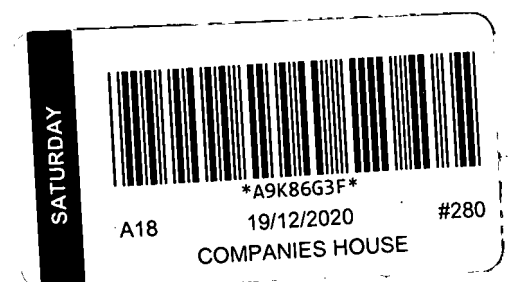


**King Edward VI
Grammar School,
Chelmsford**

**Annual Report and Financial
Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
07563345 (England and Wales)



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Reference and administrative information

Members
Thomas Carter
John Aldridge
Matthew Chivers
Jane Corsham
Walter Hall
Mary Turner

Trustees
Mary Turner (Community Trustee and Chair of Trustees)
Michael Adewole (Co-Opted Trustee)
Robert Ager (Staff Trustee)
Christine Aldridge (Foundation Trustee)
Minal Backhouse (Parent Trustee)
Alison Brock (Parent Trustee)
Thomas Carter (Headteacher and Accounting Officer)
Matthew Chivers (Parent Trustee)
Jane Corsham (Foundation Trustee and Vice Chair of Trustees)
Andrew Cristin (Parent Trustee)
Matthew Fitzsimmonds-Taylor (Foundation Trustee)
Bruce Forster (Staff Trustee)
Walter Hall (Foundation Trustee)
Joanne Martin (Parent Trustee)
Sidra Naeem (Community Trustee)
Michael Nye (Co-Opted Trustee)
Hugh Pattenden (Staff Trustee)
Laura Read (Parent Trustee)
Alasdair Roycroft (Parent Trustee)
John Singh MBE (Co-Opted Trustee)

Senior Leadership Team

Headteacher	Thomas Carter
Deputy Headteacher	Helen Wiltshire
Deputy Headteacher	Douglas Johnson
Assistant Headteacher	Mark Harding
Assistant Headteacher	Mark Perrott

Business & Finance Manager	Kate Sanderson (resigned 31 August 2020) Jacqueline Tomkins (appointed 1 September 2020)
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Registered address
Broomfield Road
Chelmsford
Essex
CM1 3SX

Reference and administrative information

Company registration number	07563345 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank Plc Ground Floor 1 Legg Street Chelmsford Essex CM1 1JS
Solicitors	Stone King LLP 16 St John's Lane London EC1M 4BS

Trustees' report Year to 31 August 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 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 financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 34 of the attached financial statements and comply with the School's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

The Academy Trust operates a grammar school for pupils aged 11 to 18, with pupil capacity of 1,142 (GIAS) and a roll of 1,121 in the school census autumn 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

King Edward VI Grammar School, Chelmsford is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Trustees act as the trustees for the charitable activities of King Edward VI Grammar School, Chelmsford and are also the directors of the charitable company for the purposes of company law. The charitable company is known as King Edward VI Grammar School, Chelmsford.

Details of the Trustees who served throughout the year (except as noted) are set out on page 4.

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 of ceasing 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.

Trustees' indemnities

In accordance with normal commercial practise the School has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £5,000,000 (2019 - £5,000,000) on any one claim and the cost for the year ended 31 August 2020 was included within the cost of the wider RPA scheme.

Trustees' report Year to 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

The Academy Trust's objects are specifically restricted to the following:

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").
- (b) to promote for the benefit of the inhabitants of Chelmsford and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The principal activity of the Academy Trust is to provide outstanding education for students between the ages of 11 and 18.

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2020 and served throughout the year except where shown.

Trustee	Elected/Resigned	
Mary Turner (Chair of Trustees)		Community Trustee *
Michael Adewole		Co-opted Trustee
Robert Ager	Elected 11 December 2019	Staff Trustee
Christine Aldridge		Foundation Trustee
Jill Attenborough	Resigned 12 November 2019	Parent Trustee
Minal Backhouse	Elected 6 February 2020	Parent Trustee
Alison Brock		Parent Trustee
Thomas Carter		Headteacher*
Matthew Chivers		Parent Trustee *
Jane Corsham (Vice Chair of Trustees)		Foundation Trustee
Andrew Cristin		Parent Trustee*
Matthew Fitzsimmonds-Taylor	Elected 20 May 2020	Foundation Trustee
Bruce Forster		Staff Trustee
Andrew Goodwin	Resigned 12 November 2019	Parent Trustee*
David Hall	Resigned 12 October 2019	Staff Trustee
Walter Hall		Foundation Trustee*
Joanne Martin	Elected 6 February 2020	Parent Trustee
Sidra Naeem		Community Trustee
Michael Nye		Co-opted Trustee *
Hugh Pattenden		Staff Trustee
Laura Read		Parent Trustee*
Alasdair Roycroft		Parent Trustee
John Singh		Co-opted Trustee
Spencer Wilcox	Resigned 22 February 2020	Community Trustee *
Dr Christopher Willis	Resigned 11 October 2019	Foundation Trustee

* Member of the Finance and Premises Committee

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. Trustees are appointed as follows (details have been extracted from the Articles of Association):

- ◆ The Members may appoint 3 Community Trustees through such process as they may determine;
- ◆ 3 Staff Trustees, two of whom shall be teachers and one of whom shall be a member of the support staff, shall be elected by the teaching and support staff of the Academy. A Staff Trustee must be employed by the Academy Trust at the time when he/she is elected;
- ◆ The total number of Trustees (including the Headteacher) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees;
- ◆ The LA may appoint the LA Trustee;
- ◆ The Headteacher shall be treated for all purposes as being an ex-officio Trustee;
- ◆ At least 2 and up to 7 Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he/she is elected;
- ◆ The KEGS Foundation (see 'Connected Organisations, including related party relationships' section on page 6) may appoint up to 5 Foundation Trustees; and
- ◆ The Trustees may appoint up to 3 Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Headteacher).

The Board are reviewing the Articles of Association during 2020/21.

Policies and procedures adopted for the induction and training of Trustees

The Academy expects all Trustees to undertake training as appropriate to their role. New Trustees are provided with an induction programme delivered partly in-house and partly through external sources. The log of all Trustee training is kept by the Training Link Trustee and reviewed on a regular basis at Trustee meetings.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Trustees determine the general policy of the Academy. The day to day running of the Academy is delegated to the Headteacher, supported by senior staff. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the senior staff. The day to day administration is undertaken within the policies and procedures approved by the Trustees, which provide for significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Headteacher is an ex-officio Trustee, and the Accounting Officer attends all meetings. The School Business Manager is invited to attend Trustees' meetings as appropriate.

The Academy has the following organisational structure:

- Level 1:** Academy Trust (Members)
- Level 2:** Management Trustees (Directors/Trustees)
- Level 3:** Sub-committees of the Management Trustees
- Level 4:** The Accounting Officer (Headteacher)

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the school are considered to be the Trustees and Senior Leadership Team as listed on pages 1 and 2. Remuneration of the Senior Leadership Team is set by the Trust Board with reference to national pay scales, informed by sub-committees as necessary. Trustees are not remunerated for their roles.

Trade union facility time

No Trade Union Officials spent facility time on TU duties or activities during the year.

Connected organisations, including related party relationships

The KEGS Foundation (Charity Registration Number 310861)

The organisation is the freehold landlord of the Academy's land and buildings. They appoint five members of the Trust Board (Foundation Trustees) of the School and play an active role in the life of the Academy. The Foundation provides a Bursary Fund and fund the KEGS Essay Prizes and other annual prizes. In the past the Foundation has played a role generating financial support for capital and other projects on behalf of the Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships (continued)

CSSE

KEGS is a founding member of The Consortium of Selective Schools in Essex (CSSE). The primary purpose of the CSSE is to coordinate selective admissions in the area with all member schools using the same testing procedures. The CSSE also has a role facilitating transport to schools in the consortium. The Headteacher of KEGS sits on the executive board of the CSSE.

CTSA

KEGS is a member of the Chelmsford Teaching Schools Alliance, which provides training and coordinates activities between Chelmsford schools. The Headteacher of KEGS is a member of the steering group.

MESH

KEGS is a member of the Mid Essex Secondary Heads (MESH) branch of the Essex Association of Secondary Headteachers which engages in a range of brokering activities for school to school support. Through this, KEGS is also a member of the Association of Secondary Headteachers in Essex (ASHE) itself.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of King Edward VI Grammar School, Chelmsford, to provide outstanding education for students between the ages of 11 and 18.

In accordance with the Articles of Association, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies a range of things identifying admission arrangements, provision of special educational needs and guidelines for the curriculum offered by the School.

The main objectives of King Edward VI Grammar School, Chelmsford during the year ended 31 August 2020 are summarised below:

Our core purpose is to nurture all of our students as uniquely talented individuals and principled global citizens, maximising their academic outcomes, the scope of their personal development and their capacity to be independent, autonomous learners.

Our headline goal for examination outcomes was to reach 90% A*-B at A level and 90% A*/A7/8/9 at GCSE.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities

The School's main objectives for the year were as follows:

OVER-ARCHING

- ◆ Agree a new vision statement.
- ◆ Digest and understand the new Ofsted inspection framework.

TEACHING AND LEARNING

- ◆ Implement a focus on assessment (including putting a new policy into practice).
- ◆ Celebrate and share good practice in the classroom (through staff presentations, engagement with the Chartered College of Teaching or use of research bulletins).
- ◆ Embed and develop assessment databases
- ◆ Strengthen/improve the Head of Department/Senior Leadership Team review process through use of a new review booklet
- ◆ Implement and monitor impact of increased curriculum time in English, Maths, Science in Year 11.

THE BROADER CURRICULUM

- ◆ Promote the Arts and Sport and make the most of new facilities and opportunities in sport and drama.
- ◆ Encourage middle school pupils to look ahead and develop their intellectual interests.

HEALTHY LIFE, GOOD CONDUCT

- ◆ Implement mental health initiatives and emphasis on resilience, kindness and broader life interests (extra-curricular involvement).
- ◆ Carry out behaviour management training with an aim of consistency across the School.
- ◆ Enhance monitoring of conduct around and off the site through staff visibility and CCTV.

DEVELOPING SYSTEMS AND ENVIRONMENT

- ◆ Open the McCallum-Rich" theatre, and the tennis court/long-jump projects. Continue to try to get funding for fire systems and windows.
- ◆ Ensure all risk assessments are up to date; carry out site work to separate traffic and pedestrians as far as possible.
- ◆ Explore Environmental initiatives e.g. to use less disposable plastic.

Trustees' report Year to 31 August 2020

Public Benefit

The provision of outstanding education at King Edward VI Grammar School, Chelmsford is for public benefit. The Trustees have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their powers or duties.

STRATEGIC REPORT

Examination Results of 2020

The school achieved both of its headline goal exam targets (at A level and GCSE). However, this is in the national context of exams being cancelled and teacher calculated grades being used. We have agreed with other local schools not to publish exam statistics, in view of the particular circumstances of summer 2020. However, it is certainly true that our success in enabling students to move on to courses or employment of their choice continued. In summer 2020, twenty-two students moved on to take up a place at Oxford or Cambridge and twenty-six moved on to begin courses in Medicine (or Veterinary Medicine or Dentistry).

Capital Projects

Following the opening of the Sports Hall and new Science Lab in September 2018, in September 2019 the school opened a new theatre and tennis courts. Following a successful 2020 Condition Improvement Fund application, the School was able to complete fire safety improvements across the site during the year.

Key performance indicators

Using Integrated Curriculum Financial Planning (ICFP) analysis, the following key financial performance indicators were monitored by the Trustees:

- ◆ Pupil Teacher Ratio
- ◆ Teacher Contact Ratio
- ◆ Total cost of staffing, as a percentage of income, for the following:
 - Teaching staff
 - Curriculum Support Staff
 - Non Curriculum Support Staff
- ◆ Average Teacher Cost
- ◆ Average Cost per Lesson

Going concern

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

Trustees' report Year to 31 August 2020

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

The majority of the School's funding was provided by the Education and Skills Funding Agency (ESFA). The School's total incoming resources for the year ended 31 August 2020 amounted to £6,516,000 (2019 - £6,327,000) of which £5,183,000 (2019 - £4,972,000) related to the ESFA general annual grant and £94,000 (2019 - £251,000) for ESFA capital grants and donations towards capital projects.

In addition, the School has received other grants of £314,000 (2019 - £45,000). The School held fund balances of £9,814,000 (2019 - £10,279,000) at 31 August 2020 which includes unrestricted funds of £200,000 (2019 - £54,000).

The results for the year are shown on page 25.

Reserves policy

The Trustees are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure.

The School's current level of free reserves is £209,000 (unrestricted funds and restricted income funds) at 31 August 2020 (2019 - £86,000).

The pension reserve, which represents the School's share of the Local Government Pension Scheme's (LGPS) assets and liabilities, is in deficit at 31 August 2020 by £2,763,000 (2019 - £2,413,000). The deficit is not expected to crystallise in the near future and any cash outflows arising from the deficit will occur over a number of years.

At 31 August 2020, the total funds comprised:

	£'000
Unrestricted	200
Restricted	
Fixed asset funds	12,368
Pension reserve	(2,763)
Income	9
	<hr/>
	9,814

Investment policy

The School aims to manage its cash balances to provide for the day-to-day operation whilst investing surplus cash funds to maximise returns.

Trustees' report Year to 31 August 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees identify, assess and mitigate risk both for the School and as a whole and its operations. A Risk Register is in place which is subject to regular review and made available to all staff; the Register has been updated to consider the risk to the school presented by COVID19. Key members of staff and Trustees are involved in the preparation of the Risk Register. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk.

The key risks are assessed as:

- ◆ Future impact of COVID19 in terms of finance and staff wellbeing
- ◆ Revenue risk arising from fluctuations in Government Funding determined at government level;
- ◆ Curriculum change due to Exam Board and syllabus changes;
- ◆ Cost increases arising from costs outside our direct control - e.g. pensions, PAYE and NI; and
- ◆ Increased contributions on revaluations of the LGPS deficit transferred on academization.

We aim to mitigate these risks by (respectively):

- ◆ Carefully monitoring the budget and periodically consulting staff on their wellbeing
- ◆ Reforecasting our budgets on a conservative basis and reacting to any announced changes by cost cutting or mix changes in teaching subjects and teaching load where possible;
- ◆ Precise planning and focus on curriculum change throughout the year in our DDP and classroom practice;
- ◆ Maintaining strong budgetary and reforecasting systems for reacting to costs outside our direct control - e.g. pensions, PAYE and NI; and
- ◆ Holding appropriate reserve levels and revising budgets as and when changes to contribution rates are communicated

FUNDRAISING

The Academy Trust did not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees and was not impacted by COVID19.

PLANS FOR FUTURE PERIODS

The school plans to continue with the same focus on increasingly improving the education quality and provision and closely managing budgets whilst maintaining and improving the premises and site. The impact of the virus-related control measures and potential duration on the future aims and activities of the school are under constant review to minimise the impact and disruption to finances and all stakeholders.

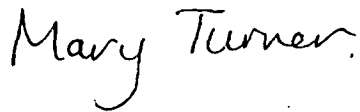
Trustees' report Year to 31 August 2020

AUDITORS

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the board of Trustees and signed on its behalf by:



Mary Turner

Chair of Trustees

Date: 10 December 2020

Governance statement 31 August 2020

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that King Edward VI Grammar 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 board of trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between King Edward VI Grammar School, Chelmsford and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Trustees have reviewed and taken account of the guidance in DfE's Governance Handbook and compulsory framework for governance.

The board of trustees has formally met seven times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Trustee type	Number of meetings attended	Out of a possible
Michael Adewole	Co-opted	5	7
Robert Ager	Staff	6	6
Christine Aldridge	Foundation	7	7
Jill Attenborough	Parent	1	1
Minal Backhouse	Parent	2	4
Alison Brock	Parent	4	7
Thomas Carter	Ex-officio	7	7
Matthew Chivers	Parent	6	7
Jane Corsham (Vice Chair of Trustees)	Foundation	7	7
Andrew Cristin	Parent	6	7
Matthew Fitzsimmonds-Taylor	Foundation	3	3
Bruce Forster	Staff	5	7
Andrew Goodwin	Parent	1	1
David Hall	Staff	1	1
Walter Hall	Foundation	7	7
Joanne Martin	Parent	4	4
Sidra Naeem	Community	7	7
Michael Nye	Co-Opted	7	7
Hugh Pattenden	Staff	7	7
Laura Read	Parent	5	7
Alasdair Roycroft	Parent	6	7
John Singh	Co-opted	5	7
Mary Turner (Chair of Trustees)	Community	7	7
Spencer Wilcox	Community	2	3
Dr Chris Willis	Foundation	1	1

Governance statement 31 August 2020

Governance (continued)

The role of the Board of Trustees is to have a strategic overview of the Trust and monitor its business on behalf of its members. This is carried out in accordance with the three core functions as set out in the Governance Handbook as well as the requirements of Charitable Law and Company Law.

The key priorities for the Board of Trustees over the last academic year have centred on the sustainability of the Trust and ensuring that the budget and spend were justifiable and within acceptable parameters, whilst maintaining high standards and minimizing any risk and impact to the pupils' experiences, safety and outcomes. The Board has taken into consideration the current unprecedented circumstances created by the outbreak of Coronavirus (COVID-19) pandemic.

The Board of Trustees continued to monitor against each of the objectives within the School Development Plan and being involved in the School life during the COVID-19 outbreak. Meetings of the Board of Trustees continued as previously scheduled but moved to MS Teams platform.

Recently, the Board of Trustees formed a task and finish group to evaluate the structure and constitution of the Academy Trust and its Governing Body. It is anticipated that the evaluation will be completed by 1st March 2020 in order to comply with the recommendations of the Academies Financial Handbook 2020. The Skills Audit is also being undertaken as part of the exercise.

The Board of Trustees lost a much valued trustee, Spencer Wilcox (Community Trustee) who passed away unexpectedly on 22nd February 2020.

The Finance and Premises Committee (Finance, Premises, Audit & Risk Committee (2020) is a sub-committee of the main Board of Trustees. Its purpose is to fulfil the following responsibilities:

- ◆ The initial review and recommendation of the annual budget;
- ◆ The regular monitoring of actual expenditure and income against budget;
- ◆ Ensuring the annual financial statements are produced in accordance with the requirements of the Companies Act 2006 and the DfE guidance issued to academies;
- ◆ Authorising changes to the School personnel establishment following recommendations from the Personnel Committee; and
- ◆ Reviewing the reports of the Internal and External Auditors on the effectiveness of the financial procedures and controls. These reports are also reported to the Full Board of Trustees.

Governance statement 31 August 2020

Governance (continued)

During the year Robert Ager joined the committee. Attendance at meetings in the year was as follows:

Trustee	Trustee type	Number of meetings attended	Out of a possible
Robert Ager	Staff	2	2
Thomas Carter	Headteacher (Ex-Officio)	3	3
Matthew Chivers	Parent	2	3
Andrew Cristin	Parent	2	2
Walter Hall	Foundation	2	3
Michael Nye (Chair of F&P)	Co-Opted	3	3
Laura Read	Parent	3	3
Alasdair Rycroft	Parent	3	3
Mary Turner	Community	3	3
Spencer Wilcox	Community	1	1

Review of value for money

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

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

- ♦ Carefully monitoring the integration between finances and curriculum to optimise efficiency.
- ♦ Continue to robustly follow procurement policy to ensure best value.
- ♦ Use of School's National Deals, where appropriate, and the Risk Protection Assurance (RPA) scheme.

Whilst COVID 19 presented financial challenges to the Trust, reduction of income and increased costs due to COVID19 safety measures, this did not impact on the Trusts ability to secure value for money. As a contracting authority the Trust paid regard to PPN 02/20 and PPN 04/20 but did not need to apply it.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King Edward VI School for the period 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 board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- ◆ regular reviews by the finance and premises committee (Finance, Premises, Audit & Risk (2020) 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 board of trustees has considered the need for a specific internal audit function and has decided to buy-in an internal audit service from Juniper Education Ltd.

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

- ◆ testing of payroll systems

Governance statement 31 August 2020

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

On a termly basis, the reviewer reports to the board of trustees, through the finance and premises committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. No material control issues were identified as a result of the internal auditor's work.

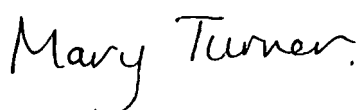
Review of effectiveness

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

- ♦ the work of the internal auditor
- ♦ the work of the external auditor
- ♦ the work of the School Business Manager who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and premises committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Governing Body and signed on their behalf by:



Mary Turner
Chair of Trustees



Thomas Carter
Accounting Officer

Approved on: 10 December 2020

Statement of regularity, propriety and compliance 31 August 2020

As Accounting Officer of King Edward VI Grammar School, Chelmsford, I have considered my responsibility to notify the academy trust Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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.



Thomas Carter

Accounting Officer

Date: 10 December 2020

Statement of Trustees' Responsibilities 31 August 2020

The Trustees (who act as trustees for the charitable activities of the School and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual 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 School 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 in the Charities' SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School 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 School 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 the 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 School'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 Governing Body on 10 December 2020 and signed on its behalf by:



Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI GRAMMAR SCHOOL, CHELMSFORD

Opinion

We have audited the financial statements of King Edward VI Grammar School, Chelmsford (the 'school') 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 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the School'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 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the School 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 School'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.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Other information includes the 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.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI GRAMMAR SCHOOL, CHELMSFORD (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the School 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the School 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 School'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 School or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 Auditor's Report.

Use of our report

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

Hugh Swainson (Senior Statutory Auditor)

for and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 16.12.2020



KING EDWARD VI GRAMMAR SCHOOL, CHELMSFORD
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING EDWARD VI GRAMMAR SCHOOL, CHELMSFORD AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 July 2012 and further to the requirements of the Education & 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 King Edward VI Grammar School, Chelmsford 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 King Edward VI Grammar School, Chelmsford and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King Edward VI Grammar School, Chelmsford 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 King Edward VI Grammar School, Chelmsford and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of King Edward VI Grammar School, Chelmsford's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of King Edward VI Grammar School, Chelmsford's funding agreement with the Secretary of State for Education 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 School's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

KING EDWARD VI GRAMMAR SCHOOL, CHELMSFORD
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING
EDWARD VI GRAMMAR SCHOOL, CHELMSFORD AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

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

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Buzzacott LLP

Hugh Swainson

Date:

17.12.2020

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

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	139	-	94	233	549
Charitable activities: Funding for the academy trust's educational operations	4	-	6,022	-	6,022	5,543
Other trading activities	5	260	-	-	260	234
Investments	6	1	-	-	1	1
Total income		400	6,022	94	6,516	6,327
Expenditure on:						
Charitable activities: Academy trust educational operations		186	6,335	397	6,918	6,752
Total expenditure	7	186	6,335	397	6,918	6,752
Net income/ (expenditure)	9	214	(313)	(303)	(402)	(425)
Transfers between funds	19	(68)	3	65	-	-
Net movement in funds before other recognised losses		146	(310)	(238)	(402)	(425)
Other recognised losses:						
Actuarial losses on defined benefit pension schemes	26	-	(63)	-	(63)	(370)
Net movement in funds		146	(373)	(238)	(465)	(795)
Reconciliation of funds:						
Total funds brought forward		54	(2,381)	12,606	10,279	11,074
Net movement in funds		146	(373)	(238)	(465)	(795)
Total funds carried forward		200	(2,754)	12,368	9,814	10,279

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 47 form part of these financial statements.

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	14		12,368		12,606
			<u>12,368</u>		<u>12,606</u>
Current assets					
Stocks	15	11		-	
Debtors	16	179		208	
Cash at bank and in hand		798		792	
		<u>988</u>		<u>1,000</u>	
Creditors: amounts falling due within one year	17	(562)		(658)	
Net current assets			<u>426</u>		<u>342</u>
Total assets less current liabilities			<u>12,794</u>		<u>12,948</u>
Creditors: amounts falling due after more than one year	18		(217)		(256)
Net assets excluding pension liability			<u>12,577</u>		<u>12,692</u>
Defined benefit pension scheme liability	26		(2,763)		(2,413)
Total net assets			<u><u>9,814</u></u>		<u><u>10,279</u></u>
Funds of the School					
Restricted funds:					
Fixed asset funds	19	12,368		12,606	
Restricted income funds	19	9		32	
Pension reserve	19	(2,763)		(2,413)	
Total restricted funds	19		<u>9,614</u>		<u>10,225</u>
Unrestricted income funds	19		<u>200</u>		<u>54</u>
Total funds			<u><u>9,814</u></u>		<u><u>10,279</u></u>

The financial statements on pages 24 to 47 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

Mary Turner.

Mary Turner
(Chair of Trustees)

Date: 10 December 2020

King Edward VI Grammar School, Chelmsford
Company Limited by Guarantee
Registration Number: 07563345 (England and Wales)

The notes on pages 27 to 47 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	39	330
Cash flows from investing activities	23	1	(216)
Cash flows from financing activities	22	(34)	-
Change in cash and cash equivalents in the year		6	114
Cash and cash equivalents at the beginning of the year		792	678
Cash and cash equivalents at the end of the year	24	798	792

The notes on pages 27 to 47 form part of these financial statements

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 School, 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.

King Edward VI Grammar School, Chelmsford meets the definition of a public benefit entity under FRS 102.

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 School 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 School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is recognised when the School 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.

- **Donations**

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

- **Other income**

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

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- 2 - 10% per annum
Furniture and equipment	- 6.67 - 25% per annum
Computer equipment	- 33.3% per annum
Motor vehicles	- 6.67 - 25% per annum

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

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

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 Debtors

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

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

1. Accounting policies (continued)

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

The School only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the School 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 16. Prepayments are not financial instruments. Amounts due to the School's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the School's wholly owned subsidiary are held at face value less any impairment.

1.12 Pensions

Retirement benefits to employees of the School 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 School 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 School 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.

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

1. Accounting policies (continued)

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the School 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.

Investment income, gains and losses are allocated to the appropriate fund.

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 School 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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 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.

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

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Donations	139	-	-	139
Capital Grants	-	-	94	94
Total 2020	139	-	94	233

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Donations	98	20	180	298
Capital Grants	-	-	251	251
Total 2019	98	20	431	549

4. Funding for the School's educational operations

	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants		
GAG	5,183	5,183
Other DfE/ESFA grants	314	314
	5,497	5,497
Other Government grants		
Local authority grants	21	21
Special educational projects	-	-
	21	21
Exceptional government funding		
Coronavirus Job Retention Scheme grant	8	8
	8	8
Other income from academy trust's educational operations	496	496
	6,022	6,022

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

	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
DfE/ESFA grants		
GAG	4,972	4,972
Other DfE/ESFA grants	45	45
	<u>5,017</u>	<u>5,017</u>
Other Government grants		
Special educational projects	2	2
	<u>2</u>	<u>2</u>
Other income from academy trust's educational operations	524	524
	<u>5,543</u>	<u>5,543</u>

5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Hire of facilities/lettings income	98	98
Miscellaneous income	162	162
Total 2020	<u>260</u>	<u>260</u>

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Hire of facilities/lettings income	127	127
Miscellaneous income	107	107
Total 2019	<u>234</u>	<u>234</u>

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

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000
Investment income	1	1

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Investment income	1	1

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Academy trust educational operations:				
Direct costs	4,042	397	185	4,624
Allocated support costs	1,152	332	810	2,294
Total 2020	5,194	729	995	6,918

	<i>Staff Costs 2019 £000</i>	<i>Premises 2019 £000</i>	<i>Other 2019 £000</i>	<i>Total 2019 £000</i>
Academy trust educational operations:				
Direct costs	3,695	16	628	4,339
Allocated support costs	1,143	790	480	2,413

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Academy trust educational operations	4,624	2,294	6,918

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

8. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2019 £000</i>	<i>Support costs 2019 £000</i>	<i>Total funds 2019 £000</i>
Academy trust educational operations	4,339	2,413	6,752

Analysis of support costs

	Academy trust educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Staff costs	1,150	1,150	1,143
Supply staff costs	2	2	-
Technology	67	67	55
Premises	332	332	346
Legal - other	1	1	-
Other support costs	686	686	857
Governance	56	56	12
	2,294	2,294	2,413

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	6	-
Depreciation of tangible fixed assets	397	444
Fees paid to auditor for:		
- audit	9	9
- other services	3	2

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

10. Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2019 Total funds £'000
Income from:				
Donations and capital grants	98	20	431	549
Charitable activities:				
· Funding for the Academy's educational operations and development	-	5,543	-	5,543
Other trading activities	234	-	-	234
Investments	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total income	<u>333</u>	<u>5,563</u>	<u>431</u>	<u>6,327</u>
Expenditure on:				
Charitable activities:				
· Academy's educational operations	<u>258</u>	<u>6,050</u>	<u>444</u>	<u>6,752</u>
Total expenditure	<u>258</u>	<u>6,050</u>	<u>444</u>	<u>6,752</u>
Net income (expenditure)	75	(487)	(13)	6,327
Transfers between funds	(275)	238	37	-
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	<u>-</u>	<u>(370)</u>	<u>-</u>	<u>(370)</u>
Net movement in funds	(200)	(619)	24	(795)
Reconciliation between funds				
Fund balances brought forward at 1 September 2018	<u>254</u>	<u>(1,762)</u>	<u>12,582</u>	<u>11,074</u>
Fund balances carried forward at 31 August 2019	<u>54</u>	<u>(2,381)</u>	<u>12,606</u>	<u>10,279</u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	3,733	3,614
Social security costs	358	343
Pension costs	1,094	880
	<u>5,185</u>	<u>4,837</u>
Agency staff costs	9	1
	<u>5,194</u>	<u>4,838</u>

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

11. Staff costs (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	74	75
Administration and support	70	69
Management	6	6
	150	150

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	58	56
Administration and support	45	50
Management	6	6
	109	112

c. 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	3	2
In the band £70,001 - £80,000	1	-
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £575,217 (2019 - £651,029).

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

12. Trustees' remuneration and expenses

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

		2020	2019
		£000	£000
Thomas Carter, Head Teacher, Trustee	Remuneration	100 - 105	95 - 100
	Pension contributions paid	20 - 25	15 - 20
Hugh Pattenden, Staff Trustee	Remuneration	45 - 50	40 - 45
	Pension contributions paid	10 - 15	5 - 10
Bruce Forster, Staff Trustee	Remuneration	15 - 20	15 - 20
	Pension contributions paid	0 - 5	0 - 5
David Hall, Staff Trustee (resigned 12 October 2019)	Remuneration	nil	45 - 50
	Pension contributions paid	nil	5 - 10
Robert Ager, Staff Trustee (appointed 11 December 2019)	Remuneration	40 - 45	nil
	Pension contributions paid	10 - 15	nil

During the year ended 31 August 2020, no expenses were reimbursed directly to trustees (2019 - £65 to one trustee).

13. Trustees' and Officers' insurance

The School has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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

14. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2019	14,233	358	168	25	14,784
Additions	88	11	60	-	159
At 31 August 2020	<u>14,321</u>	<u>369</u>	<u>228</u>	<u>25</u>	<u>14,943</u>
Depreciation					
At 1 September 2019	1,789	206	168	15	2,178
Charge for the year	343	40	8	6	397
At 31 August 2020	<u>2,132</u>	<u>246</u>	<u>176</u>	<u>21</u>	<u>2,575</u>
Net book value					
At 31 August 2020	<u>12,189</u>	<u>123</u>	<u>52</u>	<u>4</u>	<u>12,368</u>
At 31 August 2019	<u>12,444</u>	<u>152</u>	<u>-</u>	<u>10</u>	<u>12,606</u>

The land that the School is built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

15. Stocks

	2020 £000	2019 £000
Finished goods and goods for resale	<u>11</u>	<u>-</u>

16. Debtors

	2020 £000	2019 £000
Trade debtors	25	70
Other debtors	-	1
Prepayments and accrued income	133	104
Tax recoverable	21	33
	<u>179</u>	<u>208</u>

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

17. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Other loans	34	29
Trade creditors	152	103
Other taxation and social security	94	85
Other creditors	115	101
Accruals and deferred income	167	340
	<u>562</u>	<u>658</u>
	<u><u>562</u></u>	<u><u>658</u></u>
	2020	2019
	£000	£000
Deferred income at 1 September 2019	186	8
Resources deferred during the year	103	186
Amounts released from previous periods	(186)	(8)
	<u>103</u>	<u>186</u>
	<u><u>103</u></u>	<u><u>186</u></u>

The deferred income balance relates to grants received for the year ending 31 August 2021, income received in the year for School trips that are taking place in the year ending 31 August 2021, events that are taking place in the year ending 31 August 2021, and money received from students for meals for the year ending 31 August 2021.

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

	2020	2019
	£000	£000
Other loans	217	256
	<u>217</u>	<u>256</u>

The above loan balance relates wholly to loan funding received from the ESFA. The loan is part of a wider funding package for the cost of a new sports hall that is otherwise comprise of capital grant. Interest is charged at 2.1%, with repayments being made between 2019 and 2029. The total approved loan is for £300,000 as part of the wider funding package. The balance recognised above represents the amount of the loan funding that had been received by 31 August 2020.

The above loan is repayable as follows:

	2020	2019
	£000	£000
Within one year	34	29
Within two to five years	115	114
Over five years	102	142
	<u>251</u>	<u>285</u>
	<u><u>251</u></u>	<u><u>285</u></u>

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

19. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds - all funds	54	400	(186)	(68)	-	200
Restricted general funds						
General Annual Grant (GAG)	-	5,183	(5,177)	-	-	6
Pupil Premium	3	19	(22)	3	-	3
Other grants	29	820	(849)	-	-	-
Pension reserve	(2,413)	-	(287)	-	(63)	(2,763)
	<u>(2,381)</u>	<u>6,022</u>	<u>(6,335)</u>	<u>3</u>	<u>(63)</u>	<u>(2,754)</u>
Restricted fixed asset funds						
Transfer on conversion	6,285	-	(229)	-	-	6,056
DfE/ESFA capital grants	5,234	94	(132)	65	-	5,261
Funded from GAG	907	-	(18)	-	-	889
Private sector capital sponsorship	180	-	(18)	-	-	162
	<u>12,606</u>	<u>94</u>	<u>(397)</u>	<u>65</u>	<u>-</u>	<u>12,368</u>
Total Restricted funds	<u>10,225</u>	<u>6,116</u>	<u>(6,732)</u>	<u>68</u>	<u>(63)</u>	<u>9,614</u>
Total funds	<u>10,279</u>	<u>6,516</u>	<u>(6,918)</u>	<u>-</u>	<u>(63)</u>	<u>9,814</u>

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

General Annual Grant (GAG)

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

These grants relate to the School's development and operational activities.

Fixed asset fund

These funds have been used to purchase fixed assets.

Transfers

£65,000 was transferred to fixed asset funds for amounts funded from general funds.

Pension reserve

The pension reserve relates to the School's share of the deficit of the Essex County Council Local Government Pension Scheme.

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

19. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
General Funds	254	333	(258)	(275)	-	54
Restricted general funds						
General Annual Grant (GAG)	-	4,972	(5,210)	238	-	-
Pupil Premium	-	23	(20)	-	-	3
Other grants	-	568	(539)	-	-	29
Pension reserve	(1,762)	-	(281)	-	(370)	(2,413)
	<u>(1,762)</u>	<u>5,563</u>	<u>(6,050)</u>	<u>238</u>	<u>(370)</u>	<u>(2,381)</u>
Restricted fixed asset funds						
Transfer on conversion	6,729	-	(444)	-	-	6,285
DfE/ESFA capital grants	4,983	251	-	-	-	5,234
Funded from GAG	870	-	-	37	-	907
Private sector capital sponsorship	-	180	-	-	-	180
	<u>12,582</u>	<u>431</u>	<u>(444)</u>	<u>37</u>	<u>-</u>	<u>12,606</u>
Total Restricted funds	<u>10,820</u>	<u>5,994</u>	<u>(6,494)</u>	<u>275</u>	<u>(370)</u>	<u>10,225</u>
Total funds	<u>11,074</u>	<u>6,327</u>	<u>(6,752)</u>	<u>-</u>	<u>(370)</u>	<u>10,279</u>

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

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	12,368	12,368
Current assets	200	788	-	988
Creditors due within one year	-	(562)	-	(562)
Creditors due in more than one year	-	(217)	-	(217)
Provisions for liabilities and charges	-	(2,763)	-	(2,763)
Total	200	(2,754)	12,368	9,814

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	12,606	12,606
Current assets	54	946	-	1,000
Creditors due within one year	-	(658)	-	(658)
Creditors due in more than one year	-	(256)	-	(256)
Provisions for liabilities and charges	-	(2,413)	-	(2,413)
Total	54	(2,381)	12,606	10,279

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

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(402)	(425)
Adjustments for:		
Depreciation	397	444
Capital grants from DfE and other capital income	(159)	(251)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	244	235
Defined benefit pension scheme finance cost	43	46
(Increase)/decrease in stocks	(11)	-
Decrease in debtors	29	380
Decrease in creditors	(101)	(98)
Net cash provided by operating activities	39	330

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

22. Cash flows from financing activities

	2020	2019
	£000	£000
Repayments of borrowing	(34)	-
Net cash (used in)/provided by financing activities	(34)	-

23. Cash flows from investing activities

	2020	2019
	£000	£000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(159)	(468)
Capital grants from DfE Group	159	251
Net cash provided by/(used in) investing activities	1	(216)

24. Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash in hand	798	792
Total cash and cash equivalents	798	792

25. Analysis of changes in net debt

	At 1 September 2019	Cash flows	Other non- cash changes	At 31 August 2020
	£000	£000	£000	£000
Cash	792	6	-	798
	792	6	-	798
Loans falling due within one year	(29)	-	(5)	(34)
Loans falling due after more than one year	(256)	39	-	(217)
Total	507	45	(5)	547

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

26. Pension commitments

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

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £635,736 (2019 - £458,500).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School 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 £261,000 (2019 - £240,000), of which employer's contributions totalled £202,000 (2019 - £183,000) and employees' contributions totalled £59,000 (2019 - £57,000). The agreed contribution rates for future years are 18.4 per cent for employers and 5.5 - 12.5 per cent for employees.

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

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

26. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.30	2.20

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	21.8	21.3
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23.0
Females	25.2	25.4

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(13)	(101)
Discount rate -0.1%	13	104
Mortality assumption - 1 year increase	18	164
Mortality assumption - 1 year decrease	(18)	(158)
CPI rate +0.1%	13	91
CPI rate -0.1%	(13)	(88)

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

	At 31 August	At 31 August
	2020	2019
	£000	£000
Equities	1,320	1,160
Gilts	91	101
Corporate bonds	119	104
Property	165	147
Cash and other liquid assets	58	54
Other	376	274
Total market value of assets	2,129	1,840
Present value of scheme liabilities		
Funded	(4,892)	(4,253)
Total market value of assets	(2,763)	(2,413)

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

26. Pension commitments (continued)

The actual return on scheme assets was £52,000 (2019 - £133,000).

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

	2020	2019
	£000	£000
Current service cost	243	363
Past service cost	-	55
Interest income	(36)	(42)
Interest cost	79	87
Administrative expenses	1	1
Total amount recognised in the Statement of Financial Activities	287	464

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

	2020	2019
	£000	£000
At 1 September	4,253	3,245
Interest cost	79	87
Employee contributions	59	57
Benefits paid	(36)	(15)
Past service costs	-	55
Current service cost	445	363
Actuarial loss	92	461
At 31 August	4,892	4,253

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

	2020	2019
	£000	£000
At 1 September	1,840	1,483
Interest income	36	42
Employee contributions	59	57
Benefits paid	(36)	(15)
Employer contributions	202	183
Actuarial gain	29	91
Admin expenses	(1)	(1)
At 31 August	2,129	1,840

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

27. Operating lease commitments

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

	2020 £000	2019 £000
Not later than 1 year	27	23
Later than 1 year and not later than 5 years	84	83
Later than 5 years	1,100	1,301
	<u>1,211</u>	<u>1,407</u>

28. 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.

29. Related party transactions

Owing to the nature of the School's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures.

The KEGS Foundation (Charity Registration Number 310861) is the freehold landlord of the School's land and buildings and the School has been granted a 125 year lease for the site. The Foundation appoints five members of the Governing Body (Directors) of the School and play an active role in the life of the School. The Foundation provides a Bursary Fund and funds the KEGS Essay Prizes and other annual prizes. In the past, and potentially in the future, the Foundation has played a role generating financial support for capital and other projects on behalf of the School. In addition, the Foundation donates a number of prizes and awards and a number of bursaries directly to pupils of the school.

For the year ended 31 August 2020, the School made rent payments to the Foundation of £20,000 (2019 - £20,000) and were paid donations of £75,703 (2019 - £1,400) from the Foundation during the year, of which £56,975 was revenue and £18,728 was capital in nature.

30. 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 academy trust received £13,194 and disbursed £8,340 from the fund. An amount of £4,854 is included in other creditors relating to undistributed funds that is repayable to ESFA. Comparatives for the accounting period ending 31 August 2019 are £13,021 received, £8,769 disbursed and £4,252 included in other creditors.