
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

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KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs E Conron Mrs A Dorkes Mr D Dunbar Miss J Green (appointed 5 November 2019) Mrs J Harcombe (resigned 31 August 2019) Dr D Watson
Trustees	Dr D Watson, Chair of Governors Mrs J Ballaam Mr I Birchenough (appointed 1 April 2019) Mrs H Blyth Mr N Boddington Mr D Bungay, Vice Chair of Resource Management Committee Mrs E Conron, Vice Chair of Governors, Vice Chair of Standards Committee Miss S Curtis (appointed 16 September 2019) Mrs A Dorkes, Chair of Welfare Committee Mr D Dunbar, Chair of Resource Management Committee Mr N Flanagan (appointed 1 January 2019) Mr J Fuller, Principal and Accounting Officer (appointed 1 September 2019) Mrs J Harcombe, Chair of Standards Committee (resigned 31 August 2019) Mrs K Hardiman Miss J Green, Chair of Standards Committee Mr N Layhe (resigned 22 February 2019) Mr I McBain, Vice Chair of Welfare Committee Mr D McBoyle (resigned 15 September 2018) Mrs L Moncur (resigned 31 August 2019) Mr D Scott, Principal and Accounting Officer (resigned 31 August 2019) Mr M Shardlow Miss C Soudanne Mr S Tarver Mrs M Watson (appointed 16 September 2018)

Company registered number	8133675
Company name	Kesteven and Grantham Girls' School Academy Trust
Registered office	Sandon Road Grantham Lincs NG31 9AU
Company Secretary	Mrs A Evershed

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Chief Financial Officer	Mrs J Harrison
Principal & Accounting Officer	Mr J Fuller
Senior management team	Mr J Fuller, Principal and Accounting Officer from 1 September 2019 Mr D Scott, Principal and Accounting Officer (resigned 31 August 2019) Mrs J Lennie, Deputy Principal (resigned 31 August 2019) Ms Z Anderson, Assistant Principal Mrs T Doig, Assistant Principal Mrs A Knott, Assistant Principal Mr P Smith, Assistant Principal Mrs S Macpherson, Director of Sixth Form
Independent auditors	Streets Audit LLP Tower House Lucy Tower Street Lincoln Lincs LN1 1XW
Bankers	HSBC Plc 88 Westgate Grantham Lincs NG31 6LF
Solicitors	Legal Services Lincolnshire County Offices Newland Lincoln Lincs LN1 1YS
Internal Auditor	Julia Raftery Consulting Ltd Suite 9 Normanby Gateway Lysaghts Way Scunthorpe North Lincs, DN15 9YG

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates a selective academy called Kesteven and Grantham Girls' School which was founded in 1910 and was granted Academy status in August 2012. It is situated in the market town of Grantham for students aged 11 to 18 serving the local area and attracting students from Lincolnshire and further afield, being close to the borders of Leicestershire and Nottinghamshire. It has a student net capacity of 1,200 in its Funding Agreement and reported a roll of 1,216 in the official school census in October 2019, with around 313 in the Sixth Form.

The local authority agreed Pupil Admission Number (PAN) is 174 for Years 7-11. Selective entry is by the Lincolnshire Consortium of Grammar Schools' 11+ examination, prepared by GL Assessments which identifies the most able 25% of the cohort entitled to apply for Grammar School places in Lincolnshire.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The trustees of Kesteven And Grantham Girls' School Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Kesteven and Grantham Girls' School Academy Trust.

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

Members' liability

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

Trustees' indemnities

The Academy Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees

The articles of association require the members of the charitable company to appoint at least five trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy comprising:

- a) the signatories to the Memorandum;
- b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- c) the Chair of the Governors;
- d) the Vice Chair of the Governors;
- e) the chairs of sub committee.

The board of governors may appoint additional governors. Governors may be removed by the person or persons who appointed them.

No additional governors were appointed nor made by the Secretary of State in the period.

The governors who were in office at 31 August 2019, and served throughout the period, are listed on page 1.

All members of the Governing Body are appointed and/or elected in accordance with the Articles of Association of Kesteven and Grantham Girls' School Academy Trust. In summary:

- Up to 5 Community Governors may be appointed by the Members ;
- 7 Parent Governors are elected by parents of students registered at the Academy. In the event that the number of parents standing for election is less than the number of vacancies, the Governing Body may appoint Parent Governors ;
- The Members may appoint Staff Governors through such process as they may determine (by election or appointment), provided that the total number of Governors (including the Principal) who are employees of Kesteven and Grantham Girls' School Academy Trust does not exceed one third of the total number of the Governing Body;
- The Principal is treated for all purposes as being an ex officio Governor;
- The Governors may appoint up to 3 co-opted governors;
- The Members may appoint up to 1 Governor;
- The Secretary of State may appoint Additional Governors as they think fit.

The term of office for all governors (with the exception of the Principal) is 4 years. Any governor may be re-appointed or re-elected.

During the year under review the Governing Body and its Committees held a total of 19 meetings (5 Full Governing Body, 4 Steering Committee, 4 Resource Management Committee, 3 Welfare Committee, 3 Standards Committee).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies adopted for the induction and training of trustees

All governors are given access to online versions of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

As there are normally only two or three new governors a year, induction tends to be done informally and is tailored specifically to the individuals. Governors are strongly encouraged to attend appropriate external training sessions, in addition to those scheduled internally, annually and to make use of the online training facility specifically for governors.

Organisational structure

The Governing Body is responsible for the overall direction of Kesteven and Grantham Girls' School Academy Trust and its strategic management determining the guiding principles within which the Academy operates. The Governing Body is responsible for setting general policy, adopting an annual budget and development plan, monitoring Academy activities and approving decisions about capital expenditure. It will also make senior staff appointments. The Governing Body ensures that the Academy meets all its statutory obligations and, through the Principal and Chief Financial Officer (School Bursar), that it complies with financial regulations. The Principal is the Accounting Officer of the Academy.

The Governing Body recognises that it is impractical to undertake all the day to day activities required in order to fulfil its responsibilities and that it is necessary to delegate some of its functions, through committees and to the Principal and the Senior Management Team of the Academy.

The Senior Management Team (SMT) of the Academy comprises the Principal/Headteacher, one Deputy Headteacher, four Assistant Headteachers and the Director of Sixth Form. These managers control the Academy at an executive level, implementing the policies approved by Governors and reporting back to them. The Principal, School Bursar, and Facilities Manager meet at least weekly to discuss financial and premises related matters.

In addition to the SMT, there are six Heads of Year responsible for the Pastoral operations of the Academy across its 7 Year groups. The Senior Management Team, Heads of Faculty and Subject Leaders are responsible for the day to day running of the Academy, in particular organising teaching and support staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The rules for determining the pay of teachers in maintained schools are set out in the School Teachers' Pay and Conditions Document (STPCD) which the Academy has chosen to follow. Senior management team (SMT) salary ranges will vary according to the role and school size. Headteachers, Deputy Headteachers and Assistant Headteachers will be paid on a Leadership Group Pay Range, which is between £49,937 and £99,763 per year. On appointment, a member of the SLT will be allocated a pay range consisting of 5 consecutive spine points on this Leadership Group Pay Range. The Headteacher's range is determined by the appropriate School Group range which is determined by the size of the school and the ages of its students. For this academy it is Group 7. Initial pay ranges for other members of SLT are determined by local factors relating to the responsibilities of the post and market conditions.

Any pay progression of SLT is based on performance in accordance with the school's Performance Related Pay Policy.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related parties and other connected charities and organisations

The Academy Trust is not currently a part of a wider network of federated schools, charities or organisations that pursues charitable activities.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Academy Trust's principle object is 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 aim of the school is to provide a quality education in a caring and disciplined community:

- By maintaining the school's reputation for excellent examination results;
- By allowing students of all abilities within their intake to attain their full potential and develop their own special qualities;
- By offering a wide range of extracurricular activities and sports;
- By maintaining the high standards and expectations of the school;
- By developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties;
- By expecting students to value all members of the school's community and its environment;
- By allowing students to acquire attitudes and skills which enable them to give purposes to their lives and to make a contribution to the wider community.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities

The main objectives of the Academy during the period ended 31 August 2019 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement of all students
- To improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Successful Curriculum Delivery

At KGGS, we aim to provide a learning environment which is stimulating, challenging and supportive and one in which students are able to develop their intellectual and personal qualities as well as achieving academic success. Accordingly, the school provides a broad and balanced curriculum which meets the statutory requirements for all Key Stages in terms of subject and enrichment. Moreover, effective teaching, together with timely intervention strategies, ensures that students learn and progress exceptionally well across the curriculum.

In terms of the Core subjects, the study of Mathematics, English and Science is central, with students spending 40% of their curriculum time in KS3 and up to 50% in KS4 on developing the knowledge and skills that they will need in these crucial subjects, either for future study or their various career paths. All Key Stage 4 students embark on the study of the three separate sciences at GCSE. The fact that Science subjects are exceptionally popular choices at A level bears testimony to the effective and successful delivery throughout the earlier key stages. In addition to the formal delivery of science within the curriculum, KGGS students can also undertake projects such as the CREST (Creativity in Science and Technology) Awards scheme, while those wishing to pursue a career in Science can apply for Nuffield Bursaries and seek work placements in local hospitals and medical centres.

The Mathematics curriculum offers KS3 students opportunities to apply a range of mathematical skills to a series of real life situations. Mathematics exam performance at GCSE is good. In addition, the most able mathematicians in Year 11 are entered for the certificate in Further Mathematics in preparation for their A Level studies. The school has over 100 students choosing to study Mathematics post 16, with very high success rates.

English offers a broad range of study that includes the study of fiction (prose, poetry and drama) from both pre and post twentieth century, as well as non-fiction texts. Extracurricular theatre trips are available to all students across the Key Stages, while House Writing competitions, an English Club and Debating Club together with entry to both local and national writing competitions help foster an active engagement with the subject. English Literature and English Language courses are popular choices for students at A level.

All subjects arrange support sessions for students and many staff will work with students beyond the formal curriculum time to support their learning such as Maths Club, Science Club, ICT support, Art and DT workshops, and Humanities 'drop in' sessions. These voluntary sessions take place at lunchtimes, beyond the school day, and even during some school holiday periods. Teaching assistants support student learning and allow students with Special Needs to access a wide curriculum. The excellent working relationships and the productive, purposeful working atmosphere within the learning environment both support and enhance the quality of teaching in the classroom.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES (continued)

We believe that a wide range of subjects should be available to our students and so we introduce all KS3 students to French, German and Spanish so that they can choose them for GCSE study if desired. Our results each year reflect the strong provision and performance across a range of subjects including these languages, along with History, Geography, Economics, Business Studies, Drama, Art, Music, Design Technology, PE, Religious Studies, Sociology and Computing.

The school maintains a 6th Form retention factor of over 95% (used in EFA Funding calculations). Our students are aspirational in their outlook and know precisely what they need to do to achieve their ambitions. Typically, over 90% of all our Year 13 students eventually go on to further study.

As a result of the curriculum best meeting student needs, the school provides clear direction and the necessary flexibility, enabling students to maximise their potential both within and beyond school. The school produces students who are appropriately confident, articulate and perform, in many cases, at the highest levels in all that they set out to achieve. The school has an enviable academic record which has seen further improvements in recent years and we are typically ranked amongst the top Grammar Schools in Lincolnshire at GCSE by the A/A* or 7-9 measure. As an outcome retention into the sixth form is high, typically 85 – 90%. The school's provision ensures that students are well prepared for life beyond school.

Recent changes in the Government's performance measures has seen the establishment of the Progress 8 statistic for value-added from Key Stage 2 to Key Stage 4. This is now the key indicator of school effectiveness, since it uses the results of all Y11 students, and is not skewed by their ability. For the year ending August 2019 KGGS reported a provisional figure of 0.95 which was one of the highest of all the schools in Lincolnshire.

The Promotion of Personal, Social, Moral and Cultural Development

The school operates a programme of weekly themes. These form the ideological foundation of assemblies and 'Thoughts for the Day' and support and promote a broad range of spiritual, moral and cultural issues.

The school encourages and supports students across a broad range of activities both within and beyond school. Many students excel in Sport, Music, Dance, Drama and Oratory with students performing in local, regional, national and even international events.

The school is keen to use the successes of its current and recent students to inspire and motivate the student body and so it has become a feature of the school to display images of its students in action throughout the corridors. Many individual students receive a personal letter from the Headteacher congratulating them on their achievements each year.

Students actively seek to engage in opportunities providing experience of other cultures. Examples include participation in Japanese Exchange visits, World Challenge and Spanish, French and German Exchange visits and trips to Art Galleries in both this country and in Europe. As a result, our students are keen and happy to engage in issues surrounding cultural diversity and seek to participate in cultural experiences both within and beyond the school environment ensuring that students from other cultural backgrounds are welcomed and find it easy to integrate into the ethos of the school.

The school also participates (and has been a National Winner) of the Bar Mock Trial Competition for Y12 students and was runner-up in the National Final at the Courts of Justice as recently as 2017. Year 13 Economics students have been winners of the North of England Finals of 'Target 2.0' (the Bank of England interest rate competition).

Our student body is a strong contributor to the work of various charities, regularly raising in excess of £10,000 for a wide range of good causes each year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES AND ACTIVITIES (continued)

Ensuring Effective Post -18 Destinations

From a Year 13 group of 165 students, by results day in August 2019, 124 students had been accepted by their first or insurance choice of university. In terms of university destinations, 41% were accepted by the Russell Group universities.

Amongst the year group, 4 have deferred university places, 14 have planned gap years, 7 have found employment and apprenticeships and 6 have gone on to seek places at other Further Education establishments.

A small number of students from the previous cohort of Year 13 girls also enrolled on their chosen university course having completed their 'gap' year.

Developing External Links

Whilst we aim to provide an extensive curriculum offer for our sixth form students, the school works with both The King's School and Walton Girls' High School in Grantham providing a few opportunities for reciprocal partnership working. We also foster proactive partnerships with local primary schools and the wider community. This has extended in previous years to adult learners participating in mainstream curriculum activities alongside our own students within our Modern Foreign Language Faculty. Teachers from some local Primary schools have benefited from training in computing delivered at KGGS by our Head of ICT over the past few years. This has helped them to deliver the new content in the Key Stage 2 curriculum linked to computing. We also support the local Computing at School (CAS) Hub held at Nottingham Trent University, delivering a number of sessions for other secondary school teachers.

The school works effectively with external agencies in order to ensure best provision for individual students. For example, teachers from the Pilgrim School, (which provides teachers who home tutor unwell students) are encouraged to work with the school in support of the reintegration process for some students. KS3 students participate in "Take Your Daughter to Work" day; while KS4 students are involved in programmes such as the Sports Leadership, and National Citizenship initiatives. The school has strong links with four providers supporting the training of teachers and each year welcomes a number of trainee teachers from across a broad range of subjects as part of their school placement.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. Given the activities of the Academy and the student population that it services, the trustees consider that the company's aims are demonstrably to the public benefit.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Achievements and performance

Key performance indicators

Key Performance Indicator	2018/19	2017/18
Free reserves as % of GAG	2.2%	2.3%
Teachers pay as % of GAG	65%	67%
Teachers pay as % of total revenue income	56%	56%
Total pay as % of total revenue income	80%	80%
GAG income per student 11-18 (1,214 students)	£4,465	£4,380
Teachers average contact ration % of 50 lessons per two week cycle	76%	76%
Progress 8 score	0.92	0.59
Attainment 8 score	69.7	66.7
% achieving grade 4+ in both English and Mathematics	99%	98%
% achieving grade 5+ in both English and Mathematics	91%	88%
9-4 % at GCSE	99%	98%
9-7 % at GCSE	58%	48%
% of students achieving 5 or more 7-9 or A/A* grades	64%	53%
Average points score for English Baccalaureate	6.94	5.94
GCE pass rate A*/E	99.6%	99%
GCE pass rate A*/B	63%	71%
Average A-level point score per entry	37.78 (B-)	36.66 (B-)
% of students gaining their first or insurance choice of university	86%	86%
% of students gaining places at Russell Group, Oxbridge institutions	41%	52%
Most recent Ofsted rating (September 2011)	Outstanding	Outstanding

Going concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

Financial review

Reserves policy

Subject to ESFA's constraints on permitted balances, the Academy's policy is to try to carry forward a prudent level of resources. A figure of £260,000, approximately equal to 5% of the academy's annual GAG income was agreed in 2017. Unfortunately, due to continued significant cuts in real terms school GAG funding, at the same time as nationally imposed increases in spending (due to increases in employer's pension and national insurance contributions, as well initiatives such as the Apprenticeship Levy) this figure could not be maintained and by August 2019 the reserves of the Academy were £117,772.

At 31 August 2019, free reserves held amount to £33,045 and restricted general funds amount to £84,727.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £15,158,543.

The pension fund is in deficit by £2,296,000.

Total funds at 31 August 2019 amount to £12,923,426, and the balance on restricted general funds plus unrestricted general funds at 31 August 2019 results on a net surplus of £117,772.

Investment policy

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the long term value of any surplus cash balances against inflation. In addition, the Academy aims to invest surplus cash funds to optimise returns, but ensuring that investments are such that there is no risk to the loss of these cash funds.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

Financial review (continued)

Principal risks and uncertainties

Risk Management

Among the principal risks and uncertainties, loss of utilities or power, key data, or corruption of key software that may impede the function of the school are perhaps paramount given that they are possible at any time during the day or calendar year. Adverse weather conditions during winter may result in partial closure or disruption to normal school activities, as may sudden and unforeseen shortages of staff or skilled technicians.

In order for the school to cope with such scenarios, the school has formulated a Business Continuity Plan which outlines possible risks together with a series of remedial actions to ensure that the function of the school is restored at the earliest opportunity.

Financial and Risk Management Objectives and Policies

The objectives for managing risk across the School are:

- To comply with risk management best practice;
- To ensure risks facing the School are identified and appropriately documented;
- To provide assurance to the Governors that risks are being adequately controlled, or identify areas for improvement;
- To ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

The Academy Risk Management Strategy aims to ensure that the academy complies with risk management best practice and sets out the current processes and responsibilities for risk management.

The Bursar prepares a review of financial risk for the Resource Management Committee annually in the autumn term using a risk register. This enables the Resource Management Committee to report to the Governing Body on:

- The significant risks facing the School;
- The associated probability and likely consequences of identified risks;
- The effectiveness of the risk management processes;
- Details of the mitigation of risk within the school.

Following the termly review by the Headteacher and Bursar, the Resource Management committee monitor the identification of risks and, should concerns arise between reviews, matters are referred to the Resource Management Committee for consideration and reports are made to the Full Governing Body.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT (continued)

Financial review (continued)

Financial review

The Trust held fund balances at 31 August 2019 of £12,923,426, comprising £84,727 of restricted funds, a fixed asset reserve of £15,101,654, a pension reserve deficit of £2,296,000 and £33,045 of unrestricted general funds.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2019, total expenditure of £5,612,618 was less than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of expenditure over income for the period was £28,384.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is monitored. In the period under review, £78,340 was carried forward representing 1.4% of GAG.

Another key financial performance indicator is staffing costs as a percentage of total revenue income. For 2019 this was 80% and this will be monitored in future periods.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £2,296,000.

Fundraising

In the academic year 2018-2019, we further evolved the structure of Friends of KGGS, moving beyond traditional PTFA-style fundraising to create a Sponsorship Working Party; and utilise the expertise of one of our parents who works at the University of Oxford to make applications and bids for additional funds to support the school's curriculum. Also, led by a parent who works at the University of Lincoln, we entered a team of year eight entrepreneurs who created their own company, Choco-surprise, into a national Peter Jones Foundation competition.

These fundraising activities – along with a Fashion Show, a Sponsored-Spell, and contributions from donors and local businesses – have enabled us to fund new Gymnastics equipment; part-fund the creation of a Student Workroom in English; refurbish some of our Art Display Boards; and help purchase a 3D Printer for Design and Technology students. New team kits in Athletics and Netball have been provided by sponsors – as has a Sports Woman of the Year award.

In total, Friends of KGGS raised £6,604 in 2018-2019, including £3,000 via a successful bid to The Royal Society. This means we are now able to work with our STEM partners at Trent University, Nottingham, to research possible environmental benefits of Drone-technology – and provide our students with laptops they can use in Computing in the longer term.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Plans for future periods

In order to seek to maintain any significant sum in its reserves, the Academy will continue to evaluate its curriculum offer with an aim to reduce on-going staffing costs. This will form part of the School Development Plan for 2019-2020.

The school was successful in gaining assistance for funding in the form of an interest free Salix loan through which lighting has been converted to LED lighting throughout the school. This work is now nearing completion.

Two possible capital improvement funding (CIF) bids are currently being explored, the first to replace fire doors and the second to replace the schools boiler.

In addition to these the school is investigating ways to enhance the security of the school site.

Funds held as custodian on behalf of others

The trust does not currently hold any funds as Custodian Trustee on behalf of others.

Disclosure of information to auditors

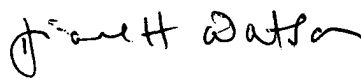
Insofar as the trustees are aware:

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

Auditors

The auditors, Streets Audit LLP, have indicated their willingness to continue in office. The designated trustees will propose a motion reappointing the auditors at a meeting of the trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3.12.2019 and signed on its behalf by:


.....
Dr D Watson
(Chair of Trustees)

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Kesteven And Grantham Girls' School Academy Trust 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.

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Kesteven And Grantham Girls' School Academy Trust 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.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times during the year. In order to maintain effective oversight of funds, the Chair of Governors and the Chair of Resource Management receive monthly financial reports, which are also made available to all Governors (via the Governors' secure area of the school website).

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr D Watson, Chair of Governors	5	5
Mrs J Ballaam	4	5
Mr I Birchenough	1	1
Mrs H Blyth	5	5
Mr N Boddington	3	5
Mr D Bungay, Vice Chair of Resource Management Committee	2	5
Mrs E Conron, Vice Chair of Governors, Vice Chair of Standards Committee	3	5
Miss S Curtis	0	0
Mrs A Dorkes, Chair of Welfare Committee	3	5
Mr D Dunbar, Chair of Resource Management Committee	3	5
Mr N Flanagan	3	3
Mr J Fuller, Principal and Accounting Officer	0	0
Mrs J Harcombe, Chair of Standards Committee	3	5
Mrs K Hardiman	3	5
Miss J Green	4	5
Mr N Layhe	1	2
Mr I McBain, Vice Chair of Welfare Committee	4	5
Mr D McBoyle	0	0
Mrs L Moncur	3	5
Mr D Scott, Principal and Accounting Officer	5	5
Mr M Shardlow	3	5
Miss C Soudanne	5	5
Mr S Tarver	3	5
Mrs M Watson	5	5

Dr D Watson continued in her role as Chair of Governors, having been appointed as such in October 2017. In December the end of a four year term of office for Parent Governor, Miss J Green, led to an election, the result of which was that Miss Green was appointed for a further term of four years. Mr N Flanagan was appointed as a Co-opted Governor in January 2019. Staff Governors, Mr D McBoyle and Mr N Layhe ceased employment at the school in September 2018 and February 2019 respectively. Consequently, Mrs M Watson and Mr I Birchenough were appointed as a Staff Governors in September 2018 and April 2019, respectively. The term of office of Staff Governor Mrs L Moncur ended on 31 August 2019 and Miss S Curtis was appointed as her replacement on 16 September 2019. Mrs J Harcombe resigned from her role of Community Governor on 31 August 2019.

All governors complete an annual skills audit towards the end of the school year and this is used by the governing body when considering training needs and the appointment of any new governors, particularly co-opted governors.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Resource Management Committee is a sub-committee of the main board of trustees. Its purpose is to support and challenge the school in setting its annual budget prior to it being agreed by the Full Governing Body, to monitor and challenge financial activity throughout the year and to receive and advise on the work of the internal auditor. The Chair of the Resource Management Committee, requested by the school, is entitled to ratify spend on single items or contracts between £10,000 and £19,999. The Resource Management Committee is entitled to ratify single items or contracts from £20,000 to £40,000, independently of the Full Governing Body. The Resource Management Committee reports to the Full Governing Body at each of their meetings.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Dunbar	4	4
Mr D Bungay	4	4
Mr N Boddington	3	4
Mr N Flanagan	1	2
Mr N Layhe	2	2
Mr D McBoyle	0	0
Mr D Scott	4	4
Dr D Watson	4	4

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Academy'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 has delivered improved value for money during the year by:

- regularly reviewing the functions of the school, challenging how and why services are provided and setting targets and performance indicators for improvement;
- monitoring outcomes and comparing educational and financial performance with similar schools and within the school;
- consulting appropriate stakeholders before major decisions are made;
- promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way and provide the best outcome for the school.

Examples of how the Academy has improved the use of resources during the last financial year include:

- The continued application of best value to the purchase of textbooks and resources and seeking of discounts wherever possible.
- A focus on good anticipation of replacing (or in some cases not replacing) retiring teaching staff, so as to gain best value from advertisements, as well as encouraging recently qualified teachers to apply.
- By continuing to ensure careful and timely forward planning in relation to student subject choices in KS4 and KS5 there has been a very close match between the curriculum delivered to students and the staffing levels required to facilitate this. This has meant we have not overspent on staffing; indeed, we are very efficient in this regard. With staffing costs forming such a major part of the school's expenditure, this has proved to be a significant element in our achieving value for money for our students.
- Use of a Salix interest-free loan for funding to convert the remaining lighting in the school to LED and in turn produce savings with less electricity being used. These savings then help cover the repayments of the interest free Salix loan.
- Departmental budgets are formula based and carefully monitored in year so that there is no significant variance. Monies may, occasionally, be carried forward when there are national initiatives imposed which, although they will have resourcing implications, have not been matched by any additional government funding.
- £7,330 direct savings on the purchase 101 new units in IT via a variety of shopping around, recycling old machines and installing additional RAM ourselves to save on the cost of software licensing.

At a time when educational establishment budgets are being trimmed nationally, all schools are working to provide for their students, within their allocated budgets. At KGGS we can confidently claim that outcomes for our students are outstanding, with good results at A-level and significantly positive Progress 8 value added figures at GCSE. Our results place us amongst the top performing schools in the country, and we do this with a balanced budget each year. On this basis, it is felt that KGGS continues to offer outstanding value for money.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kesteven And Grantham Girls' School Academy Trust for the year 1 September 2018 to 31 August 2019 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Resource Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- 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 appoint Ms J Raftery as internal auditor.

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

- Governance Arrangements
- Risk Management Arrangements
- Budget Management and Financial Planning
- Cash Management and Banking Arrangements
- Asset Management
- Purchasing Procedures and Tendering Arrangements
- Payroll Procedures
- Income Procedures

On a semi-annual basis, the internal auditor reports to the board of trustees through the Resource Management Committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

The Internal Auditor delivered their schedule of work as planned and provided the Trustees and Accounting Officer with independent and objective assurance that:

- financial responsibilities of the Governing Body are being properly discharged;
- there is regular, accurate and appropriate reporting to the Governing Body;
- resources are managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

A detailed report and action plan have been provided following each visit providing recommendations, a judgement of risk, agreed actions, follow up audit finding and audit recommendations.

The most recent Internal Audit assurance opinion was that systems in operation within the Academy are adequate and that the processes in place to administer the Academy's key financial systems are well controlled and working effectively.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

In order to further strengthen these controls several key recommendations were made:

- Reviewing and updating Terms of Reference and ensuring clarity and consistency between key documents i.e. Terms of Reference, Finance Policy and Finance Procedures Manual.
- Undertaking checks to ensure declarations of interests are fully completed and included on the central Register(s).
- Ensuring photocopy documents (i.e. passport, birth certificate etc.) are fully signed off and dated as verified. Updating the New Starter Checklist to include ID checks and proof of eligibility to work in the UK, with sign off once all checks have been completed.
- Ensuring personnel records are retained in accordance with the approved Data Protection Policy and Document Retention Policy (IRMS Toolkit); ensuring records are securely disposed of at the appropriate time.
- Producing a policy for the management of Statutory Inspection; maintaining a Schedule of inspections and central file of documentation.

The internal auditors reported that the Finance Team demonstrate a clear and continued commitment to improving financial management arrangements and operational controls within the Academy. All recommendations for action were categorised as medium or low risk items.

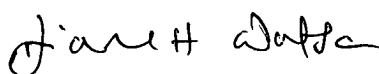
Review of effectiveness

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

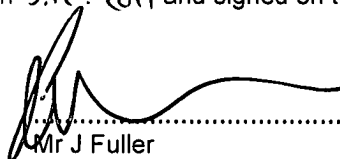
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 3.12.2019 and signed on their behalf by:



.....
Dr D Watson
Chair of Trustees



.....
Mr J Fuller
Accounting Officer

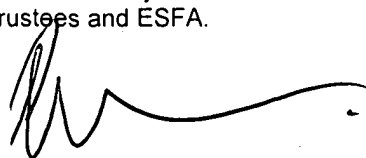
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Kesteven And Grantham Girls' School Academy Trust I have considered my responsibility to notify the Academy board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy board of trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2018.

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.


Mr J Fuller
Accounting Officer
Date: 3.12.2019

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

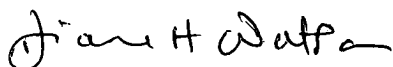
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 3.12.2019 and signed on its behalf by:



.....
Dr D Watson
(Chair of Trustees)

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**

Opinion

We have audited the financial statements of Kesteven And Grantham Girls' School Academy Trust (the 'academy') for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 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 2018 to 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST (CONTINUED)**



Robert Anderson (Senior statutory auditor)

for and on behalf of
Streets Audit LLP

Tower House

Lucy Tower Street

Lincoln

Lincs

LN1 1XW

Date: 6/12/19

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KESTEVEN
AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 2 April 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kesteven And Grantham Girls' School Academy Trust during the year 1 September 2018 to 31 August 2019 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 Kesteven And Grantham Girls' School Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Kesteven And Grantham Girls' School Academy Trust 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 Kesteven And Grantham Girls' School Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Kesteven And Grantham Girls' School Academy Trust's
accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Kesteven And Grantham Girls' School Academy Trust's funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KESTEVEN
AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY (CONTINUED)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- review of the Internal Audit reports.

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Robert Anderson (Senior statutory auditor)

Streets Audit LLP

Tower House
Lucy Tower Street
Lincoln
Lincs
LN1 1XW

Date:

6/12/19

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	11,618	92,096	103,714	52,590
Charitable activities		699,901	5,629,384	-	6,329,285	5,879,946
Other trading activities		28,139	-	-	28,139	28,106
Investments	6	1,267	-	-	1,267	538
Total income		729,307	5,641,002	92,096	6,462,405	5,961,180
Expenditure on:						
Raising funds		24,273	-	-	24,273	24,685
Charitable activities		701,415	5,825,618	45,952	6,572,985	6,256,694
Total expenditure		725,688	5,825,618	45,952	6,597,258	6,281,379
Net income/(expenditure)		3,619	(184,616)	46,144	(134,853)	(320,199)
Transfers between funds	17	-	23,633	(23,633)	-	-
Net movement in funds before other recognised gains/(losses)		3,619	(160,983)	22,511	(134,853)	(320,199)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(606,000)	-	(606,000)	370,000
Net movement in funds		3,619	(766,983)	22,511	(740,853)	49,801

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Reconciliation of funds:					
Total funds brought forward	29,426	(1,444,290)	15,079,143	13,664,279	13,614,478
Net movement in funds	3,619	(766,983)	22,511	(740,853)	49,801
Total funds carried forward	33,045	(2,211,273)	15,101,654	12,923,426	13,664,279

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 58 form part of these financial statements.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 8133675

BALANCE SHEET
AS AT 31 AUGUST 2019

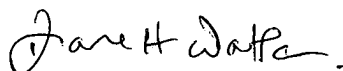
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	15,158,543	15,039,275
		<u>15,158,543</u>	<u>15,039,275</u>
Current assets			
Debtors	14	221,920	193,830
Cash at bank and in hand		360,653	231,328
		<u>582,573</u>	<u>425,158</u>
Creditors: amounts falling due within one year	15	(473,426)	(323,154)
Net current assets		<u>109,147</u>	<u>102,004</u>
Total assets less current liabilities		<u>15,267,690</u>	<u>15,141,279</u>
Creditors: amounts falling due after more than one year	16	(48,264)	-
Net assets excluding pension liability		<u>15,219,426</u>	<u>15,141,279</u>
Defined benefit pension scheme liability	22	(2,296,000)	(1,477,000)
Total net assets		<u><u>12,923,426</u></u>	<u><u>13,664,279</u></u>

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019	2019 £	2018	2018 £
Funds of the Academy					
Restricted funds:					
Fixed asset funds	17	15,101,654		15,079,143	
Restricted income funds	17	84,727		32,710	
Restricted funds excluding pension asset	17	15,186,381		15,111,853	
Pension reserve	17	(2,296,000)		(1,477,000)	
Total restricted funds	17		12,890,381		13,634,853
Unrestricted income funds	17		33,045		29,426
Total funds			12,923,426		13,664,279

" The financial statements on pages 30 to 58 were approved by the trustees, and authorised for issue on 3.12.2019 and are signed on their behalf, by:



.....
Dr D Watson
(Chair of Trustees)

Date:

The notes on pages 35 to 58 form part of these financial statements.

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	198,449	(39,764)
Cash flows from investing activities	20	(69,124)	22,816
Change in cash and cash equivalents in the year		129,325	(16,948)
Cash and cash equivalents at the beginning of the year		231,328	248,276
Cash and cash equivalents at the end of the year	21	<u>360,653</u>	<u>231,328</u>

The notes on pages 35 to 58 form part of these financial statements

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kesteven And Grantham Girls' School Academy Trust 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 Academy to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Income

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

- **Legacies**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

The Academy incurs significant repair and replacement costs such that the trustees believe that the property's residual value is not materially different to the cost. Accordingly, no depreciation is charged.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold property	- Not depreciated
Furniture and equipment	- 10% reducing balance
Computer equipment	- 33% straight line
Motor vehicles	- 25% straight line

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.

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Financial instruments

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.9 Operating leases

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

1.10 Pensions

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

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

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

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

1.11 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.12 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

Critical areas of judgment:

The judgements (apart from those involving estimations) that the Academy trust has made in the process of applying the trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

The Academy incurs significant repair and replacement costs such that the trustees believe that the property's residual value is not materially different to the cost. Accordingly, no depreciation is charged.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	11,618	-	11,618
Capital Grants	-	92,096	92,096
	<u>11,618</u>	<u>92,096</u>	<u>103,714</u>

	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Donations	10,939	-	10,939
Capital Grants	-	41,651	41,651
	<u>10,939</u>	<u>41,651</u>	<u>52,590</u>

4. Funding for the Academy's academy trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
General Annual Grant (GAG)	-	5,458,606	5,458,606
Other DfE/ESFA grants	-	117,236	117,236
Local Authority grants	-	53,542	53,542
Trips, music and other income	253,064	-	253,064
Catering income	446,837	-	446,837
	<u>699,901</u>	<u>5,629,384</u>	<u>6,329,285</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Consultancy	807	807	378
Hire of facilities	3,059	3,059	3,043
Catering	24,273	24,273	24,685
	<u>28,139</u>	<u>28,139</u>	<u>28,106</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	<u>1,267</u>	<u>1,267</u>	<u>538</u>

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	-	-	24,273	24,273
Academy trust's educational operations:				
Direct costs	4,112,453	-	732,317	4,844,770
Allocated support costs	954,092	310,750	463,373	1,728,215
	<u>5,066,545</u>	<u>310,750</u>	<u>1,219,963</u>	<u>6,597,258</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Academy trust's educational operations	4,844,770	1,728,215	6,572,985

	<i>Activities undertaken directly 2018 £</i>	<i>Support costs 2018 £</i>	<i>Total funds 2018 £</i>
Academy trust's educational operations	4,630,578	1,626,116	6,256,694

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	954,092	908,021
Depreciation	25,152	32,845
Technology costs	28,081	18,729
Premises costs	310,750	265,269
Other support costs	391,219	394,511
Governance costs	18,921	6,741
	<u>1,728,215</u>	<u>1,626,116</u>

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	4,006	4,335
Depreciation of tangible fixed assets	45,952	86,521
Fees paid to auditors for:		
- audit	4,150	4,150
- other services	3,350	3,350
	<u>4,150</u>	<u>4,150</u>
	<u>3,350</u>	<u>3,350</u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,902,576	3,755,464
Social security costs	347,626	315,077
Pension costs	809,592	802,531
	<u>5,059,794</u>	<u>4,873,072</u>
Agency staff costs	6,751	21,290
	<u>5,066,545</u>	<u>4,894,362</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	86	77
Administration & Support	78	76
Management	6	6
	<u>170</u>	<u>159</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teachers	73	66
Administration & Support	49	51
Management	6	6
	<u>128</u>	<u>123</u>

c. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the staff trustees and the senior management team as listed on page 1, comprising 13 members of staff (2018 - 11). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £717,208 (2018 - £641,438).

KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. Trustees' remuneration and expenses

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

		2019 £	2018 £
Mr D Scott, Principal and Accounting Officer (resigned 31 August 2019)	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Mrs L Moncur (resigned 31 August 2019)	Remuneration	40,000 - 45,000	45,000 - 50,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mr S Tarver	Remuneration	25,000 - 30,000	25,000 - 30,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Miss C Soudanne	Remuneration	45,000 - 50,000	45,000 - 50,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mr N Layhe (resigned 22 February 2019)	Remuneration	5,000 - 10,000	15,000 - 20,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Mrs M Watson (appointed 16 September 2018)	Remuneration	15,000 - 20,000	nil
	Pension contributions paid	0 - 5,000	nil
Mr I Birchenough (appointed 1 April 2019)	Remuneration	10,000 - 15,000	nil
	Pension contributions paid	0 - 5,000	nil
Mr D McBoyle (resigned 15 September 2018)	Remuneration	nil	30,000 - 35,000
	Pension contributions paid	nil	5,000 - 10,000

During the year ended 31 August 2019, no trustee expenses have been incurred (2018 - £302).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £935 (2018 - £956). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

13. Tangible fixed assets

	Leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	14,748,501	385,362	243,542	12,500	15,389,905
Additions	1,645	120,535	43,040	-	165,220
At 31 August 2019	<u>14,750,146</u>	<u>505,897</u>	<u>286,582</u>	<u>12,500</u>	<u>15,555,125</u>
Depreciation					
At 1 September 2018	-	121,618	216,512	12,500	350,630
Charge for the year	-	26,380	19,572	-	45,952
At 31 August 2019	<u>-</u>	<u>147,998</u>	<u>236,084</u>	<u>12,500</u>	<u>396,582</u>
Net book value					
At 31 August 2019	<u>14,750,146</u>	<u>357,899</u>	<u>50,498</u>	<u>-</u>	<u>15,158,543</u>
At 31 August 2018	<u>14,748,501</u>	<u>263,744</u>	<u>27,030</u>	<u>-</u>	<u>15,039,275</u>

The leasehold property is held on a 125 year lease from Lincolnshire County Council. The leasehold buildings have been included in accordance with a valuation at depreciated replacement cost as at 29 July 2013 carried out by the ESFA. The Trustees consider this to be a fair value.

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	5,088	180
Other debtors	35,743	16,032
Prepayments and accrued income	181,089	177,618
	<u>221,920</u>	<u>193,830</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	9,761	-
Trade creditors	190,730	69,073
Other taxation and social security	87,796	86,620
Other creditors	86,185	84,378
Accruals and deferred income	98,954	83,083
	<u>473,426</u>	<u>323,154</u>

Included in other loans is a loan of £9,761 from ESFA (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- no interest is charged;
- the loan is due to mature in 2025.

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

	2019 £	2018 £
Other loans	<u>48,264</u>	<u>-</u>

Included in other loans is a loan of £48,264 from ESFA (Salix) which is provided on the following terms:

- repayable in 6 monthly installments;
- no interest is charged;
- the loan is due to mature in 2025.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	29,426	729,307	(725,688)	-	-	33,045
Restricted general funds						
General Annual Grant (GAG)	18,477	5,420,028	(5,383,798)	23,633	-	78,340
Other ESFA grants	14,233	155,813	(163,659)	-	-	6,387
LA income	-	53,542	(53,542)	-	-	-
Other activities	-	11,619	(11,619)	-	-	-
Pension reserve	(1,477,000)	-	(213,000)	-	(606,000)	(2,296,000)
	<u>(1,444,290)</u>	<u>5,641,002</u>	<u>(5,825,618)</u>	<u>23,633</u>	<u>(606,000)</u>	<u>(2,211,273)</u>
Restricted fixed asset funds						
Transfer from former school	13,468,215	-	(2,485)	-	-	13,465,730
ESFA capital grants	556,120	92,096	-	(23,633)	-	624,583
Capital expenditure from GAG	943,502	-	(43,467)	-	-	900,035
Other grants	111,306	-	-	-	-	111,306
	<u>15,079,143</u>	<u>92,096</u>	<u>(45,952)</u>	<u>(23,633)</u>	<u>-</u>	<u>15,101,654</u>
Total Restricted funds	<u>13,634,853</u>	<u>5,733,098</u>	<u>(5,871,570)</u>	<u>-</u>	<u>(606,000)</u>	<u>12,890,381</u>
Total funds	<u>13,664,279</u>	<u>6,462,405</u>	<u>(6,597,258)</u>	<u>-</u>	<u>(606,000)</u>	<u>12,923,426</u>

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

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17. Statement of funds (continued)

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

Restricted Fixed Asset funds

Transfer from Local Authority on conversion represents the assets transferred to the Academy from the Local Authority upon conversion.

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent the use of recurrent income being used to fund capital expenditure.

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2019 results in a net surplus of £117,772.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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17. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds					
General Funds	22,230	670,007	(662,811)	-	29,426
Restricted general funds					
General Annual Grant (GAG)	91,076	5,105,958	(5,178,557)	-	18,477
Other ESFA grants	10,159	98,927	(94,853)	-	14,233
LA income	-	33,698	(33,698)	-	-
Other activities	-	10,939	(10,939)	-	-
Pension reserve	(1,633,000)	-	(214,000)	370,000	(1,477,000)
	(1,531,765)	5,249,522	(5,532,047)	370,000	(1,444,290)
Restricted fixed asset funds					
Transfer from former school	13,470,975	-	(2,760)	-	13,468,215
ESFA capital grants	514,469	41,651	-	-	556,120
Capital expenditure from GAG	1,027,263	-	(83,761)	-	943,502
Other grants	111,306	-	-	-	111,306
	15,124,013	41,651	(86,521)	-	15,079,143
Total Restricted funds	13,592,248	5,291,173	(5,618,568)	370,000	13,634,853
Total funds	13,614,478	5,961,180	(6,281,379)	370,000	13,664,279

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,158,543	15,158,543
Current assets	33,045	548,392	1,136	582,573
Creditors due within one year	-	(463,665)	(9,761)	(473,426)
Creditors due in more than one year	-	-	(48,264)	(48,264)
Provisions for liabilities and charges	-	(2,296,000)	-	(2,296,000)
Total	33,045	(2,211,273)	15,101,654	12,923,426

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,039,275	15,039,275
Current assets	29,426	355,864	39,868	425,158
Creditors due within one year	-	(323,154)	-	(323,154)
Provisions for liabilities and charges	-	(1,477,000)	-	(1,477,000)
Total	29,426	(1,444,290)	15,079,143	13,664,279

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	(134,853)	(320,199)
Adjustments for:		
Depreciation	45,952	86,521
Capital grants from DfE and other capital income	(92,096)	(41,651)
Defined benefit pension scheme cost less contributions payable	166,000	171,000
Defined benefit pension scheme finance cost	43,000	43,000
(Increase)/decrease in debtors	(28,090)	25,520
Increase/(decrease) in creditors	198,536	(3,955)
Net cash provided by/(used in) operating activities	198,449	(39,764)

20. Cash flows from investing activities

	2019 £	2018 £
Purchase of tangible fixed assets	(165,220)	(18,835)
Capital grants from DfE Group	96,096	41,651
Net cash (used in)/provided by investing activities	(69,124)	22,816

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	360,653	231,328
Total cash and cash equivalents	360,653	231,328

22. Pension commitments

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

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22. Pension commitments (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £75,913 were payable to the schemes at 31 August 2019 (2018 - £75,600) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the year amounted to £443,433 (2018 - £434,091).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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22. Pension commitments (continued)

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 2019 was £265,000 (2018 - £256,000), of which employer's contributions totalled £211,000 (2018 - £204,000) and employees' contributions totalled £ 54,000 (2018 - £52,000). The agreed contribution rates for future years are 19.1 per cent for employers and between 5 per cent and 7.5 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.

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.7	2.8
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8
Commutation of pensions to lump sums	75	75

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.5	22.1
Females	25.2	26.6

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	119,000	89,000
Mortality assumption - 1 year increase	196,000	149,000

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22. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,903,000	1,637,000
Gilts	417,000	336,000
Property	260,000	247,000
Cash and other liquid assets	27,000	22,000
Total market value of assets	2,607,000	2,242,000

The actual return on scheme assets was £77,000 (2018 - £107,000).

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

	2019 £	2018 £
Current service cost	(354,000)	(375,000)
Past service cost	(27,000)	-
Interest cost	(43,000)	(43,000)
Total amount recognised in the Statement of financial activities	(424,000)	(418,000)

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

	2019 £	2018 £
At 1 September	3,719,000	3,498,000
Current service cost	354,000	375,000
Interest cost	109,000	92,000
Employee contributions	54,000	52,000
Actuarial losses/(gains)	683,000	(263,000)
Benefits paid	(43,000)	(35,000)
Past service costs	27,000	-
At 31 August	4,903,000	3,719,000

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22. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	2,242,000	1,865,000
Interest income	66,000	49,000
Actuarial gains	77,000	107,000
Employer contributions	211,000	204,000
Employee contributions	54,000	52,000
Benefits paid	(43,000)	(35,000)
At 31 August	2,607,000	2,242,000

23. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy 2019 £	Academy 2018 £
Not later than 1 year	2,404	4,006
Later than 1 year and not later than 5 years	-	2,404
	2,404	6,410

24. 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.

25. Related party transactions

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

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26. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £23,407 (2018 - £22,970) and disbursed £16,147 (2018 - £22,970) from the fund. An amount of £7,260 (2018 - £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.