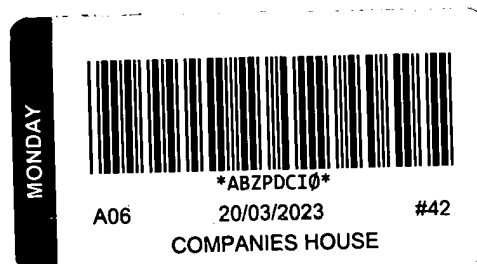


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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**



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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**KING EDWARD VI EDUCATION TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	Mr A Harrison Warden of the Foundation - Mrs E Ballard Rector of St James' - Rev C Watt (appointed 29 November 2021)
<b>Trustees</b>	Mr S Chesman Dr S Bailey (appointed 6 October 2022) Mr D Crombleholme Mrs H Dunning (appointed 6 October 2022) Miss A Jay Mr R Maltman, Chairperson from 6 October 2022 (appointed 6 October 2022) Lord Norton of Louth Mr J Lascelles, Headmaster and Accounting Officer
<b>Company registered number</b>	09635329
<b>Company name</b>	King Edward VI Education Trust
<b>Principal and registered office</b>	King Edward VI Grammar School Edward Street Louth Lincs LN11 9LL
<b>Principal and Accounting Officer</b>	Mr J Lascelles
<b>Senior leadership team</b>	Mr J Lascelles, Headmaster Mr N Robertson, Deputy Head Mr M Hunkin, Deputy Head (resigned 31 December 2021) Mrs L Reeve, Deputy Head Miss A Teasel, Assistant Head (appointed 15 July 2022) Mrs R Mowbray, Chief Financial Officer

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Independent auditors**      Streets Audit LLP  
Windsor House  
A1 Business Park  
Long Bennington  
Notts  
NG23 5JR

**Bankers**                      Lloyds Bank Plc  
24 Mercer Row  
Louth  
Lincs  
LN11 9JH

**Solicitors**                  Wilkin Chapman  
Cartergate House  
26 Chantry Lane  
Grimsby  
N E Lincs  
DN31 2LJ

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates as a single academy and selective grammar school for pupils aged 11 to 18 serving a catchment area in Lincolnshire, which consists of Louth, surrounding Wolds villages and those living to the North in Grimsby and Cleethorpes, to the East towards Mablethorpe, to the South towards Horncastle and West towards Market Rasen and Wragby

The school has a pupil capacity of 970 and as detailed in the school census dated October 2022 has a current on roll of 961 (of which 196 pupils are in the Sixth form).

**Structure, governance and management**

**Constitution**

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

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

The Trustees of King Edward VI Education Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as King Edward VI Education Trust (KEVIET).

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

**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**

Trustees' benefit from indemnity through the Risk Protection Arrangement for academy trusts (RPA) purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. This is provided that any such indemnity shall not extend to any claim arising from any act or omission which the Trustees know to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not, and provided also that any such indemnity shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this liability is £10,000,000 any one loss and any one membership year.

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**Method of recruitment and appointment or election of Trustees**

The Trust is governed by a board of Directors representing different sectors of the wider community in order to ensure that the Trust is effective, analytical and diverse in its make up.

The Trust's board is made up of directors representing different sectors of the business community – Legal, Accounting, HR/Personnel, Education, Healthcare, Risk Management, Health and Safety, Audit etc. and recruitment and appointment to the Trust Board is based upon the required skillset. The Trust Board also retains the school's historic position of Warden – currently Lord Norton and has the local Rector of St James Church as a Trustee and Director, in addition to other nominated Directors linked to the school's historic Foundation who own the land and the buildings. The board also contains Parent and Staff representatives who are elected to their positions.

**Policies adopted for the induction and training of Trustees**

New Trustees meet with the Chair of Governors, Headmaster and Clerk and then follow an induction process which includes meeting with SLT and key staff members. Attendance at all sub committee meetings to get an overview of their work is encouraged, before allocation to sub committees occurs. All governors are encouraged to buddy with a member of the SLT via the relevant sub committee and for this to be their regular point of contact in the school.

The school subscribes to various online information/training resources, bulletins, and websites that are accessible and regularly circulated to all governors, which ensures that they are kept up to date with DFE changes and governance requirements. The governance training offered by the local authority and other providers are also made available to Governors.

A Governor portal provides access to all meeting papers, minutes etc, financial compliance documentation and key Governance policies and documentation.

**Organisational structure**

Although legally constituted as a Multi Academy Trust, the Trustees have now strategically realigned King Edward's as a Single Academy Trust and it now operates as a single academy trust entity/empty Trust with a traditional school leadership and governance structure.

**Arrangements for setting pay and remuneration of key management personnel**

Trustees ensure that recruitment of key management posts is a rigorous process and use a variety of methods including advertisements and visibility to a national audience with a detailed person and job specifications to ensure that an appropriate field is gathered rather than waiting for a candidate to appear.

The Trust recognises the importance of the position of the Headmaster, Deputy Heads and Finance Director and adopts a robust approach to recruitment, pay and remuneration in order to attract and most importantly retain talent in a difficult marketplace. This includes national and local benchmarking processes to ensure that pay and remuneration at this level is consistent with similar roles in the regional and national marketplace and includes reference to the selective and independent day sectors.

Trustees are not paid and may only claim expenses.

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Structure, governance and management (continued)**

**Related parties and other connected charities and organisations**

The Trust is connected to The King Edward VI Almshouse School and Educational Charity at Louth (known as The Foundation). The Foundation has been in existence for over 450 years and owns all of the schools' land and buildings (with some minor exceptions) and the Trust has been granted a licence to occupy its property in accordance with the funding agreement with the Department for Education.

**Objectives and activities**

**Objects and aims**

The Trust remains true to its founding school's principles to provide students with a Holistic, Academic, Education which encourages excellence and nurtures talent in all individuals.

The Aims and Objectives of the Trust are set out in the Terms of Reference but also in the Schools Master Action Plan and Leadership and Governance Action Plan.

**Objectives, strategies and activities**

The Core Aims and Objectives of the Trust are to provide:

1. A selective academic education for students preparing them for pathways into university education, competitive professional apprenticeships, degree apprenticeships or direct entry into employment at 18.
2. A caring and self-regulating community that is focused on nurturing the holistic development of children and supporting their overall wellbeing and mental health through the schools KESH [King Edward's Support Hub] team.
3. Opportunities for personal development, social interaction and skill development through our dedicated curriculum enrichment offer.

**Public benefit**

The Directors have due regard to the Charity Commission's general guidance on public benefit and confirm that it has complied with the requirements for public benefit and when reviewing the objectives of the Trust and agreeing its future strategic direction, its activities are evidently for the public benefit of education.

This can be demonstrated by the successful educational activities of the Trust through its:

- Education of children without charging for this service.
- Outcomes achieved by students which compare favourably with equivalent fee paying schools charging £15 20K per annum.
- Broader engagement with the local community through the schools sporting provision, combined cadet force, drama productions, music concerts and letting of its facilities e.g., rooms, sports facilities, and car parking spaces
- Participation in local community activities
- Drama and music productions at the local theatre

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Strategic report**

**Achievements and performance**

1. Recruitment into Year 7 remains strong, and the school is massively oversubscribed. Currently a five-form entry with a PAN of 145 the school could easily move to a sixth form entry into Year 7 with a PAN of 170 but will require additional building work to accommodate this growth. Recruitment into all other year groups is also strong with waiting lists running for all year groups.
2. University outcomes remain strong with 10% of students attending Oxford, Cambridge, Medical or Veterinary Colleges and over 65% of all applicants achieved places at Russell Group universities or some of the most competitive courses in the country.
3. A Level outcomes continue to place the school as one of the highest performing schools in Lincolnshire and North East Lincolnshire's 95 secondary schools and further education colleges.
4. Progress 8 measures in summer 2022 were well above average in Humanities: Science and the collective Ebac measures. With progress in Mathematics and English being the main focus of the school's work to drive student performance to above average across the core subjects.
5. The school continues to maintain one of the largest Combined Cadet Force contingents in the region and this has been consistently rated as being in the top 5% of all CCF's in the country by the MOD through their bi-annual inspection programme.
6. The Duke of Edinburgh Award remains a key component of the school's ethos giving the students the opportunities to achieve at the bronze, silver and gold level with student achieving in all three categories.
7. The school's commitment to Holistic Education is delivered not only through its CCF and DofE activities, but through our extensive curricular enrichment programme which operates on Monday to Thursday until 4pm each day. The programme provides a curriculum entitlement for all students regardless of bus travel to engage in activities after the teaching day as finished and covers Music, the Arts, Sport, clubs and activities as well as opportunities for mentoring and academic intervention or support.
8. Despite setbacks in its ambitions to support education in the local community as a MAT the school remains committed to supporting the broader Louth community through its Community Sports Centre. The facility assists us in providing excellent sporting facilities and will continue to encourage further community opportunities as use of these facilities grows.



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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Strategic report (continued)**

**Achievements and performance (continued)**

**Key performance indicators**

The Directors consider some of the following measures to monitor and assess the performance of the Trust:

Teachers Pay as a % of GAG	63%
Total Pay as a % of GAG	89%
Teachers Pay as a % of Total Revenue Income	57%
Total Pay as a % of Total Revenue Income	81%
Average GAG income per Student (aged 11 – 18)	£5,368

**Academic KPI**

A Level	<b><u>Target</u></b> 60% - A* - B	<b><u>Achieved</u></b> 58% - A* - B
GCSE	35% - 7, 8, 9	51.6% - 7, 8,

**Recruitment KPI**

Year 7 Entry	<b><u>Target</u></b> 140+	<b><u>Achieved</u></b> 150
Year 12 Entry	120+	109
School NOR	900+	971

**Financial KPI**

In Year Position	<b><u>Target</u></b> Surplus	<b><u>Achieved</u></b> +£8k
Cumulative Position	Surplus	+£303k
3 Year Cumulative Budget Position	Surplus	+£121k
3 Year Cashflow Forecast	Surplus	+£506k

**Going concern**

The board of trustees closely monitors its financial performance, ensuring best value principles to ensure financial viability. Trustees have a reasonable expectation that the academy trust currently has adequate cash reserves and resources to provide future financial sustainability to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Financial review**

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted for specific educational initiatives. The grants received from the ESFA during the year ended 31 August 2022 and associated expenditure are shown as restricted funds in the statement of financial activities.

The trust held fund balances at 31 August 2022 of £15,462,857, comprising of £303,081 of revenue funds, a fixed asset reserve of £15,875,776 and a pension reserve deficit of £716,000.

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 year under review there was £284,445 carried forward.

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 £716,000.

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Reserves policy**

Subject to ESFA's constraints on permitted balances, the Reserve's policy notes that maintaining a prudent level of financial resources is essential to protect against a reduction in DfE and other sources of income, an unexpected fall in pupil numbers, increase in pay, increase in employer pension/NI contribution rates, cashflow issues due to a delay in receipt of specific funding and VAT reimbursement and for unforeseeable emergencies (e.g. urgent Site and IT expenditure etc).

It is the Academy's aim to keep reserves at a level so that there is substantially more than one month's salary cost available in cash form at any given point. This ensures that the level of reserves provides sufficient working capital to cover delays between the spending and receipt of grants and to provide adequate resources to respond to any unforeseen emergencies e.g., Staffing/ Site/IT related.

The Finance Officer checks the cash levels at the bank on a daily basis and updates the Finance Director as necessary particularly when supplier payments/payroll are due. Cashflow forecasting is undertaken as part of the monthly management accounts which are reviewed by the Finance Director and monthly cashflow reports are uploaded to the Governor portal for scrutiny and review.

The Trustees monitor reserves at each Finance, Audit & Estates meeting ensuring that there are sufficient reserves to satisfy the desired agreed level.

Financial demands on the Trust reserves are expected to vary over the coming and future years particularly with the volatility in the energy market and inflation levels. The Trustees consider the level of reserves at £303k to be appropriate at the present time but will throughout the next financial year be closely monitoring reserves to ensure that they are at an adequate level.

In the event of reserves reducing then costs savings will immediately be considered, budgets reviewed and reduced with a non-essential spend instruction implemented by the Finance Director and Headmaster whereby only essential spend is authorised.

The reserves target is to have increasing reserves which would be ringfenced and allocated to ICT infrastructure/digital development initiatives and Site development improvements.

As at 31 August 2022 there was a surplus of £303,081 (2021 £295,117) on restricted general reserves. The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £15,875,776. The pension fund is in deficit by £716,000.

Total funds as at 31 August 2022 amount to £15,462,857 and the balance on restricted general funds plus unrestricted general funds at 31 August 2022 results in a net revenue surplus of £303,081.

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Investment policy**

The Trust operates an investment policy whereby the Board of Directors delegates the responsibility for the monitoring and review of investments to the Finance, Audit and Estates committee. Their responsibility is to manage, control and track financial exposure, to ensure maximum investment from funds and to review the Trust's investments on a regular basis throughout the year.

The investment objectives are:

- To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
- To ensure that investment decisions are exercised with care and skill and consequently be in the best interests of the Trust.

The Trust has an assigned Relationship Manager at Lloyds bank with whom the Finance Director and Finance and Payroll Officer have regular contact and who is a useful resource to ensure the best rate of return on investments and for providing current developments in relation to banking changes, fraud and cyber crime etc.

The Finance and Payroll Officer monitors the Trust's daily cash position, updating the cash flow forecast and regularly updating the Finance Director. The Directors receive a cash flow statement and forecast, including details of monies invested in the deposit account and the rate of return being received in the Directors report as part of the monthly financial reports. These and all Financial reports are uploaded each month to the Financial Compliance/Financial reports area of the Governors secure portal.

Any Condition Improvement Fund (CIF) monies received from the DFE are deposited in a separate Lloyds bank deposit account with regular monitoring of the cashflow of these funds to ensure that there is sufficient income received from the DFE to meet the contractors' expenditure schedule for the CIF capital projects.

CIF funds have been closely monitored in 2021/22 due to the various CIF projects that have been ongoing so to ensure that the CIF funds received were for the specific project allocated. There has been the Sports Hall Build of £3.3m which had a practical completion in July 2022, Quad Heating which commenced in July 2022 with an allocation of £822k, Studio Roof which commenced in July 2022 with an allocation of £428k, Fire Alarm and Emergency Lighting which commenced in November 2022 with an allocation of £405k.

CIF monies are identified separately in any cashflow forecasts and are detailed as separate CIF projects on all financial reports.

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Principal risks and uncertainties**

The risk register is a standing agenda item at each Full Board meeting. The Board of Directors continually plan and assess the strategic impact of the above risks on the five year budget forecasts of the Trust and request financial reports to inform the necessary remedial actions to minimise the risks.

The principal risks have been identified as:

- Downgrading from Outstanding to Good due to three year declining trend in Maths and English Progress
- Soaring Cost of Living and failure of national schools funding to keep pace leading to pressure on expenditure at a time of contracting income.
- Widespread IT failure
- Cyber Security Risk
- Entry into Y12 drops due to cost of living crisis and improved Post 16 offer in Grimsby
- Student Academic Progress is less than outstanding i.e. below +0.4 P8

**Risk Management**

The Trust has a Strategy Group which regularly reviews the Risk Management Strategy, which aims to identify and evaluate risks which could prevent the Trust from achieving one or more of its strategic aims and objectives and delivery targets or make their achievement substantially more difficult. It ensures that the likelihood of such risks occurring (high, medium, low) and the potential impact of such occurrences with particular reference to the areas of finance, IT, reputation and planning/ operations are assessed. This enables informed decisions to be taken on how much risk to accept, the actions/controls to be applied to avoid or mitigate the likelihood of such circumstances arising, to transfer risk or insure against the consequences and assign responsibility for implementation.

**Financial and Risk Management Objectives and Policies**

The Trust has an effective system of internal financial management controls, payroll and human resources operational and safeguarding procedures (including the recruitment of staff) and uses an electronic online Single Central Record software which ensures compliance and minimises risk.

The Sub Committee Chairs and Governors Strategy group consider and update the Risk Register at each meeting and risks are fed both from and to the sub committees for further discussion and remedial actions.

The Trust ensures that adequate insurance cover is in place through the DfE RPA scheme. Procedures are in place to ensure the risks are regularly assessed and documented in the risk register in relation to curriculum delivery, safeguarding, finance, payroll, premises, statutory compliance, health and safety, safety of pupils, IT infrastructure, IT cyber security and school trips.

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Fundraising**

During 2021/22 all fundraising has taken place within the Academy and no professional fundraiser was used or appointed. All fundraising undertaken during the year was reported in the monthly balance sheets accounts, signed off by the Finance Director and monitored by the Trustees.

Fundraising opportunities have started to increase this year after being affected by COVID 19 and school closure periods. The amount of charity monies raised in 2021/22 was similar to that raised in 2020/21. Charity activities undertaken have included Christmas 2021 Jumper Day (Save the Children), Comic Relief (Red Nose Day), Children in Need, LIVES and Macmillan Coffee morning.

The sixth form Charity prefects are key in the promotion of these Charity events encouraging pupils to take part and donate.

Other fundraising has taken place for the Y11 Prom and consisted of a sweet/candy and cake sales. These monies were then used to fund decorations for the Y11 prom.

The annual sponsored walk around the Lincolnshire Wolds took place at the end of the Summer term in July 2022 and raised £7.5k. It was organised by the Head of Humanities and assisted by a team of staff. The monies are ringfenced for specific school initiatives/equipment with suggestions put forward from students as to how they would like the monies spent to improve the school facilities.

The preference is for all monies to be collected from staff and students electronically using WisePay but where cash is collected this is arranged in tutor groups and the collection of monies organised by the Charity prefects who then assist with the cashing up of the monies under the supervision of the Finance office.

For any cash collection of monies these are promptly passed to the Finance Office for financial recording and banking. Payment is then arranged to the agreed Charity and amounts raised are promoted and circulated to all students and staff.

All pupils, staff and volunteers carrying out fundraising activities are expected to act with fairness, honesty, integrity and openness. Where possible all funds are received using the electronic payment system (WisePay) and should cash or cheque donations be made then they will be received, banked and recorded in line with the Trust's financial procedures.

Fundraisers have all been members of staff, students or Governors and have not exploited their position for any personal gain and have had to adhere to all policies and procedures adopted by the Board of Trustees. Donors have the right to obtain complete and timely information on how their funds are used within the Trust.

All fundraising funds received are clearly recorded for the purpose for which they collected and within a set timeframe; expenditure is explicitly recorded against the income accordingly. Monies raised form part of monthly balance sheet reconciliations which are checked, verified and signed off by the Finance Director. In case of a cancelled event; donors will be informed and they must agree to a change of use of funds if a change of timescale or the monies will be returned to the donor. All publicity and promotional activities are clearly advertised and non deceptive with a clear statement of use. Any fundraising activity is totally voluntary and no demands or pressure is made to staff, students or parents as to their involvement or monetary donation.

No complaints have been received during the year with regard to any fundraising activity that has taken place.

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**KING EDWARD VI EDUCATION TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**Plans for future periods**

The Trustees and Headmasters' objective in 2022/23 is that the Academy will have:

1. Returned to its traditional role in Louth and the wider community as a single school focused on being a centre of excellence for able children. As part of this commitment, we will revive our Specialist and International School Activities to help support the wider Louth community of primary schools with English, Mathematics, and Science provision whilst continuing our primary outreach activities in Sport.
2. Ensured that through our holistic and academic approach we will ensure that all of the students in our care make progress in their academic AND personal development that is at least the equivalent of that achieved by students in the leading independent and selective state schools in the country.
3. Further developed and secured its reputation for caring for and supporting the pastoral needs of individuals. The school will adopt a specific focus and investment in supporting those able students with additional needs/organisational/motivational difficulties or those from a deprived background to ensure that these students reach the very highest level of their potential.
4. Secured funding streams and investment opportunities in the site to:
  - a. develop a new Design and Engineering Centre by converting the old school activity hall.
  - b. bring the entire site up to standard by investing in a rolling programme of refurbishment: to include IT infrastructure replacement as part of the school's Digital Development Plan.
  - c. increase investment in the site team: caretaking and cleaning.

**Funds held as custodian on behalf of others**

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

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 8/12/22 and signed on its behalf by:



**Mr R Maltman**  
Chair of Trustees

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that King Edward VI Education 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.

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

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between King Edward VI Education 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.

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**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; however to maintain oversight, its business is undertaken in specific sub-committees namely (Curriculum and Standards (three meetings a year), Every Child Matters (three meetings a year) and Finance, Audit and Estates (six meetings a year)) for which a member of the SLT is assigned responsibility

At each Full Board meeting all sub committee chairs feedback on key business and actions. All agendas, minutes and papers of all sub-committees and full board are available on the Governor portal for all Governors and Members to review. The portal also contains other key compliance and reference documents for Governors to review and keep themselves updated.

The Strategy Group meets six times a year with the Headmaster and Finance Director. This Group is made up of four Trustees and includes the Chair of the Board and all three Chairs of the sub-committees. The purpose of the Group is for the Headmaster to update on current issues and discuss strategic direction against the school development plan and in line with the core functions of the Board whilst ensuring progress is being made.

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

Trustee	Meetings attended	Out of a possible
Mr S Chesman	4	4
Mr D Crombleholme	4	4
Miss A Jay	0	4
Lord Norton of Louth	2	4
Mr J Lascelles, Headmaster and Accounting Officer	4	4

During the year the Board of Trustees and Members have agreed the below actions:

- All Governors to become appointed Directors/Trustees (this has now been actioned on 14.11.22)
- Appoint a Clerk and Company Secretary to be responsible for company related matters, clerking and governance compliance.
- Increase the number of Members from three to a total of five and appointed by virtue of their position e.g., District Council Ward member etc to accompany the existing positions of Rector of St James' Church, Warden of the Foundation and Previous Chair of Governors committee member.
- The Trust's articles to be reviewed and updated in line with the new model Articles of Association and as will be required to change the number of Members.
- To recruit new Parent and non-Parent Governors to fill vacancies on the Board.

The Chair of the Board and Trustees use the Skills Audit results to identify which governors are most suitable for specific roles, such as the chairmanship of the finance, audit and estates committee. It also provides the Chair of the Board with information that shows where individual directors or governors are lacking skills which can be addressed through training and mentoring. The skills audit helps in identifying knowledge/experience gaps on the Governing Body so that any advertisements for recruitment of new Directors can be specific as to skills needed to help bridge these gaps.

The Chair of Governors has arranged for an external review of Governance to be undertaken by the NGA (National Governors Association) and the Board awaits its findings and recommendations. The report should be available early in 2023.

Governor visits to school are encouraged and there have been numerous SEND, Safeguarding, Careers and Departmental visits arranged whereby the specific Governor allocated to those areas of responsibility engages in discussions, undertakes a review and documents the observations which are then shared with the Board.



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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

The register of interests is now all electronic and the forms issued to staff, governors and members are all completed using an online form.

Chairs of the sub-committees communicate regularly with the assigned member of SLT to discuss items for the agenda, format of reports/data presentation and staff members invited to present e.g., Heads of Department to Curriculum and Standards committee.

The Finance, Audit and Estates committee is a sub-committee of the main board of trustees and met six times this year, it performs the schools audit function reviewing internal and external financial audits, Health and Safety audit etc. This committee is responsible for monitoring and making recommendations to the Full board and Headmaster's Strategy Group (which is all the Sub Committee Chairs) on all matters relating to finance, audit and estates. The committee reviews financial management accounts, current and five year budget plan forecasts, predicted outturn reports and variances against budget, staffing/payroll matters, capital/CIF projects, tenders, cashflow, DfE comparative data including integrated curriculum planning and efficiency tools and is responsible for the scrutiny of the draft budget, predicted budget outturn before recommendation to the Trust Board. It is also responsible for the review of the Site, IT infrastructure, IT digital development, IT security and cyber security, CIF and Capital spend plans ensuring the monitoring of funds. The committee monitors processes and procedures to ensure effective financial controls are in place. It reviews the Trust's risks to internal financial control and reviews the reports of the Internal Auditor and reviews the action plan for progress against recommendations.

In addition to the responsibilities above some of the specific items considered and discussed during the year at Finance, Audit and Estates meetings have been:

- Consideration of review CIF project progress, tenders and variations
- Strategic Site Plan Development
- Sports Hall Trading Company
- Partnership Initiatives
- Digital Development Plan and ICT Strategy

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Crombleholme	6	6
Lord Norton of Louth	5	6
Mr S Chesman	0	0
Miss A Jay	0	0
Rev N Brown	0	0
Mr J Lascelles	0	0

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money**

As accounting officer, the Headteacher 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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of DFE benchmarking data and the Schools efficiency and curriculum planning tools issued by the DFE and other sources. The accounting officer for the academy has delivered improved value for money during the year by:

- Ensuring there are effective financial control systems in place to monitor expenditure against budgets
- Regular reporting to the Board detailing income/expenditure variances and providing explanations of such variances
- Predicted outturn presented and reviewed by the Finance Team, Headmaster and Governors, updating of Budget as a result of known changes/variances within the financial year
- Ensuring all costs relating to Supply costs are separately recorded for regular scrutiny and reference
- Challenging current suppliers of educational, catering and premises consumables who were increasing costs and seeking out new suppliers
- Challenging renewal prices for contract renewal supplies e.g:
  - Reporting to the Board significant value quotes/projects and a trading report detailing pecuniary interest
  - Negotiating supply rates and introduction fees with the support/teaching staff agencies
  - Providing to the Board financial reports to analyse and assess the financial viability of the catering function.
  - Fixing of energy contracts which has been financially advantageous given the energy market volatilityRe-tendered the contract for external audit and accountancy services
- Replacing credit cards issued to the Headmaster and Finance Director from Business Charge Card to Corporate Multipay Card which provides full online access for real time statements, manage accounts, bespoke reporting and no annual fee.
- The appointment of a Virtual Data Manager which has provided the school with high quality day to day management of core school student data, support to staff and data analysis which has provided the staff with an advanced level of knowledge and expertise of our MIS system and current DFE/ESFA requirements.
- A vigorous checking and verification process for the subsidy scheme for digital devices which parents can apply for using an online form which requires receipts and evidence to be uploaded.

A culture of contract renegotiation and testing the marketplace for best value is part of the Finance office process and procedure. All contracts when due for renewal are assessed for the specification required and cost which is then challenged if appropriate. Savings have been renegotiated during the year for the supply of photocopiers, benching for the new Sports Hall, Premises professional services, utilities (gas and electric), broadband, auditing and accountancy services, catering suppliers and the ongoing renewal of premises statutory compliance services.

The tender policy is followed to ensure formal quotations are obtained, which are reviewed by the tender board (if the value requires) and any decision documented.

Detailed monitoring and reconciliation of CIF projects occurs ensuring the management of cashflow. An electronic breakdown of orders raised over £5k which require quotes is maintained (and reported to Finance, Audit & Estates), as is the inventory/asset register and a contract file for all Premises/IT contracts.

The budget planning software continues to be an invaluable resource for the Headmaster, Finance Officer and Finance Director to model the future Trust financial 5 year plan, accounting for curriculum/staffing changes,

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money (continued)**

identifying risks and presenting scenarios to the Strategy Group and Finance, Audit and Estates committee. Staffing reports are utilised from the budget planning software which are used as an establishment report and payroll control measure to check against the monthly payroll variance reports.

The implementation of Xero is now complete and is fully functional and the accounts for 2021/22 have been processed allowing the timely production of the monthly financial management reports. No problems were experienced at year end and Internal and External audit were both given access to the software to review transactions etc. The Finance Team are very happy with the new system and with its ease of use and intuitiveness.

The Finance Team are continually reviewing processes within Xero, or those systems used that could link to Xero electronically e.g. cashless catering etc. to ensure further efficiencies and smarter working. The purchasing function is an integral part of the day-to-day finance process, and all budget holders are required to raise orders, deliver goods/services and upload quotes/contract documentation etc which provides a clear audit trail. An area for improvement is enabling budget holders to access real time budget spend and transactional information to provide them with the accountability and assist them in their decision making.

The Finance and Payroll office endeavour to use electronic online forms for the collection of data etc and have utilised this for the application by parents for the subsidy scheme for digital devices. The next stages of review for the Finance Team will be examining all financial processes and how further changes and streamlining can be introduced which bring efficiencies in staff time but also provision of financial information to key stakeholders.

A review of all software and applications used across the school is ongoing as part of the Digital Development plan and move to cloud systems. The cashless catering, online payment platform including fundraising and donations functionality will be reviewed in 2022/23 with an options appraisal exercise undertaken. A review of the educational visits process is being undertaken by the new Director of Adventure and it is intended to implement a new online system for the management of trips, this system needs to include the payment part of trips too so that it is a seamless process for parents and staff.

Payroll services provided by Dataplan continue to provide a fully auditable payroll system with the use of smart forms for starters, leavers and changes and absence uploads. Further improvements to HR systems ideally with a link to the finance/ budgeting software/MIS system and Dataplan payroll would be the perfect solution combined with automated claim and expenses forms, and this is an area that needs to be explored to avoid duplication of data etc. It is still the intention to review the School's MIS system and currently alternative timetabling software in the marketplace is being analysed.

Significant improvements to the IT infrastructure commenced during 2021 which have resulted in all fibre optic cabling replaced across the site and all network switches replaced. The next stage of the IT project is to improve wi-fi connectivity by making improvements to the access points across site, this is hoped to be completed by Jan 2023. IT investment is ongoing and is vital to the success and rollout of the IT Digital Development plan 2021 – 2024/5. Multiple quotes are always obtained for all IT purchases and scrutinized to ensure best value.

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in King Edward VI Education Trust for the year 1 September 2021 to 31 August 2022 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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**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 a suite of monthly financial reports which are available on the Financial Compliance area of the Governor portal (for Trustees and Members) and also reviewed by the board of Trustees. Annual Budget scrutinised and approved at both Finance, Audit & Estates and then Full Board.
- Regular financial reports to the Finance, Audit & Estates which indicate financial performance against forecasts and specific reports for major purchase plans, catering, supply costs, purchase ledger, pupil premium, catch up tutoring monies etc
- CIF projects are closely monitored for cashflow against the contractor's payment schedule and CIF income profile
- Monthly closedown and production of a suite of Financial Management reports and Balance sheet reconciliations including Charity monies, 16-19 Bursary fund etc
- Predicted outturn for in year budget undertaken four times in the year and presented to the Board for review whilst also updating future year budgets
- Setting targets to measure financial and other performance such as reviewing the viability of catering etc
- The use of DFE benchmarking financial data and efficiency, Integrated curriculum and financial planning tools available.
- Completion of the schools' resource management self assessment tool and review of action plan
- Regular reconciliation of payroll to budget
- Regular updating of the 5 year Budget plan and presentation to the Board with explanations of changes
- Identification and review of risks in relation to premises, health and safety (including statutory site compliance), IT security/cyber risk, IT infrastructure and hardware
- Daily recording and monitoring of cashflow and regular cashflow forecasts to the Board
- Clearly defined purchasing (asset purchase or capital investment) guidelines including ensuring all orders over £5k have three quotes.
- Challenging of pricing and annual contract renewals as we strive to ensure best value
- Clearly defined purchasing procedures; purchasing portal and credit card purchases including guidelines to identify purchases regarding more than one quote and capital purchases (asset/inventory purchase or CIF project)
- Statutory reporting to the, ESFA, HMRC etc
- Delegation of authority and segregation of duties which are integral to the electronic purchase ordering system
- Identification and management of risks by Strategy Governors
- Regular review of the Single Central Record by the designated Safeguarding Governor and Chair of Governors
- Asset register identification audit exercise undertaken annually

The Board of Trustees has decided to employ Assurance Lincolnshire as internal auditor.

This option has been chosen because this ensures a level of assurance and challenge of processes and procedures to ensure compliance is maintained.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. The Board and Headmaster agreed that the audit coverage for 2021/22 would include the below checks and follow up the agreed actions from the 2020/21 Internal Audit

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework (continued)**

In particular, the checks carried out in the current period included:

- Governance
- Budget Setting
- Financial Reporting
- Payroll
- Pre Employment and recruitment checks
- Payroll
- Purchasing and Best Value
- Receipting and Banking
- Bank account
- Debtors
- VAT

On an annual basis, the internal auditor reports to the board of Trustees through the Finance, Audit and Estates committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities responsibilities and prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal auditor delivered their schedule of work as planned and advised the Headmaster, Finance Director and Directors areas where it considered production of cashflow forecasts for Governor review, HR Pre-Employment checks and Governance statutory requirements with regard to Trust membership and IT security/ cyber risk as areas to be addressed.

The following principal high-risk area was identified in the internal audit report: Statutory HR pre - employment checks, recording information and ensuring documentation in HR records

A detailed internal audit report was provided which detailed the findings, judgement of risk, recommendations, agreed actions and timescales. The Finance Director, Finance Officers and Headmaster have reviewed the report and spoken to the Internal Auditor. An Action Plan has been produced which will be regularly updated with progress and will be a standing agenda item at the Audit Committee. In addition, the Action plan is available on the Governor portal for review.

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**KING EDWARD VI EDUCATION TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of effectiveness**

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Estates 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 and signed on their behalf by:



.....  
**Mr R Maltman**  
Chair of Trustees

Date: 8/12/22



.....  
**Mr J Lascelles**  
Accounting Officer

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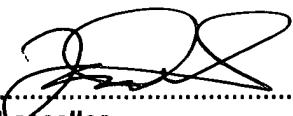
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of King Edward VI Education Trust I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

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

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

  
.....  
**Mr J Lascelles**  
Accounting Officer

Date: 8/12/22



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**KING EDWARD VI EDUCATION TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- 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 and signed on its behalf by:



Mr R Maltman  
Chair of Trustees

Date: 8/12/22

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**KING EDWARD VI EDUCATION TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI EDUCATION TRUST**

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**Opinion**

We have audited the financial statements of King Edward VI Education Trust (the 'academy') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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**

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

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

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

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**KING EDWARD VI EDUCATION TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI EDUCATION TRUST (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING  
EDWARD VI EDUCATION TRUST (CONTINUED)**

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**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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**KING EDWARD VI EDUCATION TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI EDUCATION TRUST (CONTINUED)**

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was that we identified the material laws and regulations applicable to the trust through discussions with Trustees and other management, and from our commercial knowledge and experience of the Trust and education sector in which it operates. These were the Companies Act 2006, the Academy Trust Handbook 2021, the Academies Accounts Direction, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety and safeguarding legislation. We then assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.

We then assessed the susceptibility of the trust's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we tested journal entries to identify unusual transactions, we reviewed a sample of grants in the year to allocation and accurate recognition, we agreed a sample of employees on the Trust payroll to existence and agreed the accuracy of their pay, we assessed and reviewed the appropriateness and effectiveness of the key systems and controls. We also assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to agreeing financial statement disclosures to underlying supporting documentation, reading the minutes of meetings of those charged with governance, reviewing internal audit reports for any indication of breaches of laws and regulations, enquiring of management as to actual and potential litigation and claims and reviewing any correspondence with HMRC, relevant regulators and the Trust's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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**KING EDWARD VI EDUCATION TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI EDUCATION TRUST (CONTINUED)**

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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.



**Mark Bradshaw (Senior statutory auditor)**  
for and on behalf of  
**Streets Audit LLP**  
Windsor House  
A1 Business Park  
Long Bennington  
Notts  
NG23 5JR

Date: 9 December 2022

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

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In accordance with the terms of our engagement letter dated 22 August 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by King Edward VI Education Trust during the year 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of King Edward VI Education Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of King Edward VI Education Trust's funding agreement with the Secretary of State for Education dated 27 August 2015 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- a review of the Trust's systems and controls and confirmation of the operation and effectiveness during the year;
- a review of expenditure to confirm the appropriateness and value for money; and
- a review of connected party arrangements, transactions and balances.

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Mark Bradshaw (Senior statutory auditor)**  
**Streets Audit LLP**

Windsor House  
A1 Business Park  
Long Bennington  
Notts  
NG23 5JR

Date: 9 December 2022



**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>						
Donations and capital grants	3	21,241	-	3,038,178	3,059,419	882,369
Other trading activities		28,290	-	-	28,290	88,268
Investments	6	359	-	-	359	143
Charitable activities		258,233	5,429,963	-	5,688,196	5,355,394
<b>Total income</b>		<b>308,123</b>	<b>5,429,963</b>	<b>3,038,178</b>	<b>8,776,264</b>	<b>6,326,174</b>
<b>Expenditure on:</b>						
Raising funds		5,000	-	-	5,000	13,315
Charitable activities		284,487	5,610,757	210,899	6,106,143	5,327,345
<b>Total expenditure</b>		<b>289,487</b>	<b>5,610,757</b>	<b>210,899</b>	<b>6,111,143</b>	<b>5,340,660</b>
<b>Net (expenditure) /income</b>		<b>18,636</b>	<b>(180,794)</b>	<b>2,827,279</b>	<b>2,665,121</b>	<b>985,514</b>
Transfers between funds	17	-	(73,878)	73,878	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>18,636</b>	<b>(254,672)</b>	<b>2,901,157</b>	<b>2,665,121</b>	<b>985,514</b>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	2,751,000	-	2,751,000	(420,000)
<b>Net movement in funds</b>		<b>18,636</b>	<b>2,496,328</b>	<b>2,901,157</b>	<b>5,416,121</b>	<b>565,514</b>

**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
(CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2022

	<b>Unrestricted funds 2022 £</b>	<b>Restricted funds 2022 £</b>	<b>Restricted fixed asset funds 2022 £</b>	<b>Total funds 2022 £</b>	<i>Total funds 2021 £</i>
<b>Note</b>					
<b>Reconciliation of funds:</b>					
Total funds brought forward	-	(2,927,883)	12,974,619	10,046,736	9,481,222
Net movement in funds	18,636	2,496,328	2,901,157	5,416,121	565,514
<b>Total funds carried forward</b>	<b>18,636</b>	<b>(431,555)</b>	<b>15,875,776</b>	<b>15,462,857</b>	<b>10,046,736</b>

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

The notes on pages 36 to 64 form part of these financial statements.

**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 09635329**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	13	15,730,961	12,697,027
		<u>15,730,961</u>	<u>12,697,027</u>
<b>Current assets</b>			
Debtors	14	298,418	295,170
Cash at bank and in hand		1,109,025	786,786
		<u>1,407,443</u>	<u>1,081,956</u>
Creditors: amounts falling due within one year	15	(912,164)	(447,667)
<b>Net current assets</b>		<u>495,279</u>	<u>634,289</u>
<b>Total assets less current liabilities</b>		<u>16,226,240</u>	<u>13,331,316</u>
Creditors: amounts falling due after more than one year	16	(47,383)	(61,580)
<b>Net assets excluding pension liability</b>		<u>16,178,857</u>	<u>13,269,736</u>
Defined benefit pension scheme liability	24	(716,000)	(3,223,000)
<b>Total net assets</b>		<u><u>15,462,857</u></u>	<u><u>10,046,736</u></u>

**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 09635329**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	17	15,875,776	12,974,619
Restricted income funds	17	284,445	295,117
Restricted funds excluding pension asset	17	16,160,221	13,269,736
Pension reserve	17	(716,000)	(3,223,000)
<b>Total restricted funds</b>	17	<b>15,444,221</b>	<b>10,046,736</b>
<b>Unrestricted income funds</b>	17	<b>18,636</b>	-
<b>Total funds</b>		<b>15,462,857</b>	<b>10,046,736</b>

The financial statements on pages 31 to 64 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



**Mr R Maltman**  
Chair of Trustees

Date: 8/12/22

The notes on pages 36 to 64 form part of these financial statements.

**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	538,856	292,328
<b>Cash flows from investing activities</b>	21	(204,646)	150,221
<b>Cash flows from financing activities</b>	20	(11,971)	(20,070)
<b>Change in cash and cash equivalents in the year</b>		322,239	422,479
Cash and cash equivalents at the beginning of the year		786,786	364,307
<b>Cash and cash equivalents at the end of the year</b>	22, 23	<u>1,109,025</u>	<u>786,786</u>

The notes on pages 36 to 64 form part of these financial statements

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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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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, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

King Edward VI Education Trust meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

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

**1.3 Income**

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

• **Grants**

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

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

• **Donations**

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

• **Other income**

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

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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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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**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**1.6 Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

Depreciation is provided on the following bases:

Freehold property	- not depreciated
Long-term leasehold property	- not depreciated
Property improvements	- 2% straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 25% straight line

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

**1.7 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**

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



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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. Accounting policies (continued)**

**1.10 Financial instruments**

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

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

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

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

**1.11 Pensions**

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

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

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

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

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**KING EDWARD VI EDUCATION TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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**1. Accounting policies (continued)**

**1.12 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 28.

**1.13 Fund accounting**

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

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

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

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

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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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 Trust's long-term leasehold property is subject to a two-year termination clause, however, the Trustees believe that the likelihood of this clause being triggered are extremely remote, and that the risks and rewards of ownership lie with the Trust. Accordingly, the property has been included on the balance sheet.

As explained in note 1.6 above, the Academy incurs significant repair and replacement costs such that the Trustees believe the property's residual value is not materially different to the cost. Accordingly no depreciation is charged.

**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2022 £</b>	<b>Restricted fixed asset funds 2022 £</b>	<b>Total funds 2022 £</b>
Donations	21,241	-	21,241
Capital Grants	-	3,038,178	3,038,178
	<u>21,241</u>	<u>3,038,178</u>	<u>3,059,419</u>
	<i>Unrestricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Donations	1,645	-	1,645
Capital Grants	-	880,724	880,724
	<u>1,645</u>	<u>880,724</u>	<u>882,369</u>

**KING EDWARD VI EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**4. Funding for the academy's educational operations**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
<b>Educational operations</b>			
General Annual Grant (GAG)	-	5,052,307	5,052,307
Other DfE/ESFA grants			
Pupil premium	-	67,406	67,406
Teachers pay and pension grants	-	59,038	59,038
Others	-	129,920	129,920
	-	5,308,671	5,308,671
<b>Other Government grants</b>			
Local Authority grants	-	80,346	80,346
	-	80,346	80,346
<b>Other income from the academy's educational operations</b>	258,233	40,946	299,179
	258,233	5,429,963	5,688,196
	258,233	5,429,963	5,688,196

**KING EDWARD VI EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**4. Funding for the academy's educational operations (continued)**

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
<b>Educational operations</b>			
General Annual Grant (GAG)	-	4,729,706	4,729,706
Other DfE/ESFA grants			
Pupil premium	-	64,634	64,634
Teachers pay and pension grants	-	254,824	254,824
Others	-	27,136	27,136
	-	5,076,300	5,076,300
<b>Other Government grants</b>			
Local Authority grants	-	43,042	43,042
	-	43,042	43,042
<b>Other income from the academy's educational operations</b>	91,167	-	91,167
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	60,320	60,320
Other DfE covid-19 grants	-	63,981	63,981
	-	124,301	124,301
<b>COVID-19 additional funding (non-DfE/ESFA)</b>			
Other covid-19 grants	-	20,584	20,584
	-	20,584	20,584
	91,167	5,264,227	5,355,394
	91,167	5,264,227	5,355,394

**KING EDWARD VI EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**5. Income from other trading activities**

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Hire of facilities	17,370	17,370
Other income	10,920	10,920
	<u>28,290</u>	<u>28,290</u>

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Hire of facilities	4,793	-	4,793
Catering	38,240	-	38,240
Strategic and finance support	8,522	-	8,522
Other income	11,166	25,547	36,713
	<u>62,721</u>	<u>25,547</u>	<u>88,268</u>

**6. Investment income**

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>	<i>Total funds 2021 £</i>
Bank interest	359	359	143

**KING EDWARD VI EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**7. Expenditure**

	<b>Staff Costs 2022 £</b>	<b>Premises 2022 £</b>	<b>Other 2022 £</b>	<b>Total 2022 £</b>
Expenditure on raising voluntary income:				
Direct costs	5,000	-	-	<b>5,000</b>
Expenditure on educational operations:				
Direct costs	4,267,294	-	462,985	<b>4,730,279</b>
Allocated support costs	618,619	265,089	492,156	<b>1,375,864</b>
	<b>4,890,913</b>	<b>265,089</b>	<b>955,141</b>	<b>6,111,143</b>
	<b>Staff Costs 2021 £</b>	<b>Premises 2021 £</b>	<b>Other 2021 £</b>	<b>Total 2021 £</b>
Expenditure on raising voluntary income:				
Direct costs	13,315	-	-	<b>13,315</b>
Expenditure on educational operations:				
Direct costs	3,832,911	-	322,997	<b>4,155,908</b>
Allocated support costs	585,609	216,085	369,743	<b>1,171,437</b>
	<b>4,431,835</b>	<b>216,085</b>	<b>692,740</b>	<b>5,340,660</b>

**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2022 £</b>	<b>Support costs 2022 £</b>	<b>Total funds 2022 £</b>
Educational operations	<b>4,730,279</b>	<b>1,375,864</b>	<b>6,106,143</b>



**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**8. Analysis of expenditure by activities (continued)**

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
Educational operations	4,155,908	1,171,437	5,327,345

**Analysis of support costs**

	<b>Total funds 2022 £</b>	<b>Total funds 2021 £</b>
Staff costs	618,619	585,609
Depreciation	123,131	59,047
Technology costs	71,108	108,088
Premises costs	265,089	216,085
Other support costs	280,638	190,729
Governance costs	17,279	11,879
	<b>1,375,864</b>	<b>1,171,437</b>

**9. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2022 £</b>	<b>2021 £</b>
Operating lease rentals	16,832	17,617
Depreciation of tangible fixed assets	210,899	100,764
Fees paid to auditors for:		
- audit	7,500	7,250
- other services	1,500	1,450

**KING EDWARD VI EDUCATION TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

**10. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	3,320,150	3,111,772
Social security costs	329,886	287,125
Pension costs	981,909	854,526
	<u>4,631,945</u>	<u>4,253,423</u>
Agency staff costs	245,628	171,149
Staff restructuring costs	13,340	7,263
	<u><u>4,890,913</u></u>	<u><u>4,431,835</u></u>

Staff restructuring costs comprise:

	2022 £	2021 £
Severance payments	13,340	7,263
	<u><u>13,340</u></u>	<u><u>7,263</u></u>

**b. Severance payments**

The academy paid 1 severance payments in the year (2021 - 1), disclosed in the following bands:

	2022 No.	2021 No.
£0 - £25,000	<u><u>1</u></u>	<u><u>1</u></u>

**c. Special staff severance payments**

Included in staff restructuring costs is 1 non-statutory/non-contractual severance payments totalling £13,340.

During the 2019/20 accounting period an ex-gratia payment was made amounting to £5,500. This was disclosed in those financial statements as a severance payment.

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**10. Staff (continued)**

**d. Staff numbers**

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

	<b>2022 No.</b>	<i>2021 No.</i>
Teachers	<b>59</b>	56
Administration and support	<b>51</b>	40
Management	<b>1</b>	1
	<hr/> <b>111</b> <hr/>	<hr/> 97 <hr/>

The average headcount expressed as full-time equivalents was:

	<b>2022 No.</b>	<i>2021 No.</i>
Teachers	<b>54</b>	51
Administration and support	<b>36</b>	31
Management	<b>1</b>	1
	<hr/> <b>91</b> <hr/>	<hr/> 83 <hr/>

**e. Higher paid staff**

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

	<b>2022 No.</b>	<i>2021 No.</i>
In the band £60,001 - £70,000	<b>3</b>	4
In the band £100,001 - £110,000	<b>1</b>	1
	<hr/> <hr/>	<hr/> <hr/>

**f. Key management personnel**

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £431,100 (2021 - £485,941).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Mr J Lascelles, Headmaster and Accounting Officer	Remuneration	<b>105,000 -</b>	<b>105,000 -</b>
		<b>110,000</b>	<b>110,000</b>
	Pension contributions paid	<b>25,000 -</b>	<b>25,000 -</b>
		<b>30,000</b>	<b>30,000</b>

During the year ended 31 August 2022, no Trustee expenses have been incurred (2021 - £NIL).

**12. Trustees' and Officers' insurance**

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

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**13. Tangible fixed assets**

	F/H & L/H property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 September 2021	12,663,307	92,536	294,510	4,480	13,054,833
Additions	2,834,511	330,425	74,707	5,190	3,244,833
At 31 August 2022	15,497,818	422,961	369,217	9,670	16,299,666
<b>Depreciation</b>					
At 1 September 2021	97,952	49,374	209,360	1,120	357,806
Charge for the year	91,457	42,297	74,727	2,418	210,899
At 31 August 2022	189,409	91,671	284,087	3,538	568,705
<b>Net book value</b>					
At 31 August 2022	15,308,409	331,290	85,130	6,132	15,730,961
At 31 August 2021	12,565,355	43,162	85,150	3,360	12,697,027

The trust's transactions relating to land and buildings relate to a new sports hall build and a new studio roof.

The long-term leasehold buildings have been included in accordance with a valuation at depreciated replacement cost as at 22 June 2016 carried out by the ESFA. The Trustees consider this to be a fair value. The freehold land has been included in accordance with a valuation undertaken on 15 October 2015.

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**14. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>1,799</b>	583
Other debtors	<b>120,750</b>	100,326
Prepayments and accrued income	<b>175,869</b>	194,261
	<b>298,418</b>	295,170

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other loans	<b>22,447</b>	20,221
Trade creditors	<b>546,169</b>	163,931
Other taxation and social security	<b>84,468</b>	76,786
Other creditors	<b>93,282</b>	95,194
Accruals and deferred income	<b>165,798</b>	91,535
	<b>912,164</b>	447,667

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2021	<b>21,623</b>	34,285
Resources deferred during the year	<b>122,886</b>	21,623
Amounts released from previous periods	<b>(21,623)</b>	(34,285)
	<b>122,886</b>	21,623

Deferred income includes rates relief income relating to the period to March 2023, and funds received in advance for trips and meals taking place in the 2022/23 academic year.

Included within other loans is a loan of £22,447 (2021 - £20,221) from Lincolnshire County Council. Interest is charged at 0.75%, and the loan is due to be repaid by 13 August 2025.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Other loans	<b>47,383</b>	<b>61,580</b>

Included within other loans is a loan of £47,383 (2021 - £61,580) from Lincolnshire County Council. Interest is charged at 0.75%, and the loan is due to be repaid by 13 August 2025.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Statement of funds**

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>						
Unrestricted funds	-	308,123	(289,487)	-	-	18,636
<b>Restricted general funds</b>						
General Annual Grant (GAG)	234,797	5,052,307	(4,928,781)	(73,878)	-	284,445
Pupil Premium	-	67,406	(67,406)	-	-	-
Other DfE and ESFA grants	60,320	188,958	(249,278)	-	-	-
LA and other grants	-	121,292	(121,292)	-	-	-
Pension reserve	(3,223,000)	-	(244,000)	-	2,751,000	(716,000)
	<u>(2,927,883)</u>	<u>5,429,963</u>	<u>(5,610,757)</u>	<u>(73,878)</u>	<u>2,751,000</u>	<u>(431,555)</u>
<b>Restricted fixed asset funds</b>						
Transfer on conversion	10,942,763	-	(4,442)	-	-	10,938,321
Capital expenditure from GAG	158,591	-	(61,071)	73,878	-	171,398
DfE and ESFA capital grants	1,873,265	3,038,178	(145,386)	-	-	4,766,057
	<u>12,974,619</u>	<u>3,038,178</u>	<u>(210,899)</u>	<u>73,878</u>	<u>-</u>	<u>15,875,776</u>
<b>Total Restricted funds</b>	<u>10,046,736</u>	<u>8,468,141</u>	<u>(5,821,656)</u>	<u>-</u>	<u>2,751,000</u>	<u>15,444,221</u>
<b>Total funds</b>	<u>10,046,736</u>	<u>8,776,264</u>	<u>(6,111,143)</u>	<u>-</u>	<u>2,751,000</u>	<u>15,462,857</u>



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**17. Statement of funds (continued)**

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 objectives of the academy at the discretion of the trustees. These are not currently designated for particular purposes.

Restricted 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 DfE/ESFA Grants represent other restricted funding which does not form part of the GAG funding.

Local Authority Grants represents restricted funding received from the local authority towards the running costs of the academy.

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

Restricted fixed asset funds

Transfer on conversion represents the buildings and assets transferred to the academy from the Local Authority upon conversion.

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

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 2022 results in a surplus of £303,081.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2022.

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
Unrestricted funds	-	155,676	(200,262)	44,586	-	-

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**17. Statement of funds (continued)**

**Restricted  
general funds**

General Annual Grant (GAG)	61,077	5,011,666	(4,665,846)	(172,100)	-	234,797
Pupil Premium	-	64,634	(64,634)	-	-	-
Other DfE and ESFA grants	-	144,885	(84,565)	-	-	60,320
LA and other grants	-	68,589	(68,589)	-	-	-
Pension reserve	(2,647,000)	-	(156,000)	-	(420,000)	(3,223,000)
	<u>(2,585,923)</u>	<u>5,289,774</u>	<u>(5,039,634)</u>	<u>(172,100)</u>	<u>(420,000)</u>	<u>(2,927,883)</u>

**Restricted  
fixed asset  
funds**

Transfer on conversion	10,947,205	-	(4,442)	-	-	10,942,763
Capital expenditure from GAG	68,536	-	(37,459)	127,514	-	158,591
DfE and ESFA capital grants	1,051,404	880,724	(58,863)	-	-	1,873,265
	<u>12,067,145</u>	<u>880,724</u>	<u>(100,764)</u>	<u>127,514</u>	<u>-</u>	<u>12,974,619</u>

**Total  
Restricted  
funds**

	<u>9,481,222</u>	<u>6,170,498</u>	<u>(5,140,398)</u>	<u>(44,586)</u>	<u>(420,000)</u>	<u>10,046,736</u>
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**Total funds**

	<u>9,481,222</u>	<u>6,326,174</u>	<u>(5,340,660)</u>	<u>-</u>	<u>(420,000)</u>	<u>10,046,736</u>
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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	15,730,961	15,730,961
Current assets	118,636	919,784	369,023	1,407,443
Creditors due within one year	(100,000)	(594,556)	(217,608)	(912,164)
Creditors due in more than one year	-	(40,783)	(6,600)	(47,383)
Provisions for liabilities and charges	-	(716,000)	-	(716,000)
<b>Total</b>	<b>18,636</b>	<b>(431,555)</b>	<b>15,875,776</b>	<b>15,462,857</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	12,697,027	12,697,027
Current assets	39,680	764,684	277,592	1,081,956
Creditors due within one year	(39,680)	(407,987)	-	(447,667)
Creditors due in more than one year	-	(61,580)	-	(61,580)
Provisions for liabilities and charges	-	(3,223,000)	-	(3,223,000)
<b>Total</b>	<b>-</b>	<b>(2,927,883)</b>	<b>12,974,619</b>	<b>10,046,736</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Reconciliation of net income to net cash flow from operating activities**

	2022 £	2021 £
Net income for the year (as per Statement of financial activities)	2,665,121	985,514
<b>Adjustments for:</b>		
Depreciation	210,899	100,764
Capital grants from DfE and other capital income	(3,039,828)	(880,724)
Interest receivable	(359)	(143)
Defined benefit pension scheme cost less contributions payable	190,000	111,000
Defined benefit pension scheme finance cost	52,000	44,000
Increase in debtors	(3,248)	(123,889)
Increase in creditors	462,271	54,806
Defined benefit pension scheme administration cost	2,000	1,000
<b>Net cash provided by operating activities</b>	<b>538,856</b>	<b>292,328</b>

**20. Cash flows from financing activities**

	2022 £	2021 £
Cash inflows from new borrowing	8,250	-
Repayments of borrowing	(20,221)	(20,070)
<b>Net cash used in financing activities</b>	<b>(11,971)</b>	<b>(20,070)</b>

**21. Cash flows from investing activities**

	2022 £	2021 £
Dividends, interest and rents from investments	359	143
Purchase of tangible fixed assets	(3,244,833)	(730,040)
Capital grants from DfE Group	3,039,828	880,724
<b>Net cash (used in)/provided by investing activities</b>	<b>(204,646)</b>	<b>150,221</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Analysis of cash and cash equivalents**

	<b>2022</b>	<i>2021</i>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	<b>1,109,025</b>	786,786
<b>Total cash and cash equivalents</b>	<b>1,109,025</b>	786,786

**23. Analysis of changes in net debt**

	<b>At 1 September 2021 £</b>	<b>Cash flows £</b>	<b>At 31 August 2022 £</b>
Cash at bank and in hand	786,786	322,239	1,109,025
Debt due within 1 year	(20,221)	(2,226)	(22,447)
Debt due after 1 year	(61,580)	14,197	(47,383)
	<b>704,985</b>	<b>334,210</b>	<b>1,039,195</b>

**24. Pension commitments**

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

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

Contributions amounting to £16,399 were payable to the schemes at 31 August 2022 (2021 - £15,051) and are included within creditors.

**Teachers' Pension Scheme**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £573,374 (2021 - £543,648).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £262,000 (2021 - £238,000), of which employer's contributions totalled £217,000 (2021 - £197,000) and employees' contributions totalled £ 45,000 (2021 - £41,000). The agreed contribution rates for future years are 21.3 per cent for employers and various per cent for employees.

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

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

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**24. Pension commitments (continued)**

**Principal actuarial assumptions**

	<b>2022</b>	<i>2021</i>
	%	%
Rate of increase in salaries	<b>3.25</b>	3.2
Rate of increase for pensions in payment/inflation	<b>2.95</b>	2.9
Discount rate for scheme liabilities	<b>4.25</b>	1.65

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

	<b>2022</b>	<i>2021</i>
	Years	Years
<i>Retiring today</i>		
Males	<b>21.2</b>	21.2
Females	<b>23.7</b>	23.6
<i>Retiring in 20 years</i>		
Males	<b>22.1</b>	22.0
Females	<b>25.1</b>	25.1

**Sensitivity analysis**

	<b>2022</b>	<i>2021</i>
	£000	£000
Discount rate -0.1%	<b>79</b>	140
Mortality assumption - 1 year increase	<b>104</b>	246

The pension scheme surplus/deficit is based on the actuarial assumptions used as at the 31 August 2022. These can, and do, change after the year end. The above sensitivity analysis shows how the position stated can change significantly based on changes to the actuarial assumptions. A change in the markets is likely to result in an increased pension scheme deficit by next year end. Post year end valuations could be obtained to provide an indication, however, it is considered that the cost would outweigh the benefit to the users of the accounts, and would not be value for money.

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**24. Pension commitments (continued)**

**Share of scheme assets**

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

	<b>At 31 August 2022</b>	<i>At 31 August 2021</i>
	£	£
Equities	1,930,000	1,703,000
Corporate bonds	312,000	338,000
Property	335,000	246,000
Cash and other liquid assets	62,000	90,000
<b>Total market value of assets</b>	<b>2,639,000</b>	<b>2,377,000</b>

The actual return on scheme assets was £6,000 (2021 - £382,000).

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

	<b>2022</b>	<i>2021</i>
	£	£
Current service cost	(407,000)	(308,000)
Interest income	41,000	31,000
Interest cost	(93,000)	(75,000)
Administrative expenses	(2,000)	(1,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(461,000)</b>	<b>(353,000)</b>

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

	<b>2022</b>	<i>2021</i>
	£	£
<b>At 1 September</b>	<b>5,600,000</b>	<b>4,326,000</b>
Current service cost	407,000	308,000
Interest cost	93,000	75,000
Employee contributions	45,000	41,000
Actuarial (gains)/losses	(2,786,000)	771,000
Benefits paid	(4,000)	79,000
<b>At 31 August</b>	<b>3,355,000</b>	<b>5,600,000</b>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Pension commitments (continued)**

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

	2022 £	2021 £
<b>At 1 September</b>	<b>2,377,000</b>	<b>1,679,000</b>
Interest income	41,000	31,000
Actuarial (losses)/gains	(35,000)	351,000
Employer contributions	217,000	197,000
Employee contributions	45,000	41,000
Benefits paid	(4,000)	79,000
Administrative expenses	(2,000)	(1,000)
<b>At 31 August</b>	<b>2,639,000</b>	<b>2,377,000</b>

**25. Operating lease commitments**

At 31 August 2022 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	10,712	20,107
Later than 1 year and not later than 5 years	6,120	2,290
	<b>16,832</b>	<b>22,397</b>

**26. Members' liability**

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

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**KING EDWARD VI EDUCATION TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2022**

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**27. Related party transactions**

Owing to the nature of the academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Rev C Watt, Member, is a Trustee of the Parochial Church Council of the Ecclesiastical Parish of Louth which provides the hire of St James Church for school services and events to the academy. During the period services provided by this entity amountd to £3,450 (2021 - £nil). There were no amounts outstanding at the year end. All such transactions were undertaken at arm's length and in accordance with the Trust's procurement policies.

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

**28. Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2022 the trust received £16,881 (2021 - £14,067) and disbursed £16,353 (2021 - £15,307) from the fund. An amount of £1,768 (2021 - £1,240) is in included in creditors relating to undistributed funds that is repayable to ESFA.