational operations	<u>4,484,829</u>	<u>1,902,471</u>	<u>6,387,300</u>

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Funding for the academy trust's educational operations	<u>4,168,241</u>	<u>1,941,237</u>	<u>6,109,478</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	3,927,277	3,927,277	3,607,134
Depreciation	234,357	234,357	212,881
Educational supplies	58,595	58,595	87,785
Examination fees	141,102	141,102	139,606
Staff development	14,127	14,127	23,115
Other costs	109,371	109,371	97,720
	<u>4,484,829</u>	<u>4,484,829</u>	<u>4,168,241</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	976,571	976,571	909,273
Technology costs	144,773	144,773	131,506
Maintenance of premises	112,772	112,772	99,737
Cleaning	25,322	25,322	18,113
Rent and rates	61,557	61,557	62,653
Energy costs	100,247	100,247	108,392
Insurance	28,647	28,647	27,119
Security	2,938	2,938	3,506
Transport	5,320	5,320	6,798
Telephone, postage and stationery	34,622	34,622	27,872
Catering	274,416	274,416	378,320
Other costs	45,289	45,289	35,947
Bank interest and charges	29,767	29,767	35,149
Operating leases - other	12,192	12,192	35,193
Auditor's remuneration	15,348	15,348	15,483
Personnel fees	24,902	24,902	25,628
Legal fees	4,550	4,550	4,236
Professional fees	3,238	3,238	16,312
	<u>1,902,471</u>	<u>1,902,471</u>	<u>1,941,237</u>

During the year ended 31 August 2020, the Academy incurred the following Governance costs:

£48,038 (2019 - £61,659) included within the table above in respect of Funding for the academy trust's educational operations.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Net income

Net income for the year includes:

	2020 £	2019 £
Operating lease rentals	12,192	35,193
Depreciation of tangible fixed assets	234,357	212,881
Fees paid to auditors for:		
- audit	6,500	6,250
- other services	8,848	9,233
	<u>8,848</u>	<u>9,233</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,536,902	3,403,284
Social security costs	337,060	319,311
Pension costs	955,575	695,219
	<u>4,829,537</u>	<u>4,417,814</u>
Agency staff costs	73,636	74,593
Staff restructuring costs	675	24,000
	<u>4,903,848</u>	<u>4,516,407</u>

Staff restructuring costs comprise:

	2020 £	2019 £
Severance payments	675	24,000
	<u>675</u>	<u>24,000</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £419 (2019: £24,000) which comprises of 1 payment.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Staff (continued)

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	73	65
Admin and Support	54	58
Management	1	1
	<u>128</u>	<u>124</u>

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	-	1
In the band £100,001 - £110,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £652,021 (2019 £581,706).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Trustees' remuneration and expenses

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

		2020	2019
		£	£
Mr Simon Pickett, Head Master and Accounting Officer	Remuneration	100,000 -	85,000 -
		105,000	90,000
	Pension contributions paid	20,000 -	10,000 -
Ms Sara Jones, Teacher Staff Governor		25,000	15,000
	Remuneration	50,000 -	45,000 -
		55,000	50,000
Mrs Julie Parker, Support Staff Governor	Pension contributions paid	10,000 -	5,000 -
		15,000	10,000
	Remuneration	15,000 -	15,000 -
		20,000	20,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year ended 31 August 2020, expenses totalling £847 were reimbursed or paid directly to 3 Trustees (2019 - £1,346 to 4 Trustees) in relation to travel expenses.

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2020 was £253 (2019 - £1,099). The cost of this insurance is included in the total insurance cost.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. Tangible fixed assets

	Leasehold Land and Buildings £	Freehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation							
At 1 September 2019	1,744,572	3,000,000	457,830	264,066	313,734	22,220	5,802,422
Additions	370,484	-	69,222	54,667	83,473	-	577,846
At 31 August 2020	2,115,056	3,000,000	527,052	318,733	397,207	22,220	6,380,268
Depreciation							
At 1 September 2019	192,219	485,000	274,445	212,882	167,431	22,220	1,354,197
Charge for the year	39,072	60,000	64,385	22,866	48,034	-	234,357
At 31 August 2020	231,291	545,000	338,830	235,748	215,465	22,220	1,588,554
Net book value							
At 31 August 2020	1,883,765	2,455,000	188,222	82,985	181,742	-	4,791,714
At 31 August 2019	1,552,353	2,515,000	183,385	51,184	146,303	-	4,448,225

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

13. Tangible fixed assets (continued)

The King's School Trust owns all of the land and buildings occupied by the Academy, which is leased for zero rent, with the exception of the Newton Building which is owned directly by the Academy and included in freehold property above.

14. Stocks

	2020	2019
	£	£
Cleaning and stationery stocks	779	1,035

15. Debtors

	2020	2019
	£	£
Trade debtors	44,720	9,395
Other debtors	88,803	4,190
Prepayments and accrued income	648,819	371,269
VAT repayable	33,069	34,022
	815,411	418,876

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	39,529	35,235
Trade creditors	7,812	38,057
Other taxation and social security	85,727	81,631
Other creditors	20,840	17,440
Accruals and deferred income	77,234	136,422
	<u>231,142</u>	<u>308,785</u>

	2020 £	2019 £
Deferred income at 1 September 2019	74,287	128,952
Resources deferred during the year	14,820	74,287
Amounts released from previous periods	(74,287)	(128,952)
	<u>14,820</u>	<u>74,287</u>

Deferred income relates to school fund income received in advance.

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

	2020 £	2019 £
Other loans	479,865	519,394

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020 £	2019 £
Payable or repayable by instalments	289,742	349,905
	<u>289,742</u>	<u>349,905</u>

Other loans principally comprises of 2 amounts:

- 1) A 25-year loan from Lincolnshire County Council, repayable by way of half-yearly instalments of capital and interest. The loan is unsecured but carries interest at a fixed rate of 4.9% per annum.
- 2) A 10 year Capital Improvement Funding loan, first installment due 2020/21, with yearly instalments due after that. Interest is charged at a fixed rate of 2.22% per annum.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Other income	735,765	353,923	(198,932)	(132,203)	-	758,553
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
Lord Knight's Legacy	25,000	-	-	-	-	25,000
	<u>2,212</u>	<u>353,923</u>	<u>(198,932)</u>	<u>(132,203)</u>	<u>-</u>	<u>25,000</u>
Restricted general funds						
General Annual Grant (GAG)	(379,110)	5,462,331	(5,652,273)	535,755	-	(33,297)
Other DfE/ESFA Grants	426,395	392,134	(78,158)	(740,371)	-	-
Other government grants	21,167	88,492	-	(87,584)	-	22,075
Invest to Save	(1,661)	-	-	-	-	(1,661)
School fund	99,112	373,093	(364,873)	(107,332)	-	-
Pension reserve	(1,598,000)	-	(220,000)	-	302,000	(1,516,000)
	<u>(1,432,097)</u>	<u>6,316,050</u>	<u>(6,315,304)</u>	<u>(399,532)</u>	<u>302,000</u>	<u>(1,528,883)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,557,992	583,501	(56,304)	321,518	-	2,406,707
Funded from GAG	390,578	-	(82,165)	205,880	-	514,293
Funded from other income	2,565,645	-	(95,888)	4,337	-	2,474,094
	<u>4,514,215</u>	<u>583,501</u>	<u>(234,357)</u>	<u>531,735</u>	<u>-</u>	<u>5,395,094</u>
Total Restricted funds	<u>3,082,118</u>	<u>6,899,551</u>	<u>(6,549,661)</u>	<u>132,203</u>	<u>302,000</u>	<u>3,866,211</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Total funds	3,084,330	7,253,474	(6,748,593)	-	302,000	3,891,211

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

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

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

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

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

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

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

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

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

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount of £220,000 included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £302,000 actuarial decrease in the net pension fund deficit.

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
Other income	585,342	498,921	(348,498)	-	-	735,765
Transfer on conversion	(758,553)	-	-	-	-	(758,553)
Lord Knight's Legacy	25,000	-	-	-	-	25,000
	<u>(148,211)</u>	<u>498,921</u>	<u>(348,498)</u>	<u>-</u>	<u>-</u>	<u>2,212</u>
Restricted general funds						
General Annual Grant (GAG)	(104,796)	5,192,915	(5,343,696)	(123,533)	-	(379,110)
Other DfE/ESFA Grants	(3,008)	540,061	(17,608)	(93,050)	-	426,395
Other government grants	-	35,365	(14,198)	-	-	21,167
Invest to Save	(1,661)	-	-	-	-	(1,661)
School fund	67,062	483,674	(451,624)	-	-	99,112
Pension reserve	(900,000)	-	(167,000)	-	(531,000)	(1,598,000)
	<u>(942,403)</u>	<u>6,252,015</u>	<u>(5,994,126)</u>	<u>(216,583)</u>	<u>(531,000)</u>	<u>(1,432,097)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,354,704	85,990	(50,584)	167,882	-	1,557,992
Funded from GAG	376,626	-	(60,632)	74,584	-	390,578
Funded from other income	2,693,193	-	(101,665)	(25,883)	-	2,565,645
	<u>4,424,523</u>	<u>85,990</u>	<u>(212,881)</u>	<u>216,583</u>	<u>-</u>	<u>4,514,215</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Total Restricted funds	<u>3,482,120</u>	<u>6,338,005</u>	<u>(6,207,007)</u>	<u>-</u>	<u>(531,000)</u>	<u>3,082,118</u>
Total funds	<u>3,333,909</u>	<u>6,836,926</u>	<u>(6,555,505)</u>	<u>-</u>	<u>(531,000)</u>	<u>3,084,330</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£	£	£	£
Tangible fixed assets	-	-	4,791,714	4,791,714
Current assets	25,000	698,124	603,380	1,326,504
Creditors due within one year	(2,547)	(228,595)	-	(231,142)
Creditors due in more than one year	2,547	(482,412)	-	(479,865)
Provisions for liabilities and charges	-	(1,516,000)	-	(1,516,000)
Total	<u>25,000</u>	<u>(1,528,883)</u>	<u>5,395,094</u>	<u>3,891,211</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	4,448,225	4,448,225
Current assets	2,212	994,082	65,990	1,062,284
Creditors due within one year	-	(308,785)	-	(308,785)
Creditors due in more than one year	-	(519,394)	-	(519,394)
Provisions for liabilities and charges	-	(1,598,000)	-	(1,598,000)
Total	2,212	(1,432,097)	4,514,215	3,084,330

20. Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per statement of financial activities)	504,881	281,421
Adjustments for:		
Depreciation	234,357	212,881
Interest receivable	(2,361)	(2,873)
Decrease/(increase) in stocks	256	(305)
Increase in debtors	(398,630)	(214,908)
Decrease in creditors	(81,507)	(271,383)
Capital grants from DfE and other capital income	(25,144)	(85,990)
Defined benefit pension scheme cost less contributions payable	190,000	140,000
Defined benefit pension scheme finance cost	30,000	27,000
Net cash provided by operating activities	451,852	85,843

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(33,570)	(33,570)
Net cash used in financing activities	(33,570)	(33,570)

22. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	2,361	2,873
Purchase of tangible fixed assets	(577,846)	(236,583)
Capital grants from DfE Group	25,144	85,990
Net cash used in investing activities	(550,341)	(147,720)

23. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	510,314	642,373
Total cash and cash equivalents	510,314	642,373

24. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	642,373	(132,059)	510,314
Debt due within 1 year	(35,235)	(4,294)	(39,529)
Debt due after 1 year	(519,394)	39,529	(479,865)
	87,744	(96,824)	(9,080)

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

25. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of state sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

During the year, the Academy won a successful bid for CIF for 2020/21. This includes a total loan balance of £70,464 (£63,461 excluding interest). The loan monies have not yet been received by the Academy.

26. Contingent assets

Due to Covid-19, the majority of school trips due to occur during the year were cancelled. As such, the Academy have made claims to their insurance company who have agreed to pay the following balance in relation to trips:

Cambodia Trip - £8,500 due to be received in September 2020
Battlefield Trip - £4,400 yet to be received.

27. Capital commitments

	2020 £	2019 £
Contracted for but not provided in these financial statements		
Repairs, maintenance or enhancements to property	-	385,004

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

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 KING'S SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £546,382 (2019 - £420,369).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £191,000 (2019 - £175,000), of which employer's contributions totalled £148,000 (2019 - £134,000) and employees' contributions totalled £ 43,000 (2019 - £41,000). The agreed contribution rates for future years are 19.85 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.50	2.70
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.80

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.4	21.2
Females	23.7	23.5
<i>Retiring in 20 years</i>		
Males	22.4	22.5
Females	25.2	25.2

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	100	103
Salary increase rate +0.1%	9	16
Pension increase rate +0.1%	89	85

Share of scheme assets

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

	2020 £	2019 £
Equities	1,777,000	1,700,000
Corporate bonds	515,000	373,000
Property	258,000	233,000
Cash and other liquid assets	25,000	23,000
Total market value of assets	2,575,000	2,329,000

The actual return on scheme assets was £44,000 (2019 - £59,000).

The amounts recognised in the Statement of financial activities are as follows:

	2020 £	2019 £
Current service cost	(338,000)	(256,000)
Past service cost	-	(18,000)
Interest income	44,000	59,000
Interest cost	(74,000)	(86,000)
Total amount recognised in the Statement of financial activities	(368,000)	(301,000)

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

28. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	3,927,000	2,944,000
Current service cost	338,000	256,000
Interest cost	74,000	86,000
Employee contributions	43,000	41,000
Actuarial (gains)/losses	(271,000)	601,000
Benefits paid	(20,000)	(19,000)
Past service costs	-	18,000
At 31 August	4,091,000	3,927,000

In 2019, the actuary allowed for the approximate impact of the McCloud judgement, which was shown as the Past Service Costs figure.

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

	2020 £	2019 £
At 1 September	2,329,000	2,044,000
Interest income	44,000	59,000
Actuarial gains	31,000	70,000
Employer contributions	148,000	134,000
Employee contributions	43,000	41,000
Benefits paid	(20,000)	(19,000)
At 31 August	2,575,000	2,329,000

29. Operating lease commitments

At 31 August 2020 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	11,424	10,958
Later than 1 year and not later than 5 years	28,000	1,513
	39,424	12,471

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

30. 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.

31. Related party transactions

Within the year, the academy purchased £1,202 (net of VAT) worth of 'Paint services' from Brewers, a firm in which Mrs Parker's (Trustee) husband is a branch manager. There was no outstanding balance at year end.

Owing to the nature of the academy 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. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

32. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £10,326 (2019: £11,735) and dispersed £12,926 (2019: £4,448) from the fund. An amount of £8,851 (2019: £11,451) is included in other creditors relating to undistributed funds that are repayable to ESFA.