

Company Registration Number: 09635329 (England & Wales)

KING EDWARD VI EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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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

Members	Mr A Harrison Warden of the Foundation - Mrs E Ballard Rector of St James' - Rev C Watt (resigned 4 September 2023)
Trustees	Dr S Bailey (appointed 6 October 2022) Mr A Beardsley (appointed 5 October 2023) Mr J Bateman (appointed 16 January 2023) Mr S Chesman Mr D Crombleholme Mrs H Dunning (appointed 6 October 2022) Mr M Heatlie (appointed 16 January 2023) Mr M Holness (appointed 16 January 2023) Miss A Jay Mrs C Lauriston-Norris (appointed 16 January 2023) Mr A Major (appointed 16 January 2023) Mr R Maltman, Chairperson from 6 October 2022 (appointed 6 October 2022) Lord Norton of Louth Ms T Stokes (appointed 16 January 2023) Mr J Lascelles, Headmaster and Accounting Officer (resigned 27 January 2023)
Company registered number	09635329
Company name	King Edward VI Education Trust
Principal and registered office	King Edward VI Grammar School Edward Street Louth Lincs LN11 9LL
Principal and Accounting Officer	Mr J Lascelles
Senior leadership team	Mr J Lascelles, Headmaster Mr N Robertson, Deputy Head (resigned 31 August 2023) Mrs L Reeve, Deputy Head Miss A Teasel, Deputy Head Mrs S Herridge, Deputy Head (appointed 1 September 2023) Mrs R Mowbray, Chief Financial Officer

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

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

KING EDWARD VI EDUCATION TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2022 to 31 August 2023. 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 2023 has a current on roll of 932 (of which 178 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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

Method of recruitment and appointment or election of Trustees

The Trust is governed by a board of Trustees 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 Trustees representing different sectors of the business community – Legal, Accounting, HR/Personnel, Education, Healthcare, Risk Management, Health and Safety, Audit etc. The recruitment and appointment to the Trust Board is based upon the required skillset with a Skills Audit self-evaluation completed as part of the Trustee application process. 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 Member, in addition to other nominated Trustees linked to the school's historic Foundation who own the land and the buildings. The board also contains Parent Trustees and Staff representatives (Support and Teaching) who are elected to their positions.

Policies adopted for the induction and training of Trustees

New Trustees meet with the Chair of Trustees, Headmaster and Governance Professional 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 the sub committees occurs. All trustees 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 trustees, which ensures that they are kept up to date with DFE changes and governance requirements. The governance training offered specific Governance organisations (NGA etc), the local authority and other providers are made available to Trustees.

A Trustee portal provides access to all meeting papers, minutes etc, compliance documentation (financial, legislative and key Governance policies and documentation).

Organisational structure

Although legally constituted as a Multi Academy Trust, King Edward's is a Single Academy Trust, and it currently operates as a single academy trust entity/empty Trust with a traditional school leadership and governance structure. During the year the Trustees have undertaken an exercise to review the Strategic direction regarding SAT/MAT and the Strategy will continue to be an agenda item at Board meetings.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

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.

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 nurture's 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 for 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

Public benefit

The Trustees 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, drama productions, music concerts and letting of its facilities e.g., rooms, sports facilities, and car parking spaces.
- Participation in local community activities.
- Drama productions at the local theatre and musical performances at St James Church.
- Fundraising events held throughout the year for local and national charities.
- Enrichment activities.
- Extra-Curricular activities such as Combined Cadet Force (CCF), Interact (Rotary) and Duke of Edinburgh award scheme.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report

Achievements and performance

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.

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.

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.

Progress 8 measures in summer 2023 were close to the above average threshold English and the Open 8 subjects are the main focus of the school's work to drive student performance to above average.

The school continues to maintain a strong Combined Cadet Force which 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.

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.

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.

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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

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	68%
Total Pay as a % of GAG	94%
Teachers Pay as a % of Total Revenue Income	57%
Total Pay as a % of Total Revenue Income	78%
Average GAG income per Student (aged 11 – 18)	£5,577

<u>Academic KPI</u>	<u>Target</u>	<u>Achieved</u>
A Level	60% - A* - B	54% - A* - B
GCSE	35% - 9-7	28% - 9-7
<u>Recruitment KPI</u>	<u>Target</u>	<u>Achieved</u>
Year 7 Entry	140 +	146
Year 12 Entry	120 +	90
School NOR	900 +	961
<u>Financial KPI</u>	<u>Target</u>	<u>Achieved</u>
In Year Position	Surplus	+£92k
Cumulative Position	Surplus	+£395k
3 Year Cumulative Budget Position	Surplus	-£185k
3 Year Cashflow Forecast	Surplus	-£53k

Going concern

After making appropriate enquiries the Board of Trustees has a reasonable expectation that the academy trust currently has adequate resources due to a healthy in year and cumulative position to continue in operational existence for the foreseeable future. Trustees acknowledge the challenges that the budget forecasts bring due to pay, pension and energy cost increases and will be closely monitoring budget forecasts throughout 2023/24. A review of staffing structures, sixth form provision, catering and ensuring value for money will be a focus for the Finance, Audit and Risk committee.

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 2023 and associated expenditure are shown as restricted funds in the statement of financial activities.

The trust held fund balances at 31 August 2023 of £16,616,343, comprising of £395,197 of revenue funds, a fixed asset reserve of £16,514,146 and a pension reserve deficit of £293,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

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 £365,324 carried forward. The Board of Trustees closely monitors its financial performance, ensuring best value principles to ensure financial viability.

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 £293,000.

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/ Premises/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 Trustee 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, pay/pension increases and inflation levels. The Trustees consider the level of reserves at £395k 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/business critical spend is authorised.

The reserves target would be for increasing reserves which would be ringfenced and allocated to ICT infrastructure/digital development initiatives and a rolling program of premises maintenance/improvements.

As at 31 August 2023 there was a surplus of £395,197 (2022 - £303,081) on restricted and general revenue reserves. The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £16,514,146. The pension fund is in deficit by £293,000.

Total funds as at 31 August 2023 amount to £16,616,343 and the balance on restricted general funds plus unrestricted general funds at 31 August 2023 results in a net revenue surplus of £395,197.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Investment policy

The Trust operates an investment policy whereby the Board of Trustees 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 Trustees 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 Trustees report as part of the monthly financial reports. These and all Financial reports are uploaded each month to the financial reports area of the Trustees secure portal.

Condition Improvement Fund (CIF) monies received from the DFE are deposited in a separate Lloyds bank deposit account to attract interest. Regular monitoring of CIF cashflow is essential 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 during 2022/23 due to the various CIF projects running at the same time, ensuring that the CIF funds received were allocated against the specific project.

Despite practical completion of the Sports Hall Build in July 2023 some outstanding works and minor snagging have been taking place. Quad Heating received practical completion in March 23 with a final cost of £575k submitted to the DFE (£247k was withdrawn from funds allocated). Studio Roof received practical completion in April 2023 with a final cost of £398k submitted to the DFE. Fire Alarm and Emergency Lighting received practical completion in April 2023 with a final cost of £405k submitted to the DFE.

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

Two CIF bids (Studio Roof part II and refurbishment of the Old Sports Hall) were submitted in December 2022, but unfortunately these were unsuccessful.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Principal risks and uncertainties

The risk register is a standing agenda item at each Full Board meeting. The Board of Trustees continually plan and assess the strategic impact of the above risks on the three-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.
- Lack of funding for inflationary pay rises and increased pension contributions.
- 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 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 reference to the areas of curriculum delivery, financial planning, cashflow, ICT infrastructure, cyber security, 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 Committee meetings and Trust Board 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, financial assurance and planning, payroll, premises, statutory compliance, health and safety, safety of pupils, IT infrastructure, IT cyber security and school trips.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Fundraising

During 2022/23 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 sheet accounts, signed off by the Finance Director and monitored by the Trustees.

Fundraising opportunities have continued this year and the amount of charity monies raised in 2022/23 was significantly more than that raised in 2021/22. Charity activities undertaken have included Christmas 2022 Jumper/Sock Day for Save the Children, Comic Relief Red Nose Day, Children in Need, Macmillan Coffee morning and Macmillan Bright Shirt & Tie day, Hello Yellow and British Red Cross Ukraine Crisis Appeal

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 and Y13 Prom and consisted of non-uniform days and sweet/candy/cake sales. These monies were then used to fund resources for the relevant proms.

Unfortunately due to staffing shortages it was necessary to cancel the annual sponsored walk around the Lincolnshire Wolds which usually occurs at the end of the Summer term and raises significant monies for school initiatives/equipment 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 Trustees 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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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

The Trustees and Headmasters' objective in 2023/24 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 14/12/2023 and signed on its behalf by:



.....
Mr R Maltman
Chair of Trustees

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT

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.

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 6 times during the year, two meetings being extraordinary board meetings.

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

Trustee	Meetings attended	Out of a possible
Dr S Bailey	6	6
Mr J Bateman	3	4
Mr S Chesman	2	6
Mr D Crombleholme	6	6
Mrs H Dunning	6	6
Mr M Heatlie	3	4
Mr M Holness	4	4
Miss A Jay	4	6
Mrs C Lauriston-Norris	3	4
Mr A Major	3	4
Mr R Maltman, Chairperson	6	6
Lord Norton of Louth	4	6
Ms T Stokes	3	4
Mr J Lascelles, Headmaster and Accounting Officer	6	6

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

During the year an external review of Governance was undertaken by the National Governance Association (NGA) and the report from this has formed an action plan to refine and develop the work of the Trust Board. As a result of this there have been significant changes to the structure and composition of the board, including:

- The decision that no staff member, including the Headmaster, should be Directors of the Trust.
In 2022-23 one exception to this decision was agreed: the former Chair of the Trust Board, having been appointed to the staff of the school, would normally have resigned his position. However, the board recognised that the former Chair's experience as a Trustee, and his knowledge of the school, would ensure continuity within the board and support for the newly appointed Chair and new Trustees during a period of transition. He was therefore appointed for one year, with his position to be reviewed in Autumn 2023.
- The appointment of Mr R Maltman as the new Chair of the Trust Board.
- The recruitment of Parent and other co-opted Trustees to fill Trustee vacancies.
- The formal appointment of Trustees as Directors of the Trust.
- The appointment of a suitably qualified and experienced Governance Professional in post from 1 October 2023.
- The strategic decision to increase the number of Members from three to five; however unfortunately one member vacancy now exists from September 2023 due to the Rector of St James leaving the Parish for a new position at the Diocese.
- A review of the Articles of Association for the Trust which will be necessary to alter the number of members appointed.

The board continues to monitor the education landscape regarding operating as a single academy trust. A strategic exercise was undertaken in Spring 2023 exploring MAT options, meeting local partners and carrying out a detailed appraisal of all options.

The Trust Board maintains an up-to-date register of interests. The information in this register is used in the day-to-day management of the academy and governance of the academy trust. Trustees are reminded at every meeting of their responsibility to declare any conflict of interests. A significant step in minimising potential conflicts of interest in the Trust in the last year has been the decision that any person employed by the school cannot be a Director of the Trust.

The business of the Trust Board is undertaken via a committee structure which facilitates effective coverage of the Board's duties and responsibilities. Agendas, minutes and papers of all committees and the full board are available on the Trustee portal for all Trustees and Members to review. The portal also contains key compliance and other documents for Trustees' reference.

Committee meetings which take place between meetings of the Trust Board are reported to the board for information and decision making.

A Senior Leader is linked to each committee to report on their areas of responsibility and to liaise with other school staff on Trustees' behalf to invite them to present to the committee.

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

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

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

As well as the NGA Governance Audit which took place last year, the Trust Board undertakes a regular skills audit and uses the results to identify which trustees 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 Trustees might be 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 Trustees can be aimed at attracting new Trustees with the skills needed to help bridge these gaps.

The Finance, Audit and Estates committee is a sub-committee of the Trust Board. The committee met six times last year. The committee performs the school's audit function, reviewing internal and external financial audits, Health and Safety audit, etc, and is responsible for monitoring and making recommendations to the Full board and to the Headmaster's Strategy Group (made up from 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 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.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Chesman	3	6
Mr D Crombleholme	6	6
Mr M Heatlie	1	3
Mr M Holness	0	3
Miss A Jay	2	6
Mr J Lascelles	5	6
Mrs C Lauriston-Norris	2	3
Mr A Major	3	3
Mr R Maltman	5	6
Lord Norton of Louth	0	6
Ms T Stokes	1	3

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, as well as estates safety and management, achieved in return for the taxpayer resources received.

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

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.
- Budget monitoring by budget holders directly from Xero is being rolled out ensuring accountability and ownership from Budget holders.
- Regular reporting to the Board detailing income/expenditure variances and providing explanations of such variances. A new dashboard style of reporting has been introduced in 2023 which has been well received.
- Predicted outturn presented at least three times a year which is reviewed by the Finance Team, Headmaster and Trustees.
- Appointment of the bought in services of an experienced Consultant Director of IT.
- Finance Director continually updates the Budget throughout the financial year with pupil numbers, staffing changes, expenditure and incomes variations and following outturn review.
- Ensuring all expenditure relating to Supply costs are separately recorded for regular scrutiny and reference.
- Challenging current suppliers of educational, catering, ICT and premises consumables who were increasing costs and seeking out new suppliers.
- 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.
- Challenging renewal prices and inflationary increases for contract renewal supplies:
 - Reporting to the Board significant value quotes above £5k and CIF project tenders.
 - 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.
 - Regular monitoring of energy market prices and updating the budget given the market volatility.
 - Fixing of energy contracts once fixed term period has ended.
 - Prices from catering suppliers are reviewed weekly by the Catering Manager.
 - Bulk purchasing of copier paper.
 - Water contract prices reviewed at the end of fixed term in August 2023.
 - Rental of car parking spaces increased after reviewing charge was comparable locally and reasonable.

A culture of contract renegotiation and testing of 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 (particularly when above inflation increases are advised). Savings have been renegotiated during the year for advertising, supply agencies, copier paper, printing of exam papers, catering supplies and the ongoing renewal of premises statutory compliance services.

The tender policy is followed to ensure formal quotations are obtained, which are reviewed as necessary by the tender board and any decision documented. All supporting quotes/tenders are attached to the purchase order in Xero.

The budget planning software continues to be an invaluable resource for the Headmaster, Finance Officer and Finance Director to model the three-year financial plan, accounting for pupil numbers, pay/pension changes, curriculum/staffing model and income forecasts.

Staffing reports are utilised from the budget planning software which are used as an establishment report and payroll control measure to perform a payroll reconciliation.

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

The Finance Team are continually reviewing processes within Xero, or those systems used that could link to Xero electronically which would provide 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. Providing budget holders with access to real time budget spend and transactional is now being rolled out.

The next stages of review for the Finance Team will be examining all financial processes that feed into Xero and exploring what further streamlining can be introduced with the focus on efficiencies in staff time but also accuracy, compliance and provision of financial information to stakeholders. Invoices uploaded directly to Xero is an area that will be explored.

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 2023/24 with an options appraisal exercise undertaken. A review of the educational visits process has been undertaken by the Director of Adventure and the intention is to implement a new online system for the management of trips.

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 budgeting software/MIS system and Dataplan payroll would be the perfect solution. Electronic salary claims and expenses forms need further investigation and would provide efficiencies and significant time savings.

The school plans to move its MIS system to the Cloud version in late 2023 and will carry out an appraisal of the alternative timetabling software used to produce the 2023/24 timetable. A review of options available for SIMS support is to be undertaken and a review of the bought in VDM (Virtual Data Manager) role is currently in progress.

The appointment of an experienced Consultant Director of IT from an Education background has brought significant benefits working alongside the Deputy Head (Teaching and Learning) to ensure gradual progress with the Digital Strategy journey. Significant IT investment for updated and common devices is required to continue the rollout of the IT Strategy. Multiple quotes are always obtained for all IT hardware/infrastructure expenditure and are scrutinised to ensure best value.

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and 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.
- Comprehensive budgeting and monitoring processes with an annual budget and a suite of monthly management accounting reports which are available on the Financial Compliance area of the Trustee portal (for Trustees and Members) and presented to the Finance, Audit and Estates committee. Annual Budget scrutinised and approved at both Finance, Audit & Estates and then Full Board.
- Monthly management accounting reports to the Finance, Audit & Estates which indicate financial performance against forecasts and specific reports for energy market comparison, catering, supply costs (long and short term), purchase ledger, pupil premium, tuition grant monies etc.
- Cashflow for CIF projects is closely monitored against the contractor's payment schedule and DFE 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 at least three 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 presentation of DFE benchmarking financial data for the board and investigating use of Integrated curriculum financial planning tools available.
- Use of informal group of Finance Directors to share good practice and assist in obtaining details of alternative contractors etc.
- Completion of the schools' resource management self-assessment tool and regular review of action plan.
- Regular reconciliation of payroll to budget.
- Review Of progress with Internal Audit action plan findings at each Finance committee meeting.
- Regular updating of the 3-year Budget plan and presentation to the Board with explanations of changes.
- Identification and review of risks in relation to premises, lettings, 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 and where applicable the tender process for Capital projects.
- Challenging of pricing and annual contract renewals as we strive to ensure best value.
- Clearly defined purchasing procedures; purchasing portal and credit card purchases.
- On time statutory reporting to the, ESFA, HMRC etc
- Delegation of authority and segregation of duties which are integral to the electronic purchase ordering system.

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- Identification of risks by Chairs and their respective Committees feeding into the Full Board for discussion.
- Regular review of the Single Central Record by the designated Safeguarding Trustee and Chair of Trustees.
- 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.

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

- Governance
- Human Resource Admin Practices
- Condition Improvement Funding (CIF)
- Financial Management and Reporting
- Website Compliance
- Payroll
- Purchasing
- Value for Money
- Credit card deployment
- Cash and Banking
- 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 and prepares an annual internal audit report to the committee outlining the areas reviewed, key findings (categorised by risk area), recommendations and conclusions to help the committee consider actions and assess year on year performance and progress.

The internal auditor delivered their schedule of work as planned and detailed risks in the following areas:

- Governance
- Website compliance
- Human Resources
- Credit card deployment

these are to be addressed with a management action, owner and timescale assigned to the risk identified:

There were two high risk areas identified in the internal audit report which were concerning human resource systems and processes and credit card controls.

A detailed internal audit report was provided which detailed the findings, judgement of risk, recommendations, agreed actions, owner and timescale. The Finance Director, Finance Officers, Head's PA/HR Admin and Headmaster have reviewed the report and spoken to the Internal Auditor.

KING EDWARD VI EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

An Action Plan has been produced which is updated and progress reviewed for each Finance, Audit and Risk committee meeting and is a standing agenda item at the Audit Committee. In addition, the Action plan is available on the Trustee portal for review.

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



.....
Mr J Lascelles
Accounting Officer

Date: 14/12/23

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

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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, including for estates safety and management, 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 2022, including responsibilities for estates safety and management.

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 2022.

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: 14/12/23.

KING EDWARD VI EDUCATION TRUST

(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023**

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 2022 to 2023;
- 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: 14/12/23

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

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

Opinion

We have audited the financial statements of King Edward VI Education Trust (the 'academy') for the year ended 31 August 2023 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 2022 to 2023 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 2023 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 2022 to 2023 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.

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)**

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.

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)

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.

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, 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.

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)

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.

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

Use of our report

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House

A1 Business Park

Long Bennington

Notts

NG23 5JR

Date: 19 December 2023

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

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

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 2022 to 2023, 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 2022 to 31 August 2023 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 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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:

- 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.

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 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: 19 December 2027

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 2023**

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	27,352	-	902,618	929,970	3,059,419
Other trading activities		22,033	-	-	22,033	28,290
Investments	6	5,871	-	-	5,871	359
Charitable activities		496,566	5,875,100	-	6,371,666	5,688,196
Total income		551,822	5,875,100	902,618	7,329,540	8,776,264
Expenditure on:						
Raising funds		6,000	-	-	6,000	5,000
Charitable activities		582,123	5,719,450	279,481	6,581,054	6,106,143
Total expenditure		588,123	5,719,450	279,481	6,587,054	6,111,143
Net (expenditure) /income		(36,301)	155,650	623,137	742,486	2,665,121
Transfers between funds	17	41,538	(56,771)	15,233	-	-
Net movement in funds before other recognised gains/(losses)		5,237	98,879	638,370	742,486	2,665,121
Other recognised gains/(losses):						
Actuarial gains on defined benefit pension schemes	24	-	411,000	-	411,000	2,751,000
Net movement in funds		5,237	509,879	638,370	1,153,486	5,416,121

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 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Reconciliation of funds:						
Total funds brought forward		18,636	(431,555)	15,875,776	15,462,857	10,046,736
Net movement in funds		5,237	509,879	638,370	1,153,486	5,416,121
Total funds carried forward		23,873	78,324	16,514,146	16,616,343	15,462,857

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

The notes on pages 35 to 61 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 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	13	16,479,922	15,730,961
		<u>16,479,922</u>	<u>15,730,961</u>
Current assets			
Debtors	14	235,964	298,418
Cash at bank and in hand		883,903	1,109,025
		<u>1,119,867</u>	<u>1,407,443</u>
Creditors: amounts falling due within one year	15	(665,086)	(912,164)
Net current assets		<u>454,781</u>	<u>495,279</u>
Total assets less current liabilities		<u>16,934,703</u>	<u>16,226,240</u>
Creditors: amounts falling due after more than one year	16	(25,360)	(47,383)
Net assets excluding pension liability		<u>16,909,343</u>	<u>16,178,857</u>
Defined benefit pension scheme liability	24	(293,000)	(716,000)
Total net assets		<u><u>16,616,343</u></u>	<u><u>15,462,857</u></u>

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

BALANCE SHEET (CONTINUED)**AS AT 31 AUGUST 2023**

	Note	2023 £	2022 £
Funds of the academy			
Restricted funds:			
Fixed asset funds	17	16,514,146	15,875,776
Restricted income funds	17	365,324	284,445
Restricted funds excluding pension asset	17	16,879,470	16,160,221
Pension reserve	17	(293,000)	(716,000)
Total restricted funds	17	16,586,470	15,444,221
Unrestricted income funds	17	29,873	18,636
Total funds		16,616,343	15,462,857

The financial statements on pages 30 to 61 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
Mr R Maltman
Chair of Trustees

Date: 14/12/23

The notes on pages 35 to 61 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 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(83,146)	538,856
Cash flows from investing activities	21	(119,953)	(204,646)
Cash flows from financing activities	20	(22,023)	(11,971)
Change in cash and cash equivalents in the year		(225,122)	322,239
Cash and cash equivalents at the beginning of the year		1,109,025	786,786
Cash and cash equivalents at the end of the year	22, 23	<u>883,903</u>	<u>1,109,025</u>

The notes on pages 35 to 61 form part of these financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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.

KING EDWARD VI EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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:

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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.

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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.

KING EDWARD VI EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

3. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Donations	27,352	-	27,352
Capital Grants	-	902,618	902,618
	<u>27,352</u>	<u>902,618</u>	<u>929,970</u>

	Unrestricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
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>

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

4. Funding for the academy's educational operations

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Educational operations			
General Annual Grant (GAG)	-	5,324,881	5,324,881
Other DfE/ESFA grants			
Pupil premium	-	81,148	81,148
Teachers pay and pension grants	-	41,290	41,290
Supplementary grant	-	192,287	192,287
Others	-	81,339	81,339
	-	5,720,945	5,720,945
Other Government grants			
Local Authority grants	-	95,352	95,352
	-	95,352	95,352
Other income from the academy's educational operations	496,566	58,803	555,369
	496,566	5,875,100	6,371,666
	496,566	5,875,100	6,371,666

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Educational operations			
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
Other Government grants			
Local Authority grants	-	80,346	80,346
	-	80,346	80,346
Other income from the academy's educational operations	258,233	40,946	299,179
	258,233	5,429,963	5,688,196
	258,233	5,429,963	5,688,196

5. Income from other trading activities

	<i>Unrestricted funds 2023 £</i>	<i>Total funds 2023 £</i>	<i>Total funds 2022 £</i>
Hire of facilities	10,369	10,369	17,370
Other income	11,664	11,664	10,920
	22,033	22,033	28,290

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

6. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest	5,871	5,871	359

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £
Expenditure on raising voluntary income:				
Direct costs	6,000	-	-	6,000
Expenditure on educational operations:				
Direct costs	4,302,906	-	709,500	5,012,406
Allocated support costs	737,576	255,166	575,906	1,568,648
	<u>5,046,482</u>	<u>255,166</u>	<u>1,285,406</u>	<u>6,587,054</u>

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Expenditure on raising voluntary income:				
Direct costs	5,000	-	-	5,000
Expenditure on educational operations:				
Direct costs	4,267,294	-	462,985	4,730,279
Allocated support costs	618,619	265,089	492,156	1,375,864
	<u>4,890,913</u>	<u>265,089</u>	<u>955,141</u>	<u>6,111,143</u>

KING EDWARD VI EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

8. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £
Educational operations	5,012,406	1,568,648	6,581,054

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

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	737,576	618,619
Depreciation	145,692	123,131
Technology costs	72,095	71,108
Premises costs	255,166	265,089
Other support costs	344,851	280,638
Governance costs	13,268	17,279
	<u>1,568,648</u>	<u>1,375,864</u>

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

9. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2023 £	2022 £
Operating lease rentals	7,393	16,832
Depreciation of tangible fixed assets	279,481	210,899
Fees paid to auditors for:		
- audit	7,500	7,500
- other services	1,500	1,500
	<u>7,500</u>	<u>7,500</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	3,649,186	3,320,150
Social security costs	357,523	329,886
Pension costs	835,186	981,909
	<u>4,841,895</u>	<u>4,631,945</u>
Agency staff costs	166,889	245,628
Staff restructuring costs	37,698	13,340
	<u>5,046,482</u>	<u>4,890,913</u>

Staff restructuring costs comprise:

	2023 £	2022 £
Severance payments	37,698	13,340
	<u>37,698</u>	<u>13,340</u>

KING EDWARD VI EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

10. Staff (continued)

b. Severance payments

The academy paid 2 severance payments in the year (2022 - 1), disclosed in the following bands:

	2023 No.	2022 No.
£0 - £25,000	1	1
£25,001 - £50,000	1	-
	<u>1</u>	<u>-</u>

c. Special staff severance payments

Included in staff restructuring costs is 1 non-statutory/non-contractual severance payments totalling £32,198.

d. Staff numbers

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

	2023 No.	2022 No.
Teachers	69	59
Administration and support	47	51
Management	1	1
	<u>117</u>	<u>111</u>

The average headcount expressed as full-time equivalents was:

	2023 No.	2022 No.
Teachers	60	54
Administration and support	34	36
Management	1	1
	<u>95</u>	<u>91</u>

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

10. Staff (continued)

e. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	4	3
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>

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 £505,623 (2022 - £431,100).

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:

		2023 £	2022 £
Mr J Lascelles, Headmaster and Accounting Officer	Remuneration	65,000 - 70,000	105,000 - 110,000
	Pension contributions paid	15,000 - 20,000	25,000 - 30,000

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £NIL).

KING EDWARD VI EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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.

13. Tangible fixed assets

	F/H & L/H property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2022	15,497,818	422,961	369,217	9,670	16,299,666
Additions	301,789	712,959	13,694	-	1,028,442
At 31 August 2023	<u>15,799,607</u>	<u>1,135,920</u>	<u>382,911</u>	<u>9,670</u>	<u>17,328,108</u>
Depreciation					
At 1 September 2022	189,409	91,671	284,087	3,538	568,705
Charge for the year	98,678	113,593	64,792	2,418	279,481
At 31 August 2023	<u>288,087</u>	<u>205,264</u>	<u>348,879</u>	<u>5,956</u>	<u>848,186</u>
Net book value					
At 31 August 2023	<u><u>15,511,520</u></u>	<u><u>930,656</u></u>	<u><u>34,032</u></u>	<u><u>3,714</u></u>	<u><u>16,479,922</u></u>
At 31 August 2022	<u><u>15,308,409</u></u>	<u><u>331,290</u></u>	<u><u>85,130</u></u>	<u><u>6,132</u></u>	<u><u>15,730,961</u></u>

The trust's transactions relating to land and buildings relate to the completion of 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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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

14. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	6,335	1,799
Other debtors	44,780	120,750
Prepayments and accrued income	184,849	175,869
	<u>235,964</u>	<u>298,418</u>

15. Creditors: Amounts falling due within one year

	2023 £	2022 £
Other loans	22,447	22,447
Trade creditors	195,040	546,169
Other taxation and social security	85,739	84,468
Other creditors	92,340	93,282
Accruals and deferred income	269,520	165,798
	<u>665,086</u>	<u>912,164</u>

	2023 £	2022 £
Deferred income at 1 September 2022	122,886	21,623
Resources deferred during the year	120,949	122,886
Amounts released from previous periods	(122,886)	(21,623)
	<u>120,949</u>	<u>122,886</u>

Deferred income includes rates relief income relating to the period to March 2024, and funds received in advance for trips and meals taking place in the 2023/24 academic year.

Included within other loans is a loan of £22,447 (2022 - £22,447) 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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FOR THE YEAR ENDED 31 AUGUST 2023**

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

	2023 £	2022 £
Other loans	25,360	47,383

Included within other loans is a loan of £25,360 (2022 - £47,383) from Lincolnshire County Council. Interest is charged at 0.75%, and the loan is due to be repaid by 13 August 2025.

17. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
Unrestricted funds	18,636	551,822	(582,123)	41,538	-	29,873
Restricted general funds						
General Annual Grant (GAG)	284,445	5,359,120	(5,221,470)	(56,771)	-	365,324
Pupil Premium	-	81,148	(81,148)	-	-	-
Other DfE and ESFA grants	-	373,629	(373,629)	-	-	-
LA and other grants	-	61,203	(61,203)	-	-	-
Pension reserve	(716,000)	-	12,000	-	411,000	(293,000)
	(431,555)	5,875,100	(5,725,450)	(56,771)	411,000	72,324
Restricted fixed asset funds						
Transfer on conversion	10,938,321	-	(4,442)	-	-	10,933,879
Capital expenditure from GAG	171,398	-	(61,240)	15,233	-	125,391

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17. Statement of funds (continued)

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
DfE and ESFA capital grants	4,766,057	902,618	(213,799)	-	-	5,454,876
	<u>15,875,776</u>	<u>902,618</u>	<u>(279,481)</u>	<u>15,233</u>	<u>-</u>	<u>16,514,146</u>
Total Restricted funds	15,444,221	6,777,718	(6,004,931)	(41,538)	411,000	16,586,470
	<u>15,444,221</u>	<u>6,777,718</u>	<u>(6,004,931)</u>	<u>(41,538)</u>	<u>411,000</u>	<u>16,586,470</u>
Total funds	15,462,857	7,329,540	(6,587,054)	-	411,000	16,616,343
	<u>15,462,857</u>	<u>7,329,540</u>	<u>(6,587,054)</u>	<u>-</u>	<u>411,000</u>	<u>16,616,343</u>

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the academy from the Local Authority upon conversion, which may be used towards meeting any of the 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.

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FOR THE YEAR ENDED 31 AUGUST 2023**

17. Statement of funds (continued)

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2023 results in a surplus of £395,197.

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 2023.

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
Unrestricted funds	-	308,123	(289,487)	-	-	18,636
Restricted general funds						
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>
Restricted fixed asset funds						
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

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17. Statement of funds (continued)

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
	12,974,619	3,038,178	(210,899)	73,878	-	15,875,776
Total Restricted funds	10,046,736	8,468,141	(5,821,656)	-	2,751,000	15,444,221
Total funds	10,046,736	8,776,264	(6,111,143)	-	2,751,000	15,462,857

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	16,479,922	16,479,922
Current assets	129,873	949,170	40,824	1,119,867
Creditors due within one year	(100,000)	(563,436)	(1,650)	(665,086)
Creditors due in more than one year	-	(20,410)	(4,950)	(25,360)
Provisions for liabilities and charges	-	(293,000)	-	(293,000)
Total	29,873	72,324	16,514,146	16,616,343

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Restricted fixed asset funds 2022 £</i>	<i>Total funds 2022 £</i>
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)
Total	18,636	(431,555)	15,875,776	15,462,857

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

	2023 £	2022 £
Net income for the year (as per Statement of financial activities)	742,486	2,665,121
Adjustments for:		
Depreciation	279,481	210,899
Capital grants from DfE and other capital income	(902,618)	(3,039,828)
Interest receivable	(5,871)	(359)
Defined benefit pension scheme cost less contributions payable	(40,000)	190,000
Defined benefit pension scheme finance cost	25,000	52,000
Decrease/(increase) in debtors	62,454	(3,248)
(Decrease)/increase in creditors	(247,078)	462,271
Defined benefit pension scheme administration cost	3,000	2,000
Net cash (used in)/provided by operating activities	(83,146)	538,856

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20. Cash flows from financing activities

	2023 £	2022 £
Cash inflows from new borrowing	-	8,250
Repayments of borrowing	(22,023)	(20,221)
Net cash used in financing activities	(22,023)	(11,971)

21. Cash flows from investing activities

	2023 £	2022 £
Dividends, interest and rents from investments	5,871	359
Purchase of tangible fixed assets	(1,028,442)	(3,244,833)
Capital grants from DfE Group	902,618	3,039,828
Net cash used in investing activities	(119,953)	(204,646)

22. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	883,903	1,109,025
Total cash and cash equivalents	883,903	1,109,025

23. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	1,109,025	(225,122)	883,903
Debt due within 1 year	(22,447)	-	(22,447)
Debt due after 1 year	(47,383)	22,023	(25,360)
	1,039,195	(203,099)	836,096

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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 2022.

Contributions amounting to £ - were payable to the schemes at 31 August 2023 (2022 - £16,399) 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.

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 2024.

The employer's pension costs paid to TPS in the year amounted to £626,688 (2022 - £573,374).

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £289,000 (2022 - £262,000), of which employer's contributions totalled £241,000 (2022 - £217,000) and employees' contributions totalled £ 48,000 (2022 - £45,000). The agreed contribution rates for future years are 25.5 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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.85	3.25
Rate of increase for pensions in payment/inflation	2.85	2.95
Discount rate for scheme liabilities	5.30	4.25

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

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	19.5	21.2
Females	22.6	23.7
<i>Retiring in 20 years</i>		
Males	20.8	22.1
Females	24.0	25.1

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

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate -0.1%	72	79
Mortality assumption - 1 year increase	98	104

The pension scheme surplus/deficit is based on the actuarial assumptions used as at the 31 August 2023. 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.

Share of scheme assets

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

	At 31 August 2023	At 31 August 2022
	£	£
Equities	2,074,000	1,930,000
Corporate bonds	442,000	312,000
Property	249,000	335,000
Cash and other liquid assets	115,000	62,000
Infrastructure	128,000	-
Absolute return fund	351,000	-
Total market value of assets	3,359,000	2,639,000

The actual return on scheme assets was £79,000 (2022 - £6,000).

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

	2023	2022
	£	£
Current service cost	(201,000)	(407,000)
Interest income	122,000	41,000
Interest cost	(147,000)	(93,000)
Administrative expenses	(3,000)	(2,000)
Total amount recognised in the Statement of financial activities	(229,000)	(461,000)

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24. Pension commitments (continued)

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

	2023 £	2022 £
At 1 September	3,355,000	5,600,000
Current service cost	201,000	407,000
Interest cost	147,000	93,000
Employee contributions	48,000	45,000
Actuarial gains	(261,000)	(2,786,000)
Benefits paid	162,000	(4,000)
At 31 August	3,652,000	3,355,000

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

	2023 £	2022 £
At 1 September	2,639,000	2,377,000
Interest income	122,000	41,000
Actuarial gains/(losses)	150,000	(35,000)
Employer contributions	241,000	217,000
Employee contributions	48,000	45,000
Benefits paid	162,000	(4,000)
Administrative expenses	(3,000)	(2,000)
At 31 August	3,359,000	2,639,000

25. Operating lease commitments

At 31 August 2023 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	8,702	10,712
Later than 1 year and not later than 5 years	3,600	6,120
	12,302	16,832

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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.

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 amounted to £nil (2022 - £3,450). 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 £32,105 (2022 - £16,881) and disbursed £18,268 (2022 - £16,353) from the fund. An amount of £15,605 (2022 - £1,768) is included in creditors relating to undistributed funds that is repayable to ESFA.