

**Kesteven and Sleaford Academy Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2014



**Company Registration Number:
07804308 (England and Wales)**

Contents

	Page
Reference and Administrative Details	2
Trust Members' and Governors' Report	4
Governance Statement	18
Statement on Regularity, Propriety and Compliance	21
Statement of Trust Members' and Governors' Responsibilities	22
Annex 1: GCSE Examination Results 2014	23
Annex 2: A2 Examination Results 2014	24
Independent Auditor's Report to the Members	25
Independent Reporting Accountant's Assurance Report on Regularity to the Academy Trust and the Education Funding Agency	27
Statement of Financial Activities incorporating Income & Expenditure Account	29
Balance Sheet	30
Cash Flow Statement	31
Notes to the Financial Statements, incorporating:	
Accounting Policies	32 - 35
Other Notes to the Financial Statements	36 - 49

Kesteven and Sleaford Academy Trust

Reference and administrative details

Trustee/Governor	Type of governor	Appointed	Resigned (if applicable)
Trustee			
Miss R Hockmeyer	Trustee		
Rt Hon Douglas Hogg	Trustee		06/10/14
Mr K Phillips	Trustee		
Governor			
Mr R Baker	Community	1/11/11	-
Mr C Booker	Staff	1/01/12	-
Mrs J Brearley	Parent	1/11/11	-
Mrs J Churchill	Community	1/01/12	-
Mrs D Hopkins	Community	1/01/12	-
Mrs J Jackson	Community	3/02/12	-
Dr A Mobasher	Community	1/01/12	-
Miss A Parkes	Staff	1/11/11	-
Mrs P Hunter	Staff	23/01/13	-
Dr C Wright	Parent	25/10/12	28/04/14
Mr L Rooke	Staff	20/11/12	-
Mr J Mansfield	Parent	25/10/12	31/03/14
Mr S Oakden	Community	13/08/13	-
Finance Committee	Mrs J Churchill	Community	Chair of Committee
	Mr R Baker	Community	Chair of Governors
	Mr C Booker	Staff	
	Mrs J Jackson	Community	
	Mrs P Hunter	Staff	
	Mr S Oakden	Community	
Clerk to Governors		Mrs Susan Newton	
Company Secretary		Ms Julie Adams	
Senior Management Team			
Mr C Booker		Headteacher	
Mrs J Smith		Deputy Headteacher	
Mrs C Tipper		Assistant Headteacher	
Mr C Green		Assistant Headteacher	
Ms Z Anderson		Director of Teaching and Learning	
Mrs G White		Director of Tracking, Recording and Assessment	
Ms J Adams		Academy Business Director	
Finance Manager		Mrs Carol Thompson	

Kesteven and Sleaford Academy Trust

Responsible Officer	Mr Keith Phillips
Registered Office	Kesteven and Sleaford High School Selective Academy Jermyn Street Sleaford Lincolnshire NG34 7RS
Company Registration Number	07804308
Auditors	Hobsons Alexandra House 43 Alexandra Street Nottingham NG5 1AY
Bankers	Lloyds TSB Plc 2 Northgate Sleaford Lincolnshire NG34 7BL
Solicitors	Stone King 16 St. John's Lane London EC1M 4BS
Insurers	Zurich Insurance

Kesteven and Sleaford Academy Trust

Governors' Report

The governors present their annual report together with the audited financial statements of the Academy for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report and a directors' report including a strategic report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Sleaford. It has a pupil capacity of 828 and had a roll of 792 in the school census on 16 January 2014.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Kesteven and Sleaford Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Kesteven and Sleaford Academy Trust.

Details of the governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 2.

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.

Governors' Indemnities

A governor may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors 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: Provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

Trust Members

The Trust Members who were in office at 31 August 2014 and served throughout the period are listed on Page 2.

Principal Activities

The characteristics of the Academy set down in Section 1(6) of the Academies Act 2010, are:

- a) The school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum);
- b) The school provides secondary education and its curriculum has an emphasis on a particular subject area, or particular subject areas, as specified in the Agreement;
- c) The school provides education for pupils who are wholly or mainly drawn from the area in which the school is situated;
- d) The school shall be a selective school within the meaning of section 6(4) of the Academies Act 2010.

Other conditions and requirements in respect of the Academy are:

- a) The school will be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community;
- b) There will be assessments of pupil's performance as they apply to maintained schools and the opportunity to study for external qualifications in accordance with clause 29 (d) of the Articles;

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Principal Activities (continued)

- c) The admissions policy and arrangements for the school will be in accordance with admissions law, and the DfE Codes of Practice, as they apply to maintained schools;
- d) Teachers levels of pay and conditions of service for all employees will be the responsibility of the Academy Trust;
- e) There will be an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN;
- f) There will be no charge in respect of admission to the school and the school will only charge pupils where the law allows maintained schools to charge;
- g) The Academy Trust shall as soon as reasonably practicable establish an appropriate mechanism for the receipt and management of donations and shall use reasonable endeavours to procure donations through that mechanism for the purpose of the objects specified in the Articles.

Method of Recruitment and Appointment or Election of Governors

The number of governors shall be not less than three but (unless otherwise determined by ordinary resolution) not be subject to any maximum. Subject to Articles 48-49 and 64, the Academy Trust shall have the following governors:

- a) Up to 6 community governors, appointed under Article 50;
- b) 3 staff governors, subject to Article 50A;
- c) A minimum of 2 and up to 3 parent governors appointed under Articles 53-58;
- d) The headteacher;
- e) Any additional governors, if appointed under Article 62, 62A or 68A;
- f) Any further governors, if appointed under Article 63 or Article 68A.

The Academy Trust may also have any co-opted governor appointed under Article 59.

The first governors shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

The governors of the predecessor school as at the date immediately prior to the conversion date (the "Transferring Governors") shall become governors of the Academy Trust as of the conversion date and shall serve their remaining terms of office as if they were still governors of the predecessor school. Those transferring governors who were community governors, LA governors, and 2 of those who were parent governors, will become community governors of the Academy Trust appointed under Article 46(a). Those transferring governors who were staff governors, and 3 of those who were parent governors, will become staff governors and parent governors under Articles 46(b) and (c) respectively and shall be deemed to be elected for the purposes of these Articles.

Future governors shall be appointed or elected, as the case may be, under these Articles.

The members may appoint up to 6 community governors, subject to Article 50A.

The total number of governors who are employees of the Academy Trust (including the Headteacher) must not exceed one third of the total number of governors.

The Headteacher shall be treated for all purposes as being an ex officio governor.

Subject to Article 57, the parent governors shall be elected by parents of registered pupils at the Academy. A parent governor must be a parent of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of parent governors, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of parent governors which is contested shall be held by secret ballot.

The arrangements made for the election of a parent governor shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Method of Recruitment and Appointment or Election of Governors (continued)

Where a vacancy for a parent governor is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of parent governors required shall be made up by parent governors appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies.

In appointing a parent governor the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The staff governors shall be elected by staff members at the Academy. A staff governor must be a staff member at the time when he is elected. If a staff governor ceases to be a staff member then he shall be deemed to have resigned and shall cease to be a governor.

The governors shall make all necessary arrangements for, and determine all other matters relating to, an election of the staff governors, including any question of whether a person is a staff member. Any election of staff governors which is contested shall be held by secret ballot. When one or more staff governor vacancies are to be filled under Article 46(c), the number of staff governors required can at the governors' discretion be made up by staff governors appointed by the Governing Body if the number of eligible staff standing for election is less than the number of vacancies to be filled.

Co-Opted Governors

The governors may appoint up to 3 co-opted governors. A co-opted governor means a person who is appointed to be a governor by being co-opted by governors who have not themselves been so appointed. The governors may not co-opt an employee of the Academy Trust as a co-opted governor if the number of governors who are employed by the Academy Trust (including the Headteacher) would thereby exceed one third of the total number of governors.

Appointment of Additional Governors

The Secretary of State may give a warning notice to the governors where he is satisfied that:

- a) The standards of performance of pupils at the Academy are unacceptably low.
- b) There has been a serious breakdown in the way the Academy is managed or governed.
- c) The safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

For the purposes of Article 60 a warning notice is a notice in writing by the Secretary of State to the Academy Trust delivered to the Office setting out the:

- a) Matters referred to in Article 60.
- b) Action which he requires the governors to take in order to remedy those matters.
- c) Period within which that action is to be taken by the governors ("the compliance period").

The Secretary of State may appoint such additional governors as he thinks fit if the Secretary of State has:

- a) Given the governors a warning notice in accordance with Article 60 ; and
- b) The governors have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint such additional governors where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by the predecessor school shall be regarded as the grade received by the Academy.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Method of Recruitment and Appointment or Election of Governors (continued)

The Secretary of State may also appoint such further governors as he thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any additional or further governors in accordance with Articles 62, 62A or 63, any governors appointed under Article 50 and holding office immediately preceding the appointment of such governors, shall resign immediately and the Member's power to appoint governors under Article 50 shall remain suspended until the Secretary of State removes one or more of the additional or further governors.

Term of Office

The term of office for any governor shall be 4 years, save that:

- a) This time limit shall not apply to the Headteacher.
- b) A staff governor shall only hold office for so long as he continues to be employed as a teacher or member of support staff as the case may be.
- c) The term of office may be shorter than 4 years for any governor other than a parent governor if the Members (or, in the case of a co-opted governor, the governors) determine this at the time of appointment of such a governor.

Subject to remaining eligible to be a particular type of governor, any governor may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of New Governors and Trust Members

The training and induction provided for new governors and trust members will depend on their existing experience. All new governors and trust members will be given a tour of the Academy and the chance to meet with staff and students. All new governors and trust members are given a formal Induction at the Academy.

All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Organisational Structure

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Academy Trust shall be managed by the governors who may exercise all the powers of the Academy Trust. No alteration of the Articles and no such direction shall invalidate any prior act of the governors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the governors by the Articles and a meeting of governors at which a quorum is present may exercise all the powers exercisable by the governors.

In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the Articles the governors shall have the following powers, namely:

- a) To expend the funds of the Academy Trust in such manner as they shall consider most beneficial for the achievement of the Object and to invest in the name of the Academy Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Object; and
- b) To enter into contracts on behalf of the Academy Trust.

In the exercise of their powers and functions, the governors may consider any advice given by the Headteacher and any other executive officer.

The governors may establish any committee. The constitution, membership and proceedings of any committee shall be determined by the governors. The establishment, terms of reference, constitution and membership of any committee of the governors shall be reviewed at least once in every twelve months. The membership of any committee of the governors may include persons who are not governors, provided that a majority of members of any such committee shall be governors. The governors may determine that some or all of the members of a committee who are not governors shall be entitled to vote in any proceedings of the committee. No vote on any matter shall be taken at a meeting of a committee of the governors unless the majority of members of the committee present are governors.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Organisational Structure (continued)

Delegation

The governors may delegate to any governor, committee, the Headteacher or any other holder of an executive office, such of their powers or functions as they consider desirable to be exercised by them. Any such delegation may be made subject to any conditions the governors may impose and may be revoked or altered.

Where any power or function of the governors is exercised by any committee, any governor, Headteacher or any other holder of an executive office, that person or committee shall report to the governors in respect of any action taken or decision made with respect to the exercise of that power or function at the meeting of the governors immediately following the taking of the action or the making of the decision.

Meetings of the Governors

The governors may regulate their proceedings as they think fit.

The governors shall meet four times a year, including the Trust AGM. Meetings of the governors shall be convened by the secretary. In exercising her functions under this Article the secretary shall comply with any direction:

- a) Given by the governors.
- b) Given by the chairman of the governors or, in his absence or where there is a vacancy in the office of chairman, the vice-chairman of the governors, so far as such direction is not inconsistent with any direction given as mentioned in (a).

Any three governors may, by notice in writing given to the Secretary, requisition a meeting of the governors; and it shall be the duty of the Secretary to convene such a meeting as soon as is reasonably practicable.

Subject to Article 116 the quorum for a meeting of the governors, and any vote on any matter thereat, shall be any three governors, or, where greater, any one third (rounded up to a whole number) of the total number of governors holding office at the date of the meeting. If the Secretary of State has appointed additional or further governors then a majority of the quorum must be made up of additional or further governors.

The governors may act notwithstanding any vacancies in their number, but, if the numbers of governors is less than the number fixed as the quorum, the continuing governors may act only for the purpose of filling vacancies or of calling a general meeting.

The quorum for the purposes of:

- a) Appointing a parent governor under Article 57.
- b) Any vote on the removal of a governor in accordance with Article 67.
- c) Any vote on the removal of the chairman of the governors in accordance with Article 91 shall be any two-thirds (rounded up to a whole number) of the persons who are at the time governors entitled to vote on those respective matters.

Full Governing Body Terms of Reference

The Governing Body has the responsibility for all aspects of the Academy operation in accordance with the Funding Agreement with a view to promoting high standards of educational achievement. As part of this responsibility the Governing Body will:

- Determine the strategy for the long term development of the Academy.
- Set appropriate targets for pupil achievement at Key Stages 3, 4 and 5.
- Manage the academy finances.
- Ensure the curriculum for the school is balanced and broadly based.
- Appoint the Headteacher and Deputy Headteacher.
- Determine the policy for the management of staff appointments.
- Establish procedures for the management of staff conduct, discipline and grievances.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Organisational Structure (continued)

- Establish a performance management policy for staff appraisal.
- Receive and monitor the Academy Improvement Plan.
- Manage the governor's duties in relation to pupils with Special Educational Needs.
- Manage the governor's duties in relation to Child Protection.
- Draw up an action plan as required following a school inspection.
- Receive and monitor the school's Health and Safety Policy and its implementation.
- Set the strategy for and monitor the school's implementation of new Government Initiatives.
- Review the Academy's Statutory Policies.

The Governing Body will achieve these requirements by holding regular meetings, setting up sub-committees as required, be represented on school working parties, visiting school and attending functions and receiving reports from the Headteacher. The Governing Body will meet 4 times a year, including the Trust AGM, and as further required. The sub-committees will meet as required with the exception of the Finance sub-committee which will meet 6 times a year.

The Chair and Vice Chair are elected annually.

The Chair will not hold the position for more than 6 years consecutively.

Finance Committee Terms of Reference

The Financial Management of the Academy conforms to the requirements of the DfE Academies Financial Handbook and the Academy Funding Agreement. It is the responsibility of the Finance Committee to ensure these requirements are met and in particular the committee will:

- Monitor and approve the preparation of accounts and reports.
- Consider a finance position statements monthly and to report significant anomalies from the anticipated position to the Governing Body.
- Monitor the use of monies allocated for specific purposes.
- Make decisions and review service agreements.
- Make decisions on expenditure following recommendations from other committees.
- Receive and respond to auditor and Responsible Officer reports.
- Discuss the annual Departmental Improvement Plan for finance prior to inclusion in the Academy Improvement Plan.
- Determine whether sufficient funds are available for pay increments as recommended by the Headteacher and Headteacher's Review Group following Performance Management Reviews.
- To monitor and approve all relevant school policies.

These Terms of Reference and membership of the committee to be reviewed annually

General Purposes Committee Terms of Reference

- To consider all matters not covered by the specialist Finance and Standards sub-committees in order to make recommendations to the full Governing Body.
- To monitor and approve all relevant school policies.
- To approve and monitor the staffing structure in consultation with the Headteacher and the Finance Committee.
- To establish a Salary Policy for all categories of staff and to be responsible for its administration and review.
- To establish and review a Performance Management policy for all staff.
- To oversee the appointment procedure for all staff.
- To keep under review staff work/life balance, working conditions and well-being, performance management, CPD and absence.
- To make recommendations on personnel related matters to the Finance Committee.
- To consider any appeal against a decision on pay grading or pay awards.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Organisational Structure (continued)

- To oversee the process leading to staff reductions.
- To receive and consider reports from the Headteacher relating to pupil issues.
- To discuss the annual Departmental Development Plan for Staff and Pupils prior to inclusion in the School Improvement Plan.
- Advise and make recommendations to the Governing Body on priorities, including Health and Safety, for the maintenance and development of the school's premises.
- Receive and keep under review the Building Asset Management and Maintenance Plans.
- Oversee in consultation with the Headteacher, premises related funding bids.
- Oversee arrangements for the use of the school by outside users, subject to Governing Body policy.
- Oversee the school Health and Safety Plans.

These Terms of Reference and membership of the committee to be reviewed annually

Standards Committee Terms of Reference

- To consider and advise the Governing Body on standards and other matters relating to the school's curriculum, including statutory requirements and the School's Curriculum Policy.
- To consider curricular issues which have implications for Finance and Personnel decisions and to make recommendations to the relevant committee.
- To receive presentations from Departments on a rota basis relating to school priorities.
- To receive reports on pupil attainment at all Key Stages.
- To monitor the support given to pupils with Additional Needs.
- To discuss the recommendations for Option Choices at KS 4 and 5.
- To monitor the provision of extra-curricular activities.
- Discuss the annual Departmental Development Plan for curriculum plans prior to inclusion in the Academy Improvement Plan.
- To monitor DfE statutory/guidance initiatives related to the curriculum and their implementation as applicable.
- To monitor and receive reports related to the school Quality Assurance Plan.
- To monitor and approve all school policies related to school standards.

These Terms of Reference and membership of the committee to be reviewed annually.

Connected Organisations, including Related Party Relationships

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

Every governor completes a pecuniary interest form annually and, at the start of each Full Governing Body Meeting and Committee Meeting governors are asked to declare any interests that may arise during the meeting. A conflict of Interest Policy is currently under review, prior to being approved by the Full Governing Body.

Objectives and Activities

Objectives and Aims

The Academy Trust's object ("the Object") is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Objectives, Strategies and Activities

The following improvement activities have been acted upon during the course of this academic year.

Achievements Academic Year 2013/14

- Sustained improvement in attainment and progress at **A level**.
 - 117th nationally at A Level
 - Second Highest progress measures in county at A and AS
 - Best ever A level results for the second year running with 70% at A*/B
- Best 8 Value Added score in the county at **GCSE** of 1022.8
- **English GCSE progress** was outstanding and best in county with 80% of students making 4 levels of progress compared to 34% nationally.
- Lower attaining students on entry in Yr 7 are making **significantly 'better than expected progress'** by Yr 11.
- Work on supporting the mental health and wellbeing of students has included **highly praised sessions** for parents and the community.
- Revised School marketing and promotion strategy has **celebrated the wider life of the school** in the local press, on school website, in regular newsletters.
- Departments increasingly consistent in their **quality assurance** practices of lesson observation, pupil assessment and feedback and measurement of progress.
- Further restructure of teaching and support staff areas achieved significant **cost savings**.
- Reaccredited as an **Investor in People**, and a **Leading Edge School**.
- **Number on Role increased** for next academic year, with five form entry in Year 7.

This year the areas for development are broken down as:

- Maintain focus on improving teaching and learning from very good to consistently outstanding.
- Use progress data systematically to inform high quality planning, teaching, learning and assessment for all students.
- Prepare for the new curriculum across Key Stages, planning for 'Progress 8' and revised grading systems across subjects.
- Revise curriculum and pastoral systems and schedules for most effective parental communication (e.g. options calendar, pupil rewards, reporting of progress).
- Create our local offer for SEN and maintain significant + progress for those students.
- Create increasingly bespoke CPD programme for all staff with a particular focus on developing the skills, creativity and accountability of Subject Leaders .

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Public Benefit

The governors can confirm that they have complied with their duty to have given due regard to the guidance on public benefit by the charities commission in exercising their powers/duties.

The Academy has been managed effectively and efficiently for the benefit of its pupils and the community it serves.

Kesteven and Sleaford High School Selective Academy works closely with its local business and education partners and this year has hosted an Insight careers event for year 11 students and their parents from all local schools. Kesteven and Sleaford High School Selective Academy is an active partner in the Lincolnshire Teaching School Alliance and is a lead school for School Direct.

Students at the Academy are able to participate in a wide variety of clubs, trips and activities as well as the Duke of Edinburgh and the Community Sports Leaders Award Schemes.

Performance outcomes for 2013-2014 are evidenced in achievements and performance.

Strategic Report

Achievements and Performance

Kesteven and Sleaford High School achieved excellent results once again in both GCSE and A2 level examinations.

The examination performance demonstrated the high quality of student achievement. It is pleasing to see that excellent teaching, combined with the excellent attitude of our students enables them to continue to perform well.

Public Examination Results: Refer to Annex 1 and Annex 2 – Pages 23 and 24

Key Performance Indicators

- NOR – numbers on roll in years 7-11 remain stable, the number of students retained at sixth form is in line with the national average for a girl's selective Academy.
- Balance Budget – the Academy continues to maintain an in year balance budget.
- Achievements – see Annex 1 and Annex 2.
- Pupil attendance – pupil attendance is above the national average.

Going Concern

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

Financial Review

Financial Report for the year ended 31 August 2014

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants. The grants received from the DfE during the year ended 31 August 2014 and the associated expenditure are shown in the statement of financial activities.

During the year ended 31 August 2014, total expenditure, excluding FRS17 adjustments, was £4,277,949 which shows an overall net surplus for the year of £93,641.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Financial Review (continued)

At 31 August 2014, the net book value of fixed assets was £9,508,490. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Financial position

At 31 August 2014 the academy had a net surplus of fund balances of £8,970,605 comprising £276,675 of restricted reserves, £34,440 of unrestricted reserves, £9,508,490 in a fixed asset fund and a pension reserve deficit of £849,000.

Funds in deficit

The Academy's non-teaching staff are entitled to membership of the Local Government pension Scheme. The Academy's share of the Scheme assets is currently assessed to be less than its liabilities in the Scheme and as a result the Academy's balance sheet shows a net liability of £849,000. However, the deficit does not mean that an immediate liability for this amount crystallises and the contribution rate to reduce the liability is calculated by an independent actuary.

Reserves Policy

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trust Members' and Governors' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

Demands on the Academy's reserves are expected to vary during the coming years so it has therefore been agreed that the level of reserves should be equivalent to one month's expenditure, currently estimated at approximately £250K. The reasons for this is to provide sufficient working capital to cover delays between spend and receipt of grants, and a cushion to deal with unexpected emergencies.

Investment Policy

The Academy holds no investments other than its capital balance however; it intends that any surplus funds will be invested to give the best balance of return and security. The Academy makes use of higher interest deposit account where appropriate.

Principal Risks and Uncertainties

The current principal risks are perceived as being external as the Trust does not have a sponsor and is therefore reliant on the Department for Education for funding. The Academy has financial risk strategies in place which have been adopted by the governors and will be updated as necessary.

The principal risks can be categorised as follows:

- Strategic Risk
- Governing Body Organisation
- Management Information Risk
- Governance Risk
- Operational Risk

A full risk register is maintained and currently reviewed by the Finance Committee.

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Risk Management

The major risks facing the Academy have been considered and actions taken to reduce these risks. In particular those relating to teaching, provision of facilities, reducing numbers on roll in the sixth form and other operational areas of the academy and its finances. The governors have implemented a number of systems and procedures, including regular discussions at meetings, to assess and minimise risks. Where significant financial risk remains adequate insurance cover is in place. A full Risk Register is maintained by the School Business Director and is approved by the Full Governing Body. Risk areas associated with site, premises and student activities are reviewed regularly.

Financial and Risk Management Objectives and Policies

The Academy has a Financial Procedures Policy and Scheme of Financial Delegation both of which have been adopted by the governors. Resources are used to maintain efficient staffing levels, ensure the continuing effectiveness of the organisation and good state of repair of the site and buildings.

Plans for Future Periods

Details of improvement priorities which will be developed and acted upon in the coming year (14/15) are contained within pages 15-16 :-

Kesteven and Sleaford Academy Trust

Whole School Priorities	Quality of Teaching	Behaviour and Safety	Leadership and Management
<p>Eliminate remaining underperformance (blue) on Raise on Line and maximize significant performance (Green) by Improved Capped Points Score in Best 8, German,</p> <p>Increase to Sig + VA at A level</p> <p>Data used across the school at every level to inform planning of effective teaching. Target setting and monitoring within lessons is observable.</p> <p>Departments with new Subject leaders supported effectively</p> <p>Underperforming departments identified through achievement data make continued progress through support programmes.</p>	<p>Best practice in delivery of outstanding teaching and learning more consistent across and within departments:</p> <p>Focus on:</p> <p>Pupil/Teacher dialogue in Assessment and Feedback</p> <p>Embedded outstanding practice evident across and within departments with students accustomed to dedicated improvement and reflection time</p> <p>Differentiation in lessons</p> <p>Teachers use a range of strategies for differentiating, to ensure the needs of learners are precisely met and all students – of all abilities make significant progress in lessons</p> <p>Data used by staff to inform teaching/planning and differentiation at lesson and SOW level.</p>	<p>Rewards and sanctions system embedded at whole school and departmental level</p> <p>Further improve the attendance of 'at risk' students</p> <p>Monitor specific 'at risk' student groups especially Pupil Premium, Forces, SEN groupings ensuring support leads to progress in line with other students</p>	<p>SLT</p> <p>'Local offer' for SEN in place</p> <p>Departments with new Subject leaders supported effectively</p> <p>Departments still to make significant + progress are identified through achievement data and make continued progress through QA rigor, access to sharing good practice and support programmes.</p> <p>Membership of newly formed Lincolnshire Teaching Alliance (LTA) and revised whole school CPD schedule enables staff to both benefit from and contribute to recognized CPD opportunities.</p> <p>School's status as Lead school for School Direct continues to help us grow our own teachers and future middle leaders</p>

Kesteven and Sleaford Academy Trust

Whole School Priorities	Quality of Teaching	Behaviour and Safety	Leadership and Management
	Literacy and Numeracy skills are embedded across subjects at KS3 &4		<p>Middle leadership</p> <p>Greater consistency of embedded outstanding T and L and leadership practice across departments in:</p> <ul style="list-style-type: none"> • Use of data to inform teaching • Embedded QA practices incl assessment • Differentiation to secure progress for all students <p>Planning for new curriculum including:</p> <ul style="list-style-type: none"> • Preparation to deliver revised examination specifications at GCSE and AS and A Level • Revised assessment schedules/practice in the light of changes
			<p>Governance</p> <p>Increase opportunities for Governors to visit the school in session</p>

Kesteven and Sleaford Academy Trust

Governors' Report (continued)

Funds held as Custodian Trustee on behalf of others

During the year the Academy had no such funds.

Auditor

In so far as the governors are aware:

- There is no relevant audit information of which the Academy Trust's auditor is unaware; and
- The Trust Members and Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' report, incorporating a strategic report, approved by order of the Members of the Trust and Governing Body of Kesteven and Sleaford Academy Trust, as the company directors, on 25 November 2014 and signed on its behalf by:

MR ROBIN BAKER

TRUST MEMBER AND CHAIR OF GOVERNING BODY

Kesteven and Sleaford Academy Trust

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Kesteven and Sleaford Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body 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 Kesteven and Sleaford Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance here supplements that described in the Governors' Report and in the Statement of Trust Members' and Governors' responsibilities.

During the period there have been 2 Trustee meetings which have been attended by all of the trustees.

As well as that the Governing Body has formally met 4 times during the period. Trustees were not required to attend these meetings but are shown for completeness. Attendance during the period at meetings of the Governing Body was as follows:

Trustee/Governor	Meetings attended	Out of a possible
Trustee		
Miss Rachael Hockmeyer	2	-
Rt Hon Douglas Hogg	2	-
Mr Keith Phillips	3	-
Governor		
Mr R Baker	4	4
Mr C Booker	4	4
Mrs J Brearley	3	4
Mrs J Churchill	4	4
Mrs D Hopkins	3	4
Mrs J Jackson	2	4
Dr A Mobasheri	3	4
Miss A Parkes	4	4
Mr L Rooke	4	4
Mrs P Hunter	3	4
Mr S Oakden	4	4
Dr C Wight	2	4
Mr J Mansfield	2	4

Governance review

The school was inspected by Ofsted in May 2013 and was graded Good with Outstanding features and in particular the governance was considered strong as detailed in the report, extracted below:

Kesteven and Sleaford Academy Trust

Governance Statement (continued)

"The governing body has a strong vision for the school. Governors ask challenging questions and set challenging targets for the school. They have a secure grasp of the school's strengths and weaknesses and are aware of the quality of teaching in the school. For example, they know which subjects did not secure good progress and what is happening to improve teaching and raise standards in those areas. Governors are fully involved in decisions about teachers' career progression and know how underperformance is tackled. The governing body is experienced in managing finances. Governors ensure that resources are used well to support students in receipt of additional funding through the pupil premium, and understand the impact this has had on improving their results."

In addition as the Governing Body continues with its longer serving members a Governance Review has not been undertaken this year. It is expected that such a review will be undertaken within the next 12 to 18 months.

The purpose of the other sub committees is described within the governors' report.

Attendance at the finance meetings in the period was as follows:

Again Trustees are not required to attend these meetings but are shown for completeness.

Trustee/Governor	Meetings attended	Out of a possible
Trustee		
Miss Rachael Hockmeyer	0	-
Rt Hon Douglas Hogg	0	-
Mr Keith Phillips	2	-
Governor		
Mr R Baker	5	5
Mr C Booker	4	5
Mrs J Churchill	5	5
Mrs J Jackson	5	5
Miss A Parkes	5	5
Mr J Mansfield	1	2
Mr S Oakden	2	5

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 ongoing process designed to identify and prioritise the risks to the achievement of Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Kesteven and Sleaford Academy Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. In order to effectively manage the risks to internal financial control a Finance Committee will report to the Academy Trust and so far as is possible provide assurance to the external auditors. The Finance Committee will be concerned with reviewing and managing the risks to internal financial control.

Kesteven and Sleaford Academy Trust

Governance Statement (continued)

The Risk and Control Framework

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

- a) Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- b) Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- c) Setting targets to measure financial and other performance.
- d) Clearly defined purchasing (asset purchase or capital investment) guidelines.
- e) Delegation of authority and segregation of duties.
- f) Identification and management of risks.
- g) Comprehensive five year budget plans presented to and agreed by the Governing Body.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr K Phillips, one of the Trust Members, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the Finance Committee, at every meeting, and the Academy Trust on an annual basis, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities

Review of Effectiveness

As Accounting Officer, the Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- a) The work of the Responsible Officer.
- b) The work of the external auditor.
- c) The work of the School Business Director
- d) The Risk Register.
- e) The work of the Finance Committee.

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

Approved by order of the Members of the Trust and Governing Body on 25 November 2014 and signed on their behalf by:

MR ROBIN BAKER

**TRUST MEMBER &
CHAIR OF GOVERNING BODY**

MR CRAIG BOOKER

ACCOUNTING OFFICER

Kesteven and Sleaford Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of Kesteven and Sleaford Academy trust I have considered my responsibility to notify the academy trust Governing Body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 EFA.

MR CRAIG BOOKER

ACCOUNTING OFFICER

25 NOVEMBER 2014

Kesteven and Sleaford Academy Trust

Statement of Trust Members' and Governors' responsibilities

The Trust Members and Governors (who are also the directors of the Academy for the purposes of company law) are responsible for preparing the Governors' Annual Report including the Strategic Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice) and applicable law and regulations. Company law requires the Trust Members and Governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trust Members and Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the charities SORP;
- Make judgements and 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Trust Members and Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trust Members and Governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for charitable purposes.

In so far as the Trust Members and Governors are aware:

- There is no relevant audit information of which the Academy's auditor is unaware; and
- The Trust Members and Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trust Members and Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Academy'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 Trust and Governing Body on 25 November 2014 and signed on their behalf by:

MR ROBIN BAKER

TRUST MEMBER AND CHAIR OF GOVERNING BODY

Annex 1 - Kesteven & Sleaford High School - GCSE Examination Entries 2014

This analysis of external examination entries is provided as required by the 1980 Education Act.

Qualification	2014										2013									
	Entries	A*	A	B	C	D	E	F	G	U	Entries	A*	A	B	C	D	E	F	G	U
GCSE Art and Design Fine Art	31	6	11	10	4						24	8	7	7	1	1				
GCSE Art & Design Graphics	20	2	4	7	5	2					23	6	7	8	2					
GCSE Art & Design Textiles	2	1	1								19	7	4	8						
GCSE Biology	86	34	34	12	5					1	85	29	37	18	1					
GCSE Business Studies	8	1	3	3	1						28	4	9	8	6	1				
GCSE Chemistry	85	30	29	21	3	1			1		85	35	34	14	2					
GCSE Computer Science	5		5																	
GCSE D&T Graphic Products	12	4	2	3	2	1					6	4	1	1						
GCSE D&T Resistant Materials	21		3	8	8	2					5	1	2	2						
GCSE D&T Textiles	12	1	9	1	1						9	1	1	6	1					
GCSE Drama & Theatre Studies	18	1	3	2	11	1					18	4	9	4	1					
GCSE English	126	24	39	38	15						123	14	61	46	2					
GCSE English Literature	125	4	32	70	18				1		121	26	58	32	4		1			
GCSE Expressive Arts	4	2	1	1							5	1	1	2	1					
GCSE Food	15	3	8	4							13		2	10	1					
GCSE French	70	9	14	24	19	4					58	8	18	15	11	5	1			
GCSE Geography	81	22	25	22	8	2	1		1		79	27	38	11	3					
GCSE German	57	1	13	21	12	9		1			66	2	5	21	25	13				
GCSE History	78	16	29	21	7	5					81	16	21	27	13	3	1			
GCSE Mathematics	126	27	22	52	22	3					123	23	34	33	24	8	1			
GCSE Music	7	3	2	2							6		4	1	1					
GCSE Physics	86	33	28	22	2				1		85	31	39	15						
GCSE Religious Studies	11	4	3	3	1						12	4	7	1						
GCSE Religious Studies Short Course	112	37	49	20	4	2					109	51	37	15	5	1				
GCSE Science Additional	37	2	8	14	13						37	4	11	17	5					
GCSE Science Core	38	1	9	18	10						38	1	14	14	9					
GCSE Spanish	1	1									1		1							
GCSE Sport/PE Studies	30	5	10	6	6	2	1				29	3	12	9	5					
ICT DIDA Unit 1	121	28	36	31	22					2	120	24	45	35	12					4

Number of Y11 Pupils: 126
 Total GCSE Entries: 1365.5
 Average Points per GCSE Entry: 51

GCSE Pass Rate (entries at A*– C grade): 97%
 GCSE High Grades (entries at A* or A grade): 51%

Annex 2 - Kesteven & Sleaford High School – A2 Examination Results 2014

This analysis of external examination entries is provided as required by the 1980 Education Act.

Qualification	2014								2013							
	Entries	A*	A	B	C	D	E	U	Entries	A*	A	B	C	D	E	U
A2 Art & Design Fine Art	4	3	1						9	1	3	3	1	1		
A2 Biology	25	2	9	9	1	3	1		36	3	5	10	14	2	1	1
A2 Business Studies	2	1		1					9	1	3	4		1		
A2 Chemistry	25	2	10	3	8	1	1		21	1	4	6	7	3		
A2 Classical Civilisation	14	1	3	6	2	2			8	1	4	3				
A2 Critical Thinking	5			1	2	1	1									
A2 D&T Food Technology	1					1			1			1				
A2 D & T Product Design	5	1		2	2				4		2		1		1	
A2 D & T Textiles	2			1	1				2	1				1		
A2 Drama	5		1	1	3				8		2	3	2	1		
A2 English Language	21		2	7	10	2			41		12	21	8			
A2 English Literature	21	1	7	3	3	5	2		38	6	10	12	8	2		
A2 French	1	1							6		5	1				
A2 Further Mathematics	4		2	1	1				2		2					
A2 General Studies	43	2	2	9	15	9	4	2	96	6	13	31	21	18	6	1
A2 Geography	13	1	4	4	2	2			24	6	5	6	6	1		
A2 German	4	1		1	1	1			4		2	2				
A2 Health and Social Care	10			4	2	4										
A2 History	18	2	7	7	1	1			45	2	17	15	9	2		
A2 ICT	4	2	1	1												
A2 Law	1		1						3			1		1	1	
A2 Mathematics	27	6	8	5	7	1			24	5	7	7	4	1		
A2 Music	1			1					2				1	1		
A2 Performing Arts																
A2 Photography	7	1	1	3	1	1			8	1	4	2	1			
A2 Physics	6		2	2	2				9	2	1		5	1		
A2 Psychology	24	2	2	7	5	8			28		7	9	9	2	1	
A2 Religious Studies	9	2	2	2	3				7		3	4				
A2 Sports /PE Studies	2				2				7			4		2	1	

Number of Y13 Pupils: 85
 Total GCE A2 Entries: 318
 Average Points per GCE A2 Entry[^]: 234

A2 Pass Rate (entries at A* – E grade): 99%
 A2 High Grades (entries at A*, A or B grade): 64%

[^] Points are measured using the QCA scale which, for GCE A2 qualifications, is as follows : A* = 300 pts; A = 270 pts; B = 240 pts; C = 210 pts; D = 180pts; E = 150 pts.

1st October 2014

Kesteven and Sleaford Academy Trust

Independent Auditor's Report to the Members of Kesteven and Sleaford Academy Trust

We have audited the financial statements of Kesteven and Sleaford Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities on page 22 the governors (who are also the directors of the academy trust 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2014 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 and the Academies Accounts Direction 2013 to 2014 by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Kesteven and Sleaford Academy Trust

Independent Auditor's Report to the Members of Kesteven and Sleaford Academy Trust (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Scully FCA (Senior Statutory Auditor)
For and on behalf of Hobsons
Chartered Accountants and
Statutory Auditor
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

28 November 2014

Kesteven and Sleaford Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Kesteven and Sleaford Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 17 February 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Kesteven and Sleaford Academy Trust during the year from 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Kesteven and Sleaford Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Kesteven and Sleaford Academy Trust and the EFA 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 the Kesteven and Sleaford Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Kesteven and Sleaford Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Kesteven and Sleaford Academy Trust's funding agreement with the Secretary of State for Education dated 28 October 2011 and the Academies Financial Handbook extant from 1 September 2013 (updated October 2013), 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 2013 to 2014. 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 from 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA. 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 trust's income and expenditure.

Kesteven and Sleaford Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Kesteven and Sleaford Academy Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Hobsons Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

28 November 2014

Kesteven and Sleaford Academy Trust

Statement of Financial Activities for the year ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	Total 2013 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	3	-	4,172	-	4,172	15,759
Activities for generating funds	4	19,346	184,426	-	203,772	224,965
Investment income	5	2,399	-	-	2,399	921
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	6	-	4,090,758	70,489	4,161,247	4,363,385
Total incoming resources		21,745	4,279,356	70,489	4,371,590	4,605,030
Resources expended						
Cost of generating funds:	8	14,510	-	-	14,510	41,678
Costs of generating voluntary income	8	-	1,391	-	1,391	5,253
Charitable activities:						
Academy's educational operations	9	-	4,142,031	108,450	4,250,481	4,441,356
Governance costs	10	-	11,567	-	11,567	15,632
Total resources expended	7	14,510	4,154,989	108,450	4,277,949	4,503,919
Net incoming/(outgoing) resources before transfers		7,235	124,367	(37,961)	93,641	101,111
Gross transfers between funds	19	-	(29,555)	29,555	-	-
Net income/(expenditure) for the period		7,235	94,812	(8,406)	93,641	101,111
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	19, 28	-	(234,000)	-	(234,000)	26,000
Net movement in funds		7,235	(139,188)	(8,406)	(140,359)	127,111
Reconciliation of funds						
Funds brought forward to 1 September 2013		27,205	(433,137)	9,516,896	9,110,964	8,983,853
Funds carried forward at 31 August 2014		34,440	(572,325)	9,508,490	8,970,605	9,110,964

All of the Academy's activities derive from continuing operations during the above two financial periods.

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Kesteven and Sleaford Academy Trust

Balance sheet as at 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	14		9,508,490		9,516,896
Current assets					
Stock	15	2,202		2,714	
Debtors	16	40,581		66,045	
Cash at bank and in hand		590,646		517,963	
		<u>633,429</u>		<u>586,722</u>	
Creditors: Amounts falling due within one year	17	<u>(222,021)</u>		<u>(288,637)</u>	
Net current assets			411,408		298,085
Total assets less current liabilities			<u>9,919,898</u>		<u>9,814,981</u>
Creditors: Amounts falling due after more than one year	18		<u>(100,293)</u>		<u>(98,017)</u>
Net assets excluding pension liability			<u>9,819,605</u>		<u>9,716,964</u>
Pension scheme liability	28		(849,000)		(606,000)
Net assets including pension liability			<u>8,970,605</u>		<u>9,110,964</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	19		9,508,490		9,516,896
General funds	19		276,675		172,863
Pension reserve	19		<u>(849,000)</u>		<u>(606,000)</u>
Total restricted funds			<u>8,936,165</u>		<u>9,083,759</u>
Unrestricted funds	19		34,440		27,205
Total funds			<u>8,970,605</u>		<u>9,110,964</u>

The financial statements on pages 32 to 49 were approved by the Governors, and authorised for issue on 25 November 2014 and are signed on their behalf by:

MR ROBIN BAKER

TRUST MEMBER AND CHAIR OF GOVERNING BODY

Company Limited by Guarantee
Registration Number 07804308

Kesteven and Sleaford Academy Trust

Cash Flow Statement for the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	22	53,937	55,555
Returns on investments and servicing of finance	23	2,399	921
Capital expenditure	24	(29,555)	(33,260)
Financing	24	45,902	(21,559)
Increase in cash in the period	25	<u>72,683</u>	<u>1,657</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		517,963	494,747
Increase in cash in the period	25	72,683	1,657
Cash inflow/(outflow) from decrease in debts and lease financing	25	(45,902)	21,559
Net funds at 31 August 2014		<u>544,744</u>	<u>517,963</u>

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

- **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

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

- **Other income**

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

- **School fund**

The Academy runs a school fund which relates to income and expenditure for school trips. These funds are kept in a separate bank account and the transactions are not included within these financial statements.

- **Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis where the amount can be quantified with reasonable accuracy.

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting Policies (continued)

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy's policies.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance Costs**

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting Policies (continued)

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Long leasehold buildings	125 years straight line
Improvements to property	20 years straight line
Fixtures, fittings, ICT and computer equipment	33.3% straight line and 20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Catering stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

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

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1 Accounting Policies (continued)

Pensions Benefits

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

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 quinquennial valuations using a prospective benefit method. As stated in Note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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 Education Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency or the Department for Education.

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Private sponsorship	-	-	-	-
Other donations	-	4,172	4,172	15,759
	<u>-</u>	<u>4,172</u>	<u>4,172</u>	<u>15,759</u>

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Hire of facilities	1,691	-	1,691	6,374
Catering income	17,655	125,331	142,986	165,154
Other income	-	59,095	59,095	53,437
	<u>19,346</u>	<u>184,426</u>	<u>203,772</u>	<u>224,965</u>

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Short term deposits	2,399	-	2,399	921
	<u>2,399</u>	<u>-</u>	<u>2,399</u>	<u>921</u>

6 Funding for Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	3,920,184	3,920,184	3,950,938
Start Up Grants	-	-	-	-
Capital Grants	-	70,489	70,489	153,540
Other DfE/EFA grants	-	146,719	146,719	181,405
	<u>-</u>	<u>4,137,392</u>	<u>4,137,392</u>	<u>4,285,883</u>
Other Government grants				
Local authority grants	-	-	-	38,017
Special educational projects	-	23,855	23,855	39,485
	<u>-</u>	<u>23,855</u>	<u>23,855</u>	<u>77,502</u>
	<u>-</u>	<u>4,161,247</u>	<u>4,161,247</u>	<u>4,363,385</u>

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

7 Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2014 £	Total 2013 £
Costs of generating voluntary income	1,391	-	-	1,391	5,253
Costs of activities for generating funds	6,449	-	8,061	14,510	41,678
Academy's educational operations					
Direct costs	2,676,646	-	218,690	2,895,336	2,937,215
Allocated support costs	684,503	394,041	276,601	1,355,145	1,504,141
	<u>3,361,149</u>	<u>394,041</u>	<u>495,291</u>	<u>4,250,481</u>	<u>4,441,356</u>
Governance costs including allocated support costs	2,366	-	9,201	11,567	15,632
	<u>3,371,355</u>	<u>394,041</u>	<u>512,553</u>	<u>4,277,949</u>	<u>4,503,919</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.

	2014 £	2013 £
Incoming/outgoing resources for the year include:		
Operating leases	36,170	55,511
Fees payable to auditor		
Audit	5,750	5,750
Other services	3,040	3,620
Depreciation -		
Written off owned tangible fixed assets	108,450	90,045
Written off tangible fixed assets on HP/Finance lease	-	-

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

8 Resources Expended - Costs of generating funds

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Voluntary income - Allocated support costs				
Support staff costs	-	1,391	1,391	5,253
Activities for generating funds - Allocated support costs				
Support staff costs	6,449	-	6,449	17,110
Energy costs	50	-	50	150
Catering	8,011	-	8,011	24,418
	<u>14,510</u>	<u>-</u>	<u>14,510</u>	<u>41,678</u>

9 Resources Expended - Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Direct costs				
Teaching and educational support staff costs	-	2,676,646	2,676,646	2,669,942
Depreciation	-	-	-	-
Educational supplies	-	83,865	83,865	120,967
Examination fees	-	87,358	87,358	90,299
Staff development	-	19,953	19,953	14,024
Educational consultancy	-	3,322	3,322	7,085
Other direct costs	-	24,192	24,192	34,898
	<u>-</u>	<u>2,895,336</u>	<u>2,895,336</u>	<u>2,937,215</u>
Allocated support costs				
Support staff costs	-	684,503	684,503	876,600
Depreciation	-	108,450	108,450	90,045
Technology costs	-	41,537	41,537	26,906
Recruitment and support	-	16,286	16,286	72
Maintenance of premises and equipment including cleaning	-	167,289	167,289	159,248
Rent & rates	-	48,984	48,984	39,844
Energy costs	-	47,341	47,341	55,364
Insurance	-	52,691	52,691	63,213
Security and transport	-	6,092	6,092	8,241
Catering	-	74,409	74,409	72,897
Bank interest and charges	-	2,918	2,918	2,111
Other support costs	-	104,645	104,645	109,600
	<u>-</u>	<u>1,355,145</u>	<u>1,355,145</u>	<u>1,504,141</u>
	<u>-</u>	<u>4,250,481</u>	<u>4,250,481</u>	<u>4,441,356</u>

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

10 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	3,451	3,451	2,798
Auditor's remuneration				
• Audit of financial statements	-	5,750	5,750	5,750
• Other audit costs	-	-	-	-
Support staff costs:	-	2,366	2,366	7,084
Trustees' reimbursed expenses	-	-	-	-
	<u>-</u>	<u>11,567</u>	<u>11,567</u>	<u>15,632</u>

11 Staff Costs

	2014 £	2013 £
Staff costs during the period were:		
Wages and salaries	2,604,864	2,789,173
Social security costs	191,326	208,389
Pension costs	401,491	445,003
	<u>3,197,681</u>	<u>3,442,565</u>
Supply teacher costs	30,810	5,499
Staff restructuring costs	142,864	127,925
	<u>3,371,355</u>	<u>3,575,989</u>

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2014 Number	2014 Full-time equivalent	2013 Number	2013 Full-time equivalent
Charitable Activities				
Teachers	56	46	64	55
Administration and support	55	30	57	36
Management	6	6	6	6
	<u>117</u>	<u>82</u>	<u>127</u>	<u>97</u>

The number of employees whose emoluments exceeded £60,000 was:

	2014	2013
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

The above employees participated in the Teachers Pension Scheme and during the period pension contributions for the members of staff amounted to £21,693 (2013 - £20,248).

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

11 Staff Costs (continued)

60 of the above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £266,440 (2013 - £306,276). 38 other employees participated in the Local Government Pension Scheme. Pension contributions amounted to £125,901 (2013 - £138,727).

12 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration was as follows:

Mr C Booker - Principal	£85,000 - £90,000 (2013 - £75,000 - £80,000)
Mrs P Robertson - Staff governor	£Nil (2013 - £5,000 - £10,000)
Miss A Parkes - Staff governor	£35,000 - £40,000 (2013 - £35,000 - £40,000)
Mr L Rooke - Staff governor	£25,000 - £30,000 (2013 - £25,000 - £30,000)
Mrs P Hunter - Staff governor	£10,000 - £15,000 (2013 - £5,000 - £10,000)

During the year ended 31 August 2014, travel and subsistence expenses totalling £Nil (2013 - £Nil) were reimbursed to trustees. Related party transactions involving the trustees are set out in note 29.

13 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £3,360 (2013 - £3,360). The cost of this insurance is included in the total insurance cost.

14 Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Improvements to property £	Fixtures, fittings, ICT and computer equipment £	Total £
Cost				
At 1 September 2013	9,396,917	141,660	82,394	9,620,971
Additions	-	74,156	25,888	100,044
At 31 August 2014	9,396,917	215,816	108,282	9,721,015
Depreciation				
At 1 September 2013	66,800	902	36,373	104,075
Charged in year	66,804	10,932	30,714	108,450
At 31 August 2014	133,604	11,834	67,087	212,525
Net book values				
At 31 August 2014	9,263,313	203,982	41,195	9,508,490
At 31 August 2013	9,330,117	140,758	46,021	9,516,896

Included within leasehold land and buildings is land of £1,046,970 (2013 - £1,046,970).

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

15 Stock

	2014 £	2013 £
Catering	1,242	1,756
School supplies	960	958
	<u>2,202</u>	<u>2,714</u>

16 Debtors

	2014 £	2013 £
Trade debtors	1,231	5,439
VAT recoverable	5,531	29,504
Other debtors	3,645	-
Prepayments and accrued income	30,174	31,102
	<u>40,581</u>	<u>66,045</u>

17 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	38,456	45,139
Other taxation and social security	54,372	68,676
EFA creditor: abatement of GAG – Repayment of inherited LA deficit	33,000	33,000
Salix loan	10,626	-
Accruals and deferred income	85,567	141,822
	<u>222,021</u>	<u>288,637</u>

Deferred income

	2014 £
Deferred Income at 1 September 2013	12,426
Resources deferred in the year	16,484
Amounts released from previous years	(12,426)
	<u>16,484</u>
Deferred Income at 31 August 2014	

Deferred income at 31 August 2014 is represented by income allocated to 14/15 academic year from National College for Teaching and Leadership of £12,478 and balances owed on prepaid catering cards of £4,006.

18 Creditors: amounts falling due after more than one year

	2014 £	2013 £
EFA creditor: abatement of GAG - Repayment of inherited LA deficit	65,017	98,017
Salix loan	35,276	-
	<u>100,293</u>	<u>98,017</u>

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

19 Funds

	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	303,880	3,920,184	(3,793,446)	(62,555)	368,063
Other DfE/EFA grants	-	146,719	(140,090)	-	6,629
Other restricted funds	-	212,453	(212,453)	-	-
Deficit on conversion	(131,017)	-	-	33,000	(98,017)
	172,863	4,279,356	(4,145,989)	(29,555)	276,675
Pension reserve	(606,000)	-	(9,000)	(234,000)	(849,000)
	(433,137)	4,279,356	(4,154,989)	(263,555)	(572,325)
Restricted fixed asset funds					
DfE/EFA capital grants	134,598	52,500	(9,648)	-	177,450
DFC grants	-	17,989	(912)	-	17,077
Capital expenditure from GAG	52,181	-	(31,086)	29,555	50,650
Capital donations	9,330,117	-	(66,804)	-	9,263,313
	9,516,896	70,489	(108,450)	29,555	9,508,490
Total restricted funds	9,083,759	4,349,845	(4,263,439)	(234,000)	8,936,165
Unrestricted funds	27,205	21,745	(14,510)	-	34,440
Total funds	9,110,964	4,371,590	(4,277,949)	(234,000)	8,970,605

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

- The General Annual Grant must be used for the normal running costs of the Academy.
- The Devolved Formula Capital (DFC) grant has been spent in accordance with the terms of the grant on new flooring.
- DfE/EFA capital grants includes Academies Capital Maintenance Funds (ACMF) which has been spent on essential capital projects in accordance with the terms of the grant on window replacements and health and safety electrical safety works.
- Other restricted funds and other DfE/EFA grants relates to all other restricted funds received which must be used for the purpose intended. This mainly includes funding for SEN 1:1 (Special Educational Needs), Pupil Premium, and post 16 funding.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

20 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	9,508,490	9,508,490
Current assets	34,440	598,989	-	633,429
Current liabilities	-	(222,021)	-	(222,021)
Long term liabilities	-	(100,293)	-	(100,293)
Pension scheme liability	-	(849,000)	-	(849,000)
Total net assets	34,440	(572,325)	9,508,490	8,970,605

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

21 Financial commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Land and buildings		
Expiring in over five years	26,300	26,300
Other		
Expiring within one year	-	3,277
Expiring within two and five years inclusive	11,373	6,593

22 Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net incoming (outgoing) resources	93,641	101,111
Depreciation (note 14)	108,450	90,045
Capital grants from DfE/EFA and other capital income	(70,469)	(135,500)
Interest receivable (note 5)	(2,399)	(921)
FRS 17 pension cost less contributions payable (note 28)	(5,000)	(15,000)
FRS 17 pension finance cost (note 28)	14,000	34,000
(Increase)/decrease in stocks	512	(358)
(Increase)/decrease in debtors	25,464	(3,576)
Increase/(decrease) in creditors	(110,242)	(14,246)
Net cash inflow from operating activities	53,937	55,555

23 Returns on investments and servicing of finance

	2014 £	2013 £
Interest received	2,399	921
Net cash inflow from returns on investment and servicing of finance	2,399	921

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

24 Capital expenditure and financing

Capital expenditure	2014 £	2013 £
Purchase of tangible fixed assets	(100,044)	(168,760)
Capital grants from DfE/EFA	70,489	135,500
Net cash outflow from capital expenditure	(29,555)	(33,260)
Financing	2014 £	2013 £
Capital element of finance leases and hire purchase contracts	-	(21,559)
New salix loan	51,215	-
Repayment of loan	(5,313)	-
Net cash outflow from financing	45,902	(21,559)

25 Analysis of changes in net funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	517,963	72,683	590,646
Salix loan	-	(45,902)	(45,902)
	<u>517,963</u>	<u>26,781</u>	<u>544,744</u>

26 Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

27 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.

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

28 Pension and similar obligations

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 defined-benefit schemes.

Teachers' Pension Scheme

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

Contributions amounting to £48,436 (2013 - £53,360) were payable to the schemes at 31 August and are included within creditors.

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay including a 0.08% employer administration charge (currently 14.1%);
- Total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

28 Pension and similar obligations (continued) Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £156,198 of which employer's contributions totalled £125,901 and employees' contributions totalled £30,297. The agreed contribution rates for future years are 26.2% for employers and rates between 5.5% and 8.5% for employees depending upon their salary.

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

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Pension increase rate	2.6%	2.8%
Salary increase rate	3.9%	5.1%
Expected return on assets	5.8%	6.1%
Discount rate	3.7%	4.6%

The salary increases are assumed to be 1% per annum until 31 March 2015 reverting back to the long term assumption shown thereafter.

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity Analysis

Change in assumptions at 31 August 2014	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	12%	236
1 year increase in member life expectancy	3%	58
0.5% increase in the Salary Increase Rate	6%	106
0.5% increase in the Pension Increase Rate	6%	124

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.2 years	21.2 years
Females	24.4 years	23.4 years
<i>Retiring in 20 years</i>		
Males	24.5 years	23.7 years
Females	26.8 years	25.7 years

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £000	Expected return at 31 August 2013	Fair value at 31 August 2013 £000
Equities	6.3%	812	6.6%	612
Bonds	3.6%	139	4.3%	96
Property	4.5%	118	4.7%	88
Cash	3.3%	-	3.6%	-
Total market value of assets		1,069		796
Present value of scheme liabilities -				
Funded		(1,918)		(1,402)
Unfunded				
Deficit in the scheme		(849)		(606)

The expected long term return on cash is equal to bank base rates. The expected return on bonds is determined by reference to UK long dated gilt and bond yields. The expected rate of return on equities and property have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on scheme assets in the year was £104,000 (2013 – £90,000).

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	121	124
Past service cost	-	-
Total operating charge	121	124
Analysis of pension finance (income) / costs		
Expected return on pension scheme assets	(53)	(31)
Interest on pension liabilities	67	51
Losses / (Gains) on Curtailments and settlements	-	14
Pension finance (income) / costs	14	34
Total cost recognised in the statement of financial activities	135	158

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £281,000 loss.

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

	2014 £000	2013 £000
At 1 September	1,402	1,148
Current service cost	121	124
Past service cost	-	-
Interest cost	67	51
Employee contributions	30	32
Actuarial (gain)/loss	320	33
Losses / (Gains) on Curtailments and settlements	-	14
Benefits paid	(22)	-
At 31 August	1,918	1,402

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

	2014 £000	2013 £000
At 1 September	796	535
Expected return on assets	53	31
Actuarial gain/(loss)	86	59
Employer contributions	126	139
Employee contributions	30	32
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(22)	-
At 31 August	1,069	796

Kesteven and Sleaford Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The estimated value of employer contributions for the year ended 31 August 2015 is £120,000.

The experience adjustments for the current and previous accounting periods are:

	2014 £000	2013 £000
Present value of defined benefit obligations	(1,918)	(1,402)
Fair value of share of scheme assets	1,069	796
Surplus/(Deficit) in the scheme	(849)	(606)
Experience adjustments on share of scheme assets	86	59
Experience adjustments on scheme liabilities:	(123)	-

29 Related Party Transactions

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

No related party transactions took place in the period of account.

30 Ultimate Controlling Party

The trustees have ultimate control of the Academy.