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

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**



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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

Mr K Billington (resigned 17 October 2017)  
Mrs E Conron (appointed 17 October 2017)  
Mrs A Dorkes (appointed 17 October 2017)  
Mr D Dunbar (appointed 17 October 2017)  
Mrs J Harcombe  
Mr J Lovell (resigned 3 March 2018)  
Miss E Tibbett (resigned 23 October 2017)  
Dr D Watson

**Trustees**

Dr D Watson, Chair of Governors  
Mrs J Ballaam  
Mr K Billington (resigned 17 October 2017)  
Mrs H Blyth (appointed 27 November 2017)  
Mr N Boddington  
Mr D Bungay  
Mrs E Conron, Vice Chair of Governors  
Mrs A Dorkes, Chair of Welfare Committee  
Mr D Dunbar, Chair of Resource Management Committee  
Mrs P Ebbins (resigned 19 October 2018)  
Mrs J Harcombe, Chair of Standards Committee  
Mrs K Hardiman (appointed 27 November 2017)  
Ms T Gardiner (resigned 26 September 2017)  
Miss J Green  
Mr N Layhe (appointed 1 September 2017)  
Mr J Lovell (resigned 3 March 2018)  
Mr I McBain  
Mr D McBoyle (resigned 15 September 2018)  
Mrs L Moncur  
Mr D Scott  
Mr M Shardlow (appointed 27 November 2017)  
Miss C Soudanne  
Mr S Tarver  
Miss E Tibbett (resigned 23 October 2017)  
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 OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Chief Financial Officer**

Mrs J Harrison

**Principal & Accounting Officer**

Mr D Scott

**Senior management team**

Mr D Scott, Principal and Accounting Officer  
Mrs J Lennie, Deputy Principal  
Mrs A Knott, Assistant Principal  
Ms Z Anderson, 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

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 1,214 in the official school census in October 2017, with around 320 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.

The principal activity of the school is to enable its students to develop a wide range of skills across and beyond the curriculum during their time here and to prepare them for the next stage of their education, training or employment. Our students' high level of attainment ensures that they are able to access their high quality educational and career aspirations.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **CONSTITUTION**

The Academy Trust 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 trust. Any reference to the Governors in this document is referring to the Trustees.

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

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

Details of the Trustees who served during the year 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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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 2018, 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 he thinks 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 (4 Full Governing Body, 3 Steering Committee, 6 Resource Management Committee, 3 Welfare Committee, 3 Standards Committee).

**POLICIES AND PROCEDURES 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 where funding is available, in addition to those scheduled internally, annually and to make use of the online training facility specifically for governors.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 CFO, 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, three 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, CFO, 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 £39,374 and £109,366 per year. On appointment, a member of the SMT 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 SMT are determined by local factors relating to the responsibilities of the post and market conditions.

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

**TRADE UNION FACILITY TIME**

The academy had no employees who were relevant union officials during the period.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

The Academy Trust's principal 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.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Academy during the period ended 31 August 2018 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.

**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 2018**

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**STRATEGIC REPORT**

**KEY PERFORMANCE INDICATORS**

2017-18 (2016/17 figures in brackets)

Free Reserves % GAG	1.2% (2.3%)
Teachers Pay % GAG	67% (67%)
Teachers Pay % Total Revenue Income	58% (56%)
Total Pay % Total Revenue Income	82% (80%)
GAG Income per student 11-18 (1,214 students)	£4,206 (£4,380)
Teachers' average contact ratio % of 50 Lessons per two week cycle	76% (76%)
GCSE Pass rate 4-9 or A*/C	98% (98%)
% of students achieving a good pass in GCSE English and Mathematics	98% (98%)
% 7-9 or A*/A pass rate at GCSE	48% (53%)
% of students achieving 5 or more 7-9 or A*/A grades	53% (58%)
Progress 8 GCSE Value Added <sup>1</sup>	0.59 (0.66)
Average Points score for English Baccalaureate	5.94 (n/a)
GCE Pass rate A*/E	99% (99.8%)
GCE Pass rate A*/B - not including Gen St	71% (69%)
Average A-Level Point Score per entry	39 (B) (39 (B))
% of students gaining their first or insurance choice of University	86% (86%)
% of students gaining places at Russell Group, Oxbridge institutions	52% (48%)
Most Recent Ofsted rating (September 2011)	Outstanding

<sup>1</sup>This means that Y11 students, on average, achieved 0.59 of a grade higher than expected in 8 of their GCSEs using national rates of progress.

When considering the data in relation to Progress 8 at KS4, the most recent national comparators (2017) indicate that our EAL, SEND and "disadvantaged" students, though very small in number (typically less than 4% of cohort), achieve above national expectations across all measures.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **ACHIEVEMENTS AND PERFORMANCE**

### 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 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.

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 99% (used in ESFA 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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 2018 KGGS reported a figure of 0.59 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. A particularly impressive achievement in team sport in recent years was both our Under 15 and Under 18 Water Polo teams winning the English Schools' Championships in 2017. Two examples of individual success were a Y10 sprinter who won the English Schools 100m title for U18, and a Y13 triathlete, part of the Great Britain bronze medal winning team in the junior world championships in Mexico.

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.

Ensuring Effective Post -18 Destinations

From a Year 13 group of 153 students, by results day in August 2018, 123 students had been accepted by their first or insurance choice of university. In terms of university destinations, about 52% were accepted by the Russell Group universities.

Amongst the year group, 10 have deferred university places, 10 have planned gap years, 6 have found employment and apprenticeships, 3 have joined the forces and 2 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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.

**GOING CONCERN**

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

**FINANCIAL REVIEW**

**RESERVES POLICY**

Subject to ESFA's constraints on permitted balances, the Academy's policy is 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 as initiatives such as the Apprenticeship Levy) this figure could not be maintained and by August 2018 the revenue reserves of the Academy had decreased to £62,136.

Since the government's "Fairer Funding" model is now being implemented in a staggered fashion over the two years 2018-19 and 2019-20, we have more confidence in the reliability of our future GAG income. KGGS will benefit from the minimum per pupil (11-16) funding guarantee of £4,600 in 2018-19 and £4,800 in 2019-20 and beyond. This compares to £4,300 in 2017-18. It is against this background, along with the government's agreement to part-fund the teachers' pay rise for 2018-19 via the Teachers' Pay Grant, that we are able to anticipate an in-year surplus of £75,000 for 2018-19, and £62,000 for 2019-20. We are therefore reasonably confident that this would enable our reserves to be gradually restored to a figure close to £200,000 by August 2020. Whilst this is still short of our desired figure of £260,000, it does give us a level of confidence that the academy will have adequate resources to continue to provide an outstanding educational provision for its students.

At 31 August 2018, free reserves held amount to £29,426 and restricted general funds amount to £32,710.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £15,079,143.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The pension fund is in deficit by £1,477,000.

Total funds at 31 August 2018 amount to £13,664,279, and the balance on restricted general funds plus unrestricted general funds at 31 August 2018 results on a net surplus of £62,136.

## **INVESTMENTS 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.

## **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 Resources Management Committee annually in the autumn term using a risk register. This enables the Resources 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 2018**

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**FINANCIAL REVIEW**

The Trust held fund balances at 31 August 2018 of £13,664,279, comprising £32,710 of restricted funds, a fixed asset reserve of £15,079,143, a pension reserve deficit of £1,477,000 and £29,476 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 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2018, total expenditure of £5,318,047 was more than recurrent restricted grant funding from the ESFA together with other restricted incoming resources. The excess of expenditure over income for the period was £68,525.

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, £18,477 was carried forward representing 0.4% of GAG.

Another key financial performance indicator is staffing costs as a percentage of total revenue income. For 2018 this was 82% 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 £1,477,000.

**FUNDRAISING**

During the most part of academic year 2017-2018, we evolved what was the PTFA into the newly-named Friends of KGGS - Legacy and new members worked together to direct existing funds at opportunities for the students at KGGS, including hosting a Japanese Reception, buying new display boards on which students' work in Design and Technology could be displayed, part-funding an Art trip to London, a Bar Mock Trial Team trip to Cardiff, and a student subscription to Royal Shakespeare Company online resources. Fundraising began in earnest in Term 6, with activities such as a raffle at the Gymnastics Presentation Evening, selling refreshments at our in-house Shakespeare production, creating a catalogue of students' Art Work which were sold at the A Level Art Exhibition and by holding a silent auction, offering prizes donated by parents and local businesses in the Grantham and the surrounding areas. During this latter period of the school year we made a total income of £756..

**PLANS FOR FUTURE PERIODS**

In order to seek to maintain any significant sum in its reserves, the Academy will need to re-evaluate its curriculum offer with an aim to reduce on-going staffing costs. This will form part of the School Development Plan for 2018-19.

The school is still seeking external funding in the form of an interest free Salix loan in the region of £116K in order to convert to LED lighting throughout the school.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

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

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report was approved by order of the board of trustees, as the company directors, on 4/12/18 and signed on its behalf by:



**Dr D Watson**  
**Chair of Trustees**

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**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.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr D Watson	4	4
Mrs J Ballaam	4	4
Mr K Billington	1	1
Mrs H Blyth	2	3
Mr N Boddington	2	4
Mr D Bungay	3	4
Mrs E Conron, Vice Chair of Governors	3	4
Mrs A Dorkes, Chair of Welfare Committee	4	4
Mr D Dunbar, Chair of Resource Management Committee	3	4
Mrs P Ebbins	2	4
Mrs J Harcombe	4	4
Mrs K Hardiman	3	3
Ms T Gardiner	0	0
Miss J Green	2	4
Mr N Layhe	4	4
Mr J Lovell	2	2
Mr I McBain	3	4
Mr D McBoyle	3	4
Mrs L Moncur	4	4
Mr D Scott	4	4
Mr M Shardlow	1	3
Miss C Soudanne	4	4
Mr S Tarver	3	4
Miss E Tibbett	1	1

Mr J Lovell's four-year term of office as a Co-opted Governor ended in March 2018. Dr Diane Watson was appointed as Chair of Governors in October 2017. The end of a four-year term of office for two Parent Governors (Mrs J Harcombe and Miss E Tibbett) and the resignation of another (Ms T Gardiner), led to an election of three new Parent Governors (Mrs H Blyth, Mrs K Hardiman and Mr M Shardlow) in November 2017. Mrs Harcombe was reappointed as a Co-opted Governor in October 2017.



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**GOVERNANCE STATEMENT (continued)**

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Governance Reviews

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

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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr D Watson	6	6
Mr D Bungay	5	6
Mr D Scott	6	6
Mr N Boddington	5	6
Mr N Layhe	5	5
Ms T Gardiner	0	0
Mr D Dunbar	6	6
Mr D McBoyle	5	5
Mr K Billington	0	1

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**GOVERNANCE STATEMENT (continued)**

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**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. During the school year 2017-18 the procedures for replacing 14 members of teaching staff led to an anticipated saving in the region of £150K.
- 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.
- Converting rooms to LED Lighting as current fittings reach end of life. Time spent researching various suppliers has ensured that we have achieved best value. It is now almost as cheap to replace units with LED as to replace like for like. The LEDs also produce a better light so improving the environment for teaching and learning. We are currently awaiting the outcome of a bid for a Salix interest-free loan for funding to convert the remaining lighting in the school to LED.
- 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.
- Six new laptops were purchased in 2013 at a price of £500 each. This year the school purchased similar but refurbished equipment at only £300 each, thus saving £1200 (40%) on what we were anticipating spending on the six required.

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 excellent 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.

**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

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**GOVERNANCE STATEMENT (continued)**

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assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the 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 Mrs 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**

On a semi-annual basis, the 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 board of 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.

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

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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.

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.

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.

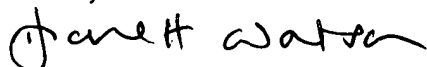
**REVIEW OF EFFECTIVENESS**

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.

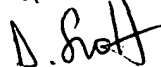
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on



**Dr D Watson**  
Chair of Trustees

4/12/18



**Mr D Scott**  
Accounting Officer

and signed on their behalf, by:

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Kesteven And Grantham Girls' School Academy Trust I have considered my responsibility to notify the academy trust 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 trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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 D Scott  
Accounting Officer

4/12/18

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2018**

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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 Annual Accounts Direction issued 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:

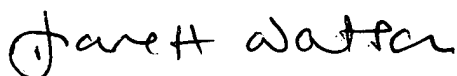
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 4/12/18 and signed on its behalf by:



Dr D Watson  
Chair of Trustees

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

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**OPINION**

We have audited the financial statements of Kesteven and Grantham Girls' School Academy Trust (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**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. 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

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

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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 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.

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

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



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

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**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](http://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.



Robert Anderson (Senior statutory auditor)

for and on behalf of

**Streets Audit LLP**

Tower House  
Lucy Tower Street  
Lincoln  
Lincs

LN1 1XW

Date: 13/12/18

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

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In accordance with the terms of our engagement letter dated 3 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kesteven and Grantham Girls' School Academy Trust and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the 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;

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

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- 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 suggests that in all material respects the expenditure disbursed and income received during the year 1<sup>st</sup> September 2017 to 31 August 2018 have 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: 13/12/18

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	10,939	41,651	52,590	85,106
Charitable activities	3	641,363	5,238,583	-	5,879,946	6,115,572
Other trading activities	4	28,106	-	-	28,106	49,874
Investments	5	538	-	-	538	713
<b>TOTAL INCOME</b>		<b>670,007</b>	<b>5,249,522</b>	<b>41,651</b>	<b>5,961,180</b>	<b>6,251,265</b>
<b>EXPENDITURE ON:</b>						
Raising funds		24,685	-	-	24,685	10,768
Charitable activities		638,126	5,532,047	86,521	6,256,694	6,591,705
<b>TOTAL EXPENDITURE</b>	7	<b>662,811</b>	<b>5,532,047</b>	<b>86,521</b>	<b>6,281,379</b>	<b>6,602,473</b>
<b>NET BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		7,196	(282,525)	(44,870)	(320,199)	(351,208)
Actuarial gains on defined benefit pension schemes	20	-	370,000	-	370,000	477,000
<b>NET MOVEMENT IN FUNDS</b>		<b>7,196</b>	<b>87,475</b>	<b>(44,870)</b>	<b>49,801</b>	<b>125,792</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		22,230	(1,531,765)	15,124,013	13,614,478	13,488,686
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>29,426</b>	<b>(1,444,290)</b>	<b>15,079,143</b>	<b>13,664,279</b>	<b>13,614,478</b>

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**

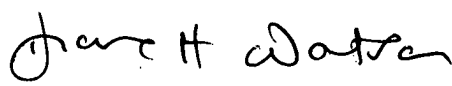
(A company limited by guarantee)

REGISTERED NUMBER: 8133675

**BALANCE SHEET  
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		15,039,275		15,106,961
<b>CURRENT ASSETS</b>					
Debtors	14	193,830		219,350	
Cash at bank and in hand		231,328		248,276	
		<u>425,158</u>		<u>467,626</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	(323,154)		(327,109)	
<b>NET CURRENT ASSETS</b>			102,004		140,517
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			15,141,279		15,247,478
Defined benefit pension scheme liability	20		(1,477,000)		(1,633,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>13,664,279</u>		<u>13,614,478</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	32,710		101,235	
Restricted fixed asset funds	16	15,079,143		15,124,013	
Restricted income funds excluding pension liability		15,111,853		15,225,248	
Pension reserve		(1,477,000)		(1,633,000)	
Total restricted income funds			13,634,853		13,592,248
Unrestricted income funds	16		29,426		22,230
<b>TOTAL FUNDS</b>			<u>13,664,279</u>		<u>13,614,478</u>

The financial statements on pages 26 to 50 were approved by the Trustees, and authorised for issue, on 4/12/18 and are signed on their behalf, by:

  
Dr D Watson  
Chair of Governors

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<u>(39,764)</u>	<u>(78,991)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from the sale of tangible fixed assets		-	500
Purchase of tangible fixed assets		<u>(18,835)</u>	<u>(144,509)</u>
Capital grants from DfE Group		41,651	79,192
<b>Net cash provided by/(used in) investing activities</b>		<u>22,816</u>	<u>(64,817)</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(16,948)</u>	<u>(143,808)</u>
Cash and cash equivalents brought forward		248,276	392,084
<b>Cash and cash equivalents carried forward</b>		<u><u>231,328</u></u>	<u><u>248,276</u></u>

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Kesteven And Grantham Girls' School Academy Trust constitutes a public benefit entity as defined by 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 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.

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	Not depreciated
Furniture and fixtures	-	10% reducing balance
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 incorporating income and expenditure account.

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.7 Debtors**

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

**1.8 Cash at Bank and in hand**

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

**1.9 Liabilities and provisions**

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

**1.10 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis 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. 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 costs as detailed in note 15. 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 instruments.

**1.11 Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 Agency arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

**1.14 Fund accounting**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.15 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2018. 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.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other donations including capital grants	-	10,939	41,651	52,590	85,106
<i>Total 2017</i>	-	5,914	79,192	85,106	

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
GAG	-	5,105,958	5,105,958	5,259,941
Other DfE/ESFA grants	-	98,927	98,927	82,645
	-	5,204,885	5,204,885	5,342,586
<b>Other government grants</b>				
Local authority grants	-	33,698	33,698	43,130
	-	33,698	33,698	43,130
<b>Other funding</b>				
Catering income	425,074	-	425,074	350,917
Trips, music and other income	216,289	-	216,289	378,939
	641,363	-	641,363	729,856
	641,363	5,238,583	5,879,946	6,115,572
<i>Total 2017</i>	729,856	5,385,716	6,115,572	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Consultancy	378	-	378	21,020
Hire of facilities	3,043	-	3,043	18,086
Catering	24,685	-	24,685	10,768
	28,106	-	28,106	49,874
<i>Total 2017</i>	49,874	-	49,874	

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	538	-	538	713
<i>Total 2017</i>	713	-	713	

**6. CHARITABLE ACTIVITIES**

	2018 £	2017 £
<b>DIRECT COSTS</b>		
Wages and salaries	3,162,621	3,275,493
National insurance	275,504	298,008
Pension costs	548,216	537,061
Depreciation	53,676	41,734
Other direct costs	590,561	859,535
	<u>4,630,578</u>	<u>5,011,831</u>
<b>SUPPORT COSTS</b>		
Wages and salaries	598,212	603,228
National insurance	39,573	39,805
Pension costs	270,236	248,863
Depreciation	32,845	24,617
Technology costs	18,729	20,411
Premises costs	265,269	284,056
Other support costs	389,011	339,613
Governance costs	12,241	19,281
	<u>1,626,116</u>	<u>1,579,874</u>
	<u>6,256,694</u>	<u>6,591,705</u>

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**7. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading	-	-	24,685	24,685	10,768
Academy trust's educational operations:					
Direct costs	3,986,341	-	644,237	4,630,578	5,011,831
Support costs	908,021	265,269	452,826	1,626,116	1,579,874
	<u>4,894,362</u>	<u>265,269</u>	<u>1,121,748</u>	<u>6,281,379</u>	<u>6,602,473</u>
Total 2017	<u>5,002,458</u>	<u>284,056</u>	<u>1,315,959</u>	<u>6,602,473</u>	

**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy trust's educational operations	<u>4,630,578</u>	<u>1,626,116</u>	<u>6,256,694</u>	<u>6,591,705</u>
Total 2017	<u>5,011,831</u>	<u>1,579,874</u>	<u>6,591,705</u>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	86,521	66,351
Auditors' remuneration - audit	4,150	4,150
Auditors' remuneration - non-audit fees	3,350	2,350
Operating lease rentals	4,335	16,157
Internal audit costs	<u>1,950</u>	<u>2,600</u>

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,755,464	3,844,817
Social security costs	315,077	337,813
Operating costs of defined benefit pension schemes	802,531	769,335
	<u>4,873,072</u>	<u>4,951,965</u>
Agency staff costs	21,290	50,493
	<u><u>4,894,362</u></u>	<u><u>5,002,458</u></u>

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	77	78
Administration & Support	76	87
Management	6	6
	<u>159</u>	<u>171</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	66	66
Administration & Support	51	51
Management	6	6
	<u>123</u>	<u>123</u>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**10. STAFF COSTS (continued)**

**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 11 members of staff (2017 - 12). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £641,438 (2017 - £670,598).

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

		2018 £'000	2017 £'000
Mr D Scott, Principal	Remuneration	90-95	90-95
	Pension contributions paid	15-20	15-20
Mrs L Moncur, Staff Trustee	Remuneration	45-50	35-40
	Pension contributions paid	5-10	5-10
Mr D McBoyle, Staff Trustee	Remuneration	30-35	30-35
	Pension contributions paid	5-10	5-10
Mrs H Bellamy, former Staff Trustee	Remuneration	nil	5-10
	Pension contributions paid	nil	0-5
Mr S Tarver, Staff Trustee	Remuneration	25-30	20-25
	Pension contributions paid	0-5	0-5
Mrs C Soudane, Staff Trustee	Remuneration	45-50	45-50
	Pension contributions paid	5-10	5-10
Mr N Layhe, Staff Trustee	Remuneration	15-20	nil
	Pension contributions paid	0-5	nil

During the year ended 31 August 2018, expenses totalling £302 (2017 - £860) were reimbursed to 1 Trustee (2017 - 3).

**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 2018 was £956 (2017 - £928).

**KESTEVEN AND GRANTHAM GIRLS' SCHOOL ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**13. TANGIBLE FIXED ASSETS**

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2017	14,744,518	372,310	254,242	15,371,070
Additions	3,983	13,052	1,800	18,835
At 31 August 2018	14,748,501	385,362	256,042	15,389,905
<b>Depreciation</b>				
At 1 September 2017	-	92,308	171,801	264,109
Charge for the year	-	29,310	57,211	86,521
At 31 August 2018	-	121,618	229,012	350,630
<b>Net book value</b>				
At 31 August 2018	14,748,501	263,744	27,030	15,039,275
At 31 August 2017	14,744,518	280,002	82,441	15,106,961

The leasehold property is held on a 125 year lease from Lincolnshire County Council.

**14. DEBTORS**

	2018 £	2017 £
Trade debtors	180	-
Other debtors	16,032	30,630
Prepayments and accrued income	177,618	188,720
	<u>193,830</u>	<u>219,350</u>

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**15. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	69,073	38,109
Other taxation and social security	86,620	90,084
Other creditors	84,378	79,704
Accruals and deferred income	83,083	119,212
	<u>323,154</u>	<u>327,109</u>
	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	45,276	83,130
Resources deferred during the year	64,102	45,276
Amounts released from previous years	(45,276)	(83,130)
Deferred income at 31 August 2018	<u>64,102</u>	<u>45,276</u>

Deferred income relates to SEN funding, and trips, music and other curriculum income received in advance.

**16. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>					
General Funds - all funds	22,230	670,007	(662,811)	-	29,426
<b>Restricted funds</b>					
ESFA- 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
Local Authority income	-	33,698	(33,698)	-	-
Other activities	-	10,939	(10,939)	-	-
Pension reserve	(1,633,000)	-	(214,000)	370,000	(1,477,000)
	<u>(1,531,765)</u>	<u>5,249,522</u>	<u>(5,532,047)</u>	<u>370,000</u>	<u>(1,444,290)</u>

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**16. STATEMENT OF FUNDS (continued)**

**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
	<u>15,124,013</u>	<u>41,651</u>	<u>(86,521)</u>	<u>-</u>	<u>15,079,143</u>
Total restricted funds	<u>13,592,248</u>	<u>5,291,173</u>	<u>(5,618,568)</u>	<u>370,000</u>	<u>13,634,853</u>
Total of funds	<u>13,614,478</u>	<u>5,961,180</u>	<u>(6,281,379)</u>	<u>370,000</u>	<u>13,664,279</u>

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

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 2018 results in a net surplus of £62,136.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds - all funds	50,058	780,443	(808,271)	-	-	22,230
<b>Restricted funds</b>						
ESFA- General Annual Grant (GAG)	304,357	5,259,942	(5,417,288)	(55,935)	-	91,076
Other ESFA grants	21,189	82,644	(67,740)	(25,934)	-	10,159
Local Authority income	-	43,130	(43,130)	-	-	-
Other activities	-	5,914	(5,914)	-	-	-
Pension reserve	(1,919,000)	-	(191,000)	-	477,000	(1,633,000)
	<u>(1,593,454)</u>	<u>5,391,630</u>	<u>(5,725,072)</u>	<u>(81,869)</u>	<u>477,000</u>	<u>(1,531,765)</u>
<b>Restricted fixed asset funds</b>						
Transfer from former school	13,474,042	-	(3,067)	-	-	13,470,975
ESFA capital grants	450,000	64,469	-	-	-	514,469
Capital expenditure from GAG	1,011,457	-	(66,063)	81,869	-	1,027,263
Other grants	96,583	14,723	-	-	-	111,306
	<u>15,032,082</u>	<u>79,192</u>	<u>(69,130)</u>	<u>81,869</u>	<u>-</u>	<u>15,124,013</u>
Total restricted funds	<u>13,438,628</u>	<u>5,470,822</u>	<u>(5,794,202)</u>	<u>-</u>	<u>477,000</u>	<u>13,592,248</u>
Total of funds	<u>13,488,686</u>	<u>6,251,265</u>	<u>(6,602,473)</u>	<u>-</u>	<u>477,000</u>	<u>13,614,478</u>

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	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)
	<u>29,426</u>	<u>(1,444,290)</u>	<u>15,079,143</u>	<u>13,664,279</u>

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	15,106,961	15,106,961
Current assets	22,230	380,927	64,469	467,626
Creditors due within one year	-	(279,692)	(47,417)	(327,109)
Provisions for liabilities and charges	-	(1,633,000)	-	(1,633,000)
	<u>22,230</u>	<u>(1,531,765)</u>	<u>15,124,013</u>	<u>13,614,478</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(320,199)	(351,208)
<b>Adjustment for:</b>		
Depreciation charges	86,521	66,351
Loss on the sale of fixed assets	-	2,779
Decrease/(increase) in debtors	25,520	(66,058)
(Decrease)/increase in creditors	(3,955)	157,337
Capital grants from DfE and other capital income	(41,651)	(79,192)
Defined benefit pension scheme cost less contributions payable	171,000	151,000
Defined benefit pension scheme finance cost	43,000	40,000
<b>Net cash used in operating activities</b>	<u>(39,764)</u>	<u>(78,991)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	231,328	248,276
<b>Total</b>	<u>231,328</u>	<u>248,276</u>

**20. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme

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**20. PENSION COMMITMENTS (continued)**

(LGPS) for non-teaching staff, which is managed by Lincolnshire County Council. Both are Multi-employer defined benefit pension schemes.

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 £75,600 were payable to the schemes at 31 August 2018 (2017 - £78,019) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, 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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £434,091 (2017 - £455,599).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).



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**20. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £256,000 (2017 - £235,000), of which employer's contributions totalled £204,000 (2017 - £186,000) and employees' contributions totalled £52,000 (2017 - £49,000). The agreed contribution rates for future years are 19.1% for employers and between 5% and 7.5% 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.  
Lincolnshire Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.80 %	2.80 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
Commutation of pensions to lump sums	75.00 %	75.00 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	22.1	24.1
Females	26.6	26.6

	At 31 August 2018 £	At 31 August 2017 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	89,000	82,000
Mortality assumption - 1 year increase	149,000	105,000

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**20. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,637,000	1,455,000
Gilts	336,000	224,000
Corporate bonds	-	-
Property	247,000	168,000
Cash and other liquid assets	22,000	18,000
Total market value of assets	<u>2,242,000</u>	<u>1,865,000</u>

The actual return on scheme assets was £107,000 (2017 - £208,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(375,000)	(337,000)
Interest cost	(43,000)	(40,000)
Total	<u>(418,000)</u>	<u>(377,000)</u>
Actual return on scheme assets	<u>107,000</u>	<u>208,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	3,498,000	3,336,000
Current service cost	375,000	337,000
Interest cost	92,000	70,000
Employee contributions	52,000	49,000
Actuarial gains	(263,000)	(269,000)
Benefits paid	(35,000)	(25,000)
Closing defined benefit obligation	<u>3,719,000</u>	<u>3,498,000</u>

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**20. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	1,865,000	1,417,000
Interest income	49,000	30,000
Actuarial losses	107,000	208,000
Employer contributions	204,000	186,000
Employee contributions	52,000	49,000
	<u>2,277,000</u>	<u>1,865,000</u>
Closing fair value of scheme assets	<u>2,277,000</u>	<u>1,865,000</u>

**21. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	4,006	4,335
Between 1 and 5 years	2,404	5,449
Total	<u>6,410</u>	<u>9,784</u>

**22. CONTINGENT LIABILITIES**

The Academy had no contingent liabilities at 31 August 2018.

In the event of Kesteven And Grantham Girls' School Academy Trust ceasing to operate as an academy provisions are included in the funding agreement relating to the clawback of assets and monies paid to the academy.

**23. 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.

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**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

**25. AGENCY ARRANGEMENTS**

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