

Company Registration Number: 07788995 (England & Wales)

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

| | Page |
|---|----------------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 16 |
| Governance statement | 17 - 21 |
| Statement of regularity, propriety and compliance | 22 |
| Statement of trustees' responsibilities | 23 |
| Independent auditors' report on the financial statements | 24 - 27 |
| Independent reporting accountant's report on regularity | 28 - 29 |
| Statement of financial activities incorporating income and expenditure account | 30 - 31 |
| Balance sheet | 32 - 33 |
| Statement of cash flows | 34 |
| Notes to the financial statements | 35 - 68 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | A Thorpe E Nicholson C Bailey (appointed 7 March 2023) P Thompson (appointed 7 March 2023) W Phelan (resigned 5 December 2022) E Unwin (resigned 24 April 2023) |
| Trustees | J Pignatiello, Chair of Trustees S Coleby (appointed 20 February 2023) S Cook I Crowson (appointed 7 March 2023) S Dorey G Palmer M Phillips (appointed 5 June 2023) J Harrison (resigned 17 January 2023) A Knowles (resigned 7 September 2022) R Monkhouse (resigned 21 February 2023) J MacPhee (resigned 1 September 2023) |
| Company registered number | 07788995 |
| Company name | Keystone Academy Trust |
| Principal and registered office | Westbourne Park Bourne Lincolnshire PE10 9QS |
| Company secretary | G Arnold |
| Senior executive team | E Radley, Chief Executive Officer and Accounting Officer to 30 April 2023 H Joyce, Deputy CEO to 30 April 2023, Interim CEO from 1 May 2023 S Taylor, Chief Financial Officer T Roscher, Chief Operating Manager |
| Independent auditors | Streets Audit LLP Windsor House A1 Business Park at Long Bennington Notts NG23 5JR |
| Bankers | Lloyds Bank Plc Business Centre PO Box 1000 Spalding |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

| | |
|-------------------|---|
| Solicitors | Browne Jacobsen Mowbray House Castle Meadow Road Nottingham NG2 1BJ |
| Surveyors | YMD Boon Ltd 6b Anson House Compass Point Business Park Markey Harborough Leicester LE16 9HW |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The academy trust operates seven primary academies for pupils aged 3 to 11 serving a catchment area in South Lincolnshire. Its academies have a combined pupil capacity of 2,287 and had a roll of 2,109 in the school census in October 2023.

Structure, governance and management

Constitution

The academy trust 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 trust.

The trustees of Keystone Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Keystone Academy Trust.

Details of the Trustees who served throughout the year except as noted are approved are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

Subject to the provisions of the Companies Acts, every trustee or other officer of the MAT shall be indemnified out of the assets of the MAT against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default breach of trust in relation to the affairs of the MAT. In addition, Keystone Academy Trust belongs to the Risk Protection Arrangement (RPA) with the Department of Education. The RPA includes Trustees' liability cover. This qualified as third party indemnity insurance as defined by Section 236 of the Companies Act 2006.

Method of recruitment and appointment or election of Trustees

The Articles of Association require the Members to appoint at least three and up to nine trustees. As at 31 August 2023 there were six trustees on the board. Members of the trust and trustees are appointed as set out in the Articles of Association.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

The induction and training of all new Members and Trustees will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Members and Trustees are given the opportunity to tour the academies with a chance of meeting stakeholders. All Trustees are provided with documentation allowing them to undertake their role. The Chair and (Interim) Chief Executive Officer have responsibility for induction and training. Keystone Academy Trust has membership of the National Governance Association to help access appropriate support.

Organisational structure

The structure of the Trust consists of four levels of governance: The Members, the Board of Trustees, Senior Executive Team and the Local Governing Boards. The aim of this organisational structure is to distribute responsibility and accountability and to encourage the involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement, excellence and the sharing of best practice across the whole Trust.

The Members have overall responsibility and ultimate decision-making authority for the Trust and are responsible for setting the constitution of the Trust and for appointing Trustees.

The Board of Trustees retains overall responsibility for exercising oversight of the governance and management of the Trust. This includes strategic planning and setting the general policies, making major decisions about the direction of the academies, capital expenditure and senior staff appointments. In addition The Board is responsible for adopting each academies' School Improvement Plan and budget and monitoring performance against those plans. The Board is responsible for the direction of the Trust curriculum and the achievement and welfare of pupils and staff. Trustees are appointed/elected/co-opted for a period of four years. The Chair is elected annually. The Board of Trustees have, as a body, skills in the following aspects: Health and Safety, Safeguarding, Finances, School Improvement, Estates and Premises, Risk, Audit, Human Resources and Legal.

The Board of Trustees appoints a Chief Executive Officer to take responsibility for the daily management of the constituent academies. They also appoint a clerk who takes on the role of calling and recording meetings of the Board of Trustees.

Local Governing Boards have delegated responsibility for holding school leaders to account and for driving forward improvements in performance, attainment and progress in each academy. The Local Governing Boards' impact and effectiveness are overseen, monitored and challenged by the Board of Trustees. Local Governing Boards discharge their functions in line with their Scheme of Delegation and Terms of Reference.

The Board of Trustees has established three sub-committees. Each subcommittee has its own terms of reference detailing the responsibilities discharged to themselves. The three subcommittees are the Trustee Standards Committee, the Finance and Resources Committee, and the Audit, Risk and Remuneration Committee. The terms of reference and meeting frequency for each subcommittee is reviewed and approved by the Board of Trustees annually.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Structure, governance and management (continued)

Through these committees, and the Board of Trustees as a whole, Trustees deliver on the following core functions:

- Ensuring clarity of vision, ethos and strategic direction of the Trust
- Holding the CEO to account for the educational performance of the MAT and its pupils, the performance management of staff, and the financial performance of the Trust.
- The performance management of the CEO and Head Teachers of each academy
- Overseeing the financial performance of the Trust and ensuring its money is well spent.
- Approval of Finance Policies and Procedures that detail each Academy's authorised spending limits.

The Board of Trustees will also ensure compliance with company and charity law and the Trust's funding agreements with the Secretary of State.

The Chief Executive Officer is the Trust's Accounting Officer. The role provides the point of accountability and management lead for the senior leaders in each of the academies. The role also provides structure, governance and management of the strategic link between the Board of Trustees and the academies. An independent Auditor has been appointed.

The Scheme of Delegation provides full details of all delegated responsibilities. Keystone Academy Trust maintains a centralised provision that includes at executive level the Chief Executive Officer, the Chief Financial Officer and the Chief Operations Manager. Central services include school improvement, finance, human resources, trust-wide purchasing, asset management, information technology and communications. Centralised staff are based across a range of trust locations including occasional homeworking.

Arrangements for setting pay and remuneration of key management personnel

The structure and pay ranges for the teaching Executive and Senior Leadership Team are set by the Board of Trustees at the time of appointment. The pay range will cover an appropriate scale with the CEO and Headteachers' salary being established against the Individual School Range (ISR). The ISR is revisited annually by the Audit, Risk and Remuneration committee. Any variations beyond this (for any teaching members of the Senior Leadership Team) are made by the Board of Trustees following the recommendation of the Audit, Risk and Remuneration Committee. Recommendations for teaching pay/salary increases are made by the Head Teacher to the Audit, Risk and Remuneration Committee, following performance management, where a final decision is made on whether to award the pay increase.

No trustees receive any remuneration for undertaking their roles for the Trust.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Structure, governance and management (continued)

Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust maintains a website that is regularly updated with key information and policy details. Employees are also now able to view a range of information relating to the work and policies of the Trust using the internal "SharePoint". Significant developments are shared through email.

The Trust has implemented a number of detailed policies in relation to all aspects of human resource matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Trust's equal opportunities policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust offices.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Keystone Academy Trust to provide education for pupils of different abilities between the ages of three and eleven. In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" provided by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academies, and that the Trust should comply with the substance of the national curriculum.

Objectives, strategies and activities

Outcome 1 – Leadership & Governance

The Trust's accountability and decision-making frameworks create a culture of learning and success where there is no ceiling for the whole Trust community. Keystone staff feel valued and can access opportunities for professional and career development and are able to share their skills and expertise across the Trust and with other schools. The Trust priorities for the year ahead include:

- Developing strong local governing boards through local and national training.
- Enabling Trustee and Governors to effectively interrogate school improvement actions and outcomes to ensure there is clarity of understanding and accountability is secure.
- Enhancing and galvanising whole Trust leadership through providing participants with leadership insights at a whole Trust level through bespoke Trust programmes and national programmes.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Objectives and activities (continued)

Outcome 2 – Excellence in Teaching & Learning

Trust academies to become centres of excellence in teaching and learning where every child makes outstanding progress and is ready for the next stage in their education and lives.

- Whole Trust moderation events during the year to enable teachers to plan effectively for reading, writing and maths to improve outcomes for pupils.
- Whole Trust CPD in mathematics, focusing on transition from Key Stage 1 to Key Stage 2.
- Moderation of EYFS outcomes across the trust to enhance consistency.
- Focus on the three smaller schools to improve outcomes.

Outcome 3 – Trust Professional Learning Community

Trust academies will work together to develop systems and structures to share and develop excellent teaching and learning and sense of belonging to the Trust community.

- Development of opportunities for school-to-school support allowing staff to share expertise and skills across the Trust.
- Targeted networks in response to academy priorities
- Development of peer reviews across the Trust

Outcome 4 – Finances, Estates, HR, and Central Team (Professional Services)

Trust academies will provide safe, stimulating and aspirational environments where children and staff have access to the best resources. Priorities for the year ahead include:

- Application for Condition Improvement Funds in line with identified priorities from the estates strategy.
- Improvement of an estates strategy that incorporates energy efficiencies.
- Financial procedures embedded and pay aligned across the Trust preparing for the implementation of a Trust wide pay policy.
- Embedding the role of Governance and Operational Lead
- Development of consistent Human Resources policies, procedures and practices across all the academies.

Outcome 5 – Keystone Academy Trust Stability and Future Growth

The priorities for the year ahead include:

- Ensuring that the Trust has management and financial capacity to deliver sustained improvement and potential growth.
- Further development of relationships with other schools, academies and multi-academy trusts to build a strong platform for future expansion.
- Development of a media strategy for communication and promotion.

Outcome 6 – Local Authority Assessment Leadership

Continuation of the Trust's work across the whole of the local authority in supporting schools with their teacher assessment and national assessment processes as well as carrying out the statutory function of monitoring SATs and phonics and moderation teacher assessment at the end of KS1 and KS2.

- Working with the Standards and Testing Agency to ensure the Trust is fully compliant to meet the LA's statutory duties.
- Provision of training and information to schools so they understand and are familiar with the requirements of the phonics screening check, the multiplication tables check and the end of KS1 and KS2 assessments in relation to tests and teacher assessment.
- Undertaking of monitoring of ten percent of schools (both academies and maintained) for SATs and phonics.
- Undertaking of moderation of twenty-five percent of schools (both academies and maintained) teacher assessments in Y2 and Y6.
- Provision of additional training and advice to schools on issues/areas identified through ongoing work with the sector

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Objectives and activities (continued)

- Provision of regular assessment through newsletters and the Headteacher briefings.
- Training, testing and quality assurance of a bank of moderators annually so that they meet the requirement of undertaking statutory moderation duties.
- Secure new moderation contract.

Public benefit

The Trust provides educational services catering to children aged three to eleven in South Lincolnshire. The trustees confirm that in setting the Trust's objectives and planning the Trust's activities they have carefully considered the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

Schools within the Trust continue to promote the creative arts through a range of activities, building evidence for the Arts Mark Award:

- The Creative Hive Project, funded through the Paul Hamlyn Foundation, has supported practitioners in each academy. The structured programme of CPD delivered by specialist teachers and artists impacted on oracy, engagement and behaviour of pupils. There were many opportunities to share best practice through networks, impacting on planning and delivery in the classroom.
- Pupils have participated in:
 - Music For Youth Proms at the Royal Alber Hall
 - Young Voices in Sheffield
 - Coram Shakespeare Schools Theatre Festival at the Key Theatre Peterborough
 - Live radio broadcasting

The Trust continued to focus on strategic leadership across all settings:

- Coaching Programme for Headteachers and Deputy Headteachers
- Several senior and middle leaders have completed or enrolled on National professional Qualifications, including NPQEL, NPQH, NPQSL, NPQEY and NPQLBC.
- Middle leaders from three settings have commenced the Trust's introduction into leadership pathway.
- Newly appointed SENCOs successfully completed the National Award for SEN Co-ordination.
- The Director of School Standards led a PiXL Raising Standards Lead network, guiding and challenging leaders on the effective implementation of PiXL.
- Geography subject leaders were supported through a Trust wide network and a specialist external geographer, who focused on the development of fieldwork.
- Gareth Metcalfe supported the development of the Maths leaders.
- Moderation workshops for all year groups.

To support the continued development of the support staff, our second Trust-wide conference included:

- Utilising evidence-based research, 'Making Best Use of Teaching Assistants', to ensure impact in the classroom. The Director of SEND and Provision, with input from experienced SENCOs, focused on the use of adaptive practice within the classroom.
- Health and Safety training for site staff and the use of the online compliance portal EVERY.
- Implementation and training on the new Online Single Central Record systems for administrators.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Strategic report (continued)

To support both the Trust's staff and pupils, the Trust identified a Mental Health lead for the Trust, the Director for Send and Provision. Key personnel from the schools have accessed training becoming qualified:

- Adult Mental Health First Aiders
- Youth Mental Health First Aiders
- Emotional Literacy Support Assistants.

Building on the partnership with the Trust's IT provider, an IT Strategic Board has been established, with IT subject leaders, teachers, Governors, Trustees and Central Team employees represented. This board oversees the IT strategy and collectively challenge the IT provider. The IT provider and the Trust work collaboratively to ensure two settings accessed Connect the Classroom government funding to improve internet speed. The Trust continues to develop SharePoint as a file sharing portal. New filtering software has been implemented across the Trust in line with the latest 'Keeping Children Safe in Education' guidance.

The Trust continued a long partnership with YMDBoon for Health and Safety advice and management. Through regular external H&S audits and the use of the Trust's compliance software EVERY, estates management is compliant and informs estates priorities.

The Trust successfully completed four Condition Improvement Fund projects:

- Bourne Westfield Primary Academy: Replacement of mobile classroom.
- Bourne Westfield Primary Academy: Replacement of boiler
- Thurlby Community Primary Academy: Replacement of boiler
- Lutton St Nicholas Primary Academy: Fire Safety Works

Working with the Trust's estates trustee, an estates strategy has been developed and the Trust continues working on developing greener schools with lower carbon footprint.

Following a presentation to the Diocese of Lincoln, the Trust was successful in gaining approval to become a majority Church MAT. The Trust has commenced the process of changing its articles. The Trust was approached by the Local Governing Board of Cowbit St Mary's Church of England Primary School to provide a leadership solution for the school. From Easter 2023, an Interim Headteacher and strategic support has been in place.

The Trust continues to lead and manage the statutory assessment and moderation contract for all Lincolnshire maintained primary schools and academies that buy into the service. The contract has been consistently rated as Outstanding in its delivery by Lincolnshire County Council. The Local Authority renewed its contract for a four-year period commencing September 2023.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Strategic report (continued)

Key performance indicators

The Trust's smallest three schools saw improvement in their outcomes. They will continue to be a focus for the Trust's central team.

Year 6 – SATs Results Unvalidated (EXS+)

| School | PAN | Reading | Writing | SPaG | Maths |
|------------------------------------|-----|---------|---------|------|-------|
| Bourne Westfield Primary Academy | 90 | 80% | 81% | 79% | 74% |
| Gedney Church End Primary Academy | 15 | 38% | 62% | 54% | 46% |
| Long Sutton County Primary School | 60 | 67% | 69% | 68% | 67% |
| Lutton St Nicholas Primary Academy | 15 | 52% | 52% | 57% | 57% |
| Surfleet Primary School | 15 | 62% | 70% | 62% | 77% |
| Thurlby Community Primary Academy | 30 | 83% | 73% | 80% | 80% |
| Tower Road Academy | 90 | 67% | 76% | 71% | 75% |
| National Average 2023 | | 73% | 71% | 72% | 73% |

2023 Year 6 – Unvalidated Average Scaled Scores

| School | Reading | SPaG | Maths |
|------------------------------------|---------|------|-------|
| Bourne Westfield Primary Academy | 106 | 107 | 105 |
| Gedney Church End Primary Academy | 101 | 100 | 98 |
| Long Sutton County Primary School | 104 | 104 | 102 |
| Lutton St Nicholas Primary Academy | 100 | 101 | 100 |
| Surfleet Primary School | 101 | 101 | 101 |
| Thurlby Community Primary Academy | 106 | 106 | 105 |
| Tower Road Academy | 104 | 105 | 104 |
| National Average 2023 | 105 | 105 | 104 |

Year 6 – Unvalidated Progress Measures 2023

| School | Reading 2023 (Unvalidated) | Writing 2023 (Unvalidated) | Maths 2023 (Unvalidated) |
|------------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Bourne Westfield Primary Academy | 0.8 | 1.5 | 0.7 |
| Gedney Church End Primary Academy | -0.9 | 0.6 | -4.1 |
| Long Sutton County Primary School | -0.1 | -0.6 | -1.1 |
| Lutton St Nicholas Primary Academy | 0.1 | -0.8 | 0.4 |
| Surfleet Primary School | -1.0 | 0.7 | -0.6 |
| Thurlby Community Primary Academy | 1.6 | -0.4 | 1.2 |
| Tower Road Academy | -1.0 | 0.7 | -1.5 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Strategic report (continued)

Promoting the success of the company

Section 172 of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the charity to achieve its charitable purposes. The Act states that in doing so the directors should have regard, amongst other matters, to:

The likely consequence of any decision in the long term

The Trust makes all key decisions through reference to its long-term strategic plan and after by projecting the timing and impact of such decisions. This strategy is mainly designed around the objective to improve educational outcomes for pupils, but every decision and operations approach is regularly reviewed for its impact on all stakeholders and the need for any changes or modifications to decisions previously taken.

The interests of the company's employees

The employees are vital to the Trust and ongoing regular engagement with them is regarded as a top priority. Employee engagement is measured through regular feedback and joint communication sessions. Any issues raised by our employees are addressed as quickly as possible and the results and subsequent actions communicated back to them. All staff are offered access to a number of wellbeing support services and the Trust seeks to ensure that staff welfare is actively considered and addressed. Health & Safety policies as well as local staff committees actively seek to ensure that the working environment meets high standards of safety and security. The Trust has a named Mental Health Lead, and all employees have access to an Employee Support and Counselling Service.

The need to foster the company's business relationships with suppliers, customers and others

The relationships with partners and suppliers are key to the Trust's effectiveness. The Trust actively seeks to engage in service reviews with all key suppliers. These reviews are focussed on a two-way relationship with the Trust based on an aim of helping one another to achieve an optimum service as efficiently as possible and according to the best value for money. Where the Trust has procured outsourced services, the intention is to ensure that staff and management from that contractor are supported as an equal member of the school community and stakeholders.

The impact of the company's operations on the community and the environment

Trustees and Members recognise the responsibility of the Trust to care for the environment and aim to minimise the environmental impact in all activities. As well as covering environmental issues in our Trust curriculum, the Trust encourages all staff and pupils to consider and participate in initiatives to reduce negative environmental impacts. These include the promotion of recycling of waste and actions to maximise efficiency in energy consumption.

The desirability of the company maintaining a reputation for high standards of business conduct

The reputation and public trust in the organisation and the constituent academies is fundamental to continued future success. The organisational values and behaviours are used in recruitment and training for employees to ensure that high standards are maintained, and these are used in the appraisal processes. The Trust's procurement and ethical policies and procedures ensure that our values are also part of our selection of partners and suppliers.

The need to act fairly as between members of the company

In terms of members of the Trust, fairness in dealings is upheld through having a clear and well communicated strategy and financial discipline backed by strong internal controls. There is transparent reporting at regular intervals during the year, continual access to senior management and a track record of successful growth through new school joiners that have been appropriately integrated into the Trust. The aim is to be a fully inclusive organisation and to not unfairly discriminate against pupils staff or any other member of the community and stakeholders.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Strategic report (continued)

Going concern

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

Financial review

The majority of the Trust's income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Trust also received a significant amount of funding from Lincolnshire County Council, its local authority.

During the year, the total expenditure was in excess of total income by £33,257. Excluding the costs relating to the restatement of the LGPS, the excess of income over expenditure was £69,743.

The main financial performance indication is the level of reserves held at the Balance Sheet date. There is no restriction on the amount of carry forward of the General Annual Grant (GAG). In the period under review there was £864,032 of GAG carried forward.

Reserves policy

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

The trustees review the reserves levels of the Trust annually. The review encompasses the nature of the income and expenditure streams. For the academic year, ended 31 August 2023, the trustees determined that all schools should hold a minimum of eight percent of their Generalised Annual Grant. Schools are also allowed to retain the reserves they brought into the MAT. Any surplus after that may be retained by the school or pooled into a central pot. The reason for this is to provide an equitable approach to all schools but also sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Eight percent would equate to around £730k of reserves.

At 31 August 2023, free reserves held amounted to £1,156,424 (including £127,494 unrestricted fixed assets) and restricted general funds amounted to £864,032. The amount that can only be realised by disposing of tangible fixed assets amounts to £21,087,436. Total funds at 31 August 2023 amount to £23,107,892, and the balance on restricted general funds plus unrestricted general funds at 31 August 2023 results in a net surplus of £2,020,456.

The trust is actively looking to utilise these funds to benefit the academies and support their future and the future of the Trust. There is recognition that a proportion of reserves will be required to meet current cost demands placed on the academies through unbudgeted pay increases and the impact of inflation on fuel and other expenditure. Once these are covered and addressed then any remaining excess funds will be ringfenced to support long term improvements including buildings, school improvement, and income generation.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Investment policy

The Trust aims to manage its cash balances for the day-to-day working capital requirements of its operations whilst protecting the real long-term of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns while ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Principal risks and uncertainties

The Trust has developed a comprehensive and evolving Risk Register to meet the needs of the whole organisation. This is used in conjunction with regular financial reporting to monitor the operational and financial performance of the Trust.

Based on the strategic plan, the Board of Trustees undertakes a comprehensive review of the risks to which the Trust is exposed. The Board of Trustees identifies systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Trust. This includes consideration of those risks that would impact on trustees' responsibilities to ensure that the Trust's estate is safe, well managed and complies with relevant regulations.

A thorough appraisal is regularly undertaken of the existing risks and any emerging risks, for example, those arising from changes to the national funding policy and/or local circumstances. In addition to the annual review, the Board of Trustees will also consider any risks that arise during the year, for example, because of a new area of work being undertaken by the Trust.

An independent Internal Auditor performs thorough testing of the financial, governance and compliance systems and reports back three times annually to the Board of Trustees with recommendations. The Internal Auditor is independent of the External Auditors. A Risk Register, covering low, medium, and high-level risk is maintained at Trust level. The Risk Register identifies key risks, the likelihood of those risks occurring, their potential impact on the Trust, and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a red, amber and green scoring system. The Trust's approach to risk management is supported by a risk management training programme to raise awareness of risk throughout the Trust. In addition, the interim CEO and the Senior Leadership Team incorporate risk management in their self-assessment reports and quality improvement plans.

The Trust has developed a comprehensive and evolving Risk Register to meet the needs of the whole organisation. This is used in conjunction with regular reporting to monitor the operational, financial and estates management performance of the Trust.

Based on the strategic plan, the Board of Trustees undertakes a comprehensive review of the risks to which the Trust is exposed. The Board of Trustees identifies systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Trust. This includes consideration of those risks that would impact on trustees' responsibilities to ensure that the Trust's estate is safe, well managed and complies with relevant regulations.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Financial and Risk Management Objectives and Policies

Outlined below is a description of the principal risk factors that may affect the Trust. However, not all factors are within the Trust's control and other factors besides those listed may also adversely affect the Trust:

- **Government Funding Levels:** Unfunded increases to salaries and on-costs, alongside increased inflation and regulatory requirements continues to place academies at a higher risk of having a sustained deficit budget and needing to make redundancies on current funding levels.
- **Funding Sources:** The Trust is fundamentally reliant on continued government funding through the ESFA and the Local Authority.
The risk has and will continue to be mitigated in a number of ways:
 - Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
 - Ensuring that the Trust is focused on those priority areas that will continue to benefit from public funding.
 - Contingency planning and prudence embedded into the Trust budget process.

Fundraising

The Trust carried out a limited amount of fundraising, mindful of the communities within which it operates. The Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules.

The Trust's fundraising activities are limited to events held at the respective academy schools and is organised either by the PTA or by the leadership team at that school. These events typically involve staff, pupils, parents and carers, and members of the local community in raising funds for the school or in support of another designated charity.

The Trust does not use any external fundraisers. All activities are agreed and monitored by the Senior Leadership Team of each school in compliance with relevant legal rules.

Streamlined energy and carbon reporting

The academy's greenhouse gas emissions and energy consumption are as follows:

| | 2023 | 2022 |
|---|----------------|----------------|
| Energy consumption used to calculate emissions (kWh) | 1,327,827 | 1,642,897 |
| Energy consumption breakdown (kWh): | | |
| Gas | 673,150 | 812,006 |
| Electricity | 426,601 | 582,226 |
| Transport fuel | 44,753 | 50,628 |
| Other sources | 183,313 | 198,037 |
| Scope 1 emissions (in tonnes of CO2 equivalent): | | |
| Gas consumption, including heating oil | 164,881 | 200,491 |
| Owned transport | 504 | 7,674 |
| Total scope 1 | 165,385 | 208,165 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Streamlined energy and carbon reporting (continued)

Scope 2 emissions (in tonnes of CO2 equivalent):

Purchased electricity

86,212 112,591

Scope 3 emissions (in tonnes of CO2 equivalent):

Business travel in employee-owned or rental vehicles

10,236 2,206

Total gross emissions (in tonnes of CO2 equivalent):

261,833 322,962

Intensity ratio:

Tonnes of CO2 equivalent per pupil

129 154

Quantification and Reporting Methodology

- the 2019 HM Government Environmental Reporting Guidelines;
- GHG Reporting Protocol - Corporate Standard
- the 2022 & 2023 UK Government Conversion Factors for Company Reporting.

The electricity, gas and oil consumption were compiled from invoice records. Mileage claims were used to calculate energy use and emissions associated with grey fleet and miles travelled for own transport.

Intensity Measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Plans for future periods

The vision for the Trust is to continue to maintain high standards in our existing schools while exploring opportunities to expand to maximise the benefits of being a multi-academy trust. The Trust will continue to build on its strategy and activities in the following key areas:

- To achieve good or outstanding when academies are next inspected by Ofsted.
- To increase the number of academies within the Trust through appropriate schools joining the organisation, in line with Majority Church MAT status.
- To explore options to work collaboratively with other MATs.
- To ensure that the Trust is financially viable over the short, medium and long term.
- To provide school improvement support to all Trust schools as well as schools external to Keystone.
- To ensure that the Trust's operations are cost effective, value for money and properly funded, ensuring best value for the MAT and the taxpayer.

Funds held as custodian on behalf of others

Neither Keystone Academy Trust nor any of its trustees are acting as custodian trustees on behalf of others.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

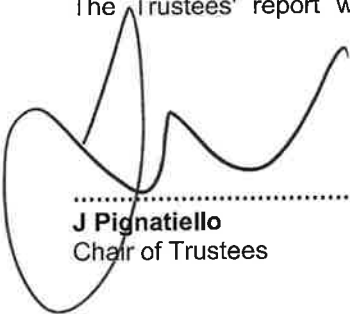
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 11/12/2023 and signed on its behalf by:



.....
J Pignatiello
Chair of Trustees

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Keystone 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.

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Keystone Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

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

| Trustee | Meetings attended | Out of a possible |
|----------------------------------|-------------------|-------------------|
| J Pignatiello, Chair of Trustees | 5 | 6 |
| S Coleby | 3 | 3 |
| S Cook | 5 | 6 |
| I Crowson | 3 | 3 |
| S Dorey | 3 | 6 |
| G Palmer | 4 | 6 |
| M Phillips | 1 | 2 |
| J Harrison | 2 | 2 |
| A Knowles | 0 | 0 |
| R Monkhouse | 3 | 3 |
| J MacPhee | 6 | 6 |

The Trustees individually and collectively are very competent, motivated and committed with a wide range of complementary skills and personalities to meet the needs of the Trust. The Board of Trustees works dynamically and strategically with the Senior Executive Team. The Board of Trustees had responsibilities for seven schools in the financial year and is developing growth opportunities.

During 2022/23 two members, E Unwin and W Phelan, resigned and two new members appointed, C Bailey and P Thompson. The new recruited members' skills and experience will compliment the next stage in the Trust's strategic development. Four trustees resigned during the year: these being J Harrison, A Knowles, R Monkhouse and J MacPhee. A review of the skills held within the Board of Trustees was performed and applications invited from appropriately skilled volunteers. As a consequence, S Coleby, I Crowson and M Phillips were all appointed during the year.

The Board of Trustees routinely evaluates and refines its practice. It receives numerous data reports that reflect the full range of available data sets. This includes schools versus national attainment and progress data produced by, amongst others, Ofsted, attendance data and a full range of financial reports. The data that the Board of Trustees considers it to fully evaluate the Trust's effectiveness and ensure that it is providing good value for tax-payer funding.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Trust maintains an up-to-date register of interests and interests are declared at all meetings where appropriate.

The Finance and Resources Committee is a sub-committee of the Trustees. Its purpose is to:

- Assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.
- Make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis.
- Review and monitor use of finance and resources.
- Refer major issues to the Board of Trustees for ratification. In 2022/23 these included:
 - Funding and budgetary constraints
 - Future financial planning
 - Future development of capital projects
 - Continued centralisation of Finance and Operations Team.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| S Coleby | 3 | 3 |
| S Cook | 5 | 6 |
| S Dorey | 5 | 6 |
| G Palmer | 4 | 4 |
| R Monkhouse | 3 | 3 |

The Audit, Risk and Remuneration Committee is also a sub-committee of the Trustees. Its purpose is to:

- Review the risks of the Trust and ensure that policies and procedures are in place to mitigate these risks and ensure that staff are aware and follow those procedures.
- Set the order of work for the internal auditors and act upon the subsequent recommendations.
- Review and monitor risk.
- Assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility in the sound management of the Trust's risk.
- Approve changes to teachers' remuneration.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| J Pignatiello | 3 | 3 |
| S Cook | 1 | 2 |
| S Dorey | 3 | 3 |
| I Crowson | 1 | 1 |
| R Monkhouse | 1 | 1 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer the chief executive officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes, as well as estates safety and management achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Developing methods of valuing impact of spend on outcomes.
- Strengthening processes around related and contentious transactions
- Focussed restructuring of staff and costs across the Trust to meet school needs.
- Introduction of new processes to review contracts to ensure best value.
- Ceasing of capital projects until in-year budget deficit is resolved.
- Continued focus on energy saving measures to reduce impact of energy price rises.
- Revisiting the process behind due diligence on and impact of potential new schools joining the Trust.
- Firming up of Estates policies and procedures to ensure that funds are maximised and focus on providing a safe, well managed and pleasant environment in which to provide education.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust 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 Keystone Academy Trust for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- using targets to measure financial and other performance

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Trustees has decided to employ Forrester Boyd as internal auditor.

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

- Review of month-end procedures
- Review of monthly management accounts
- Review of the budget and the budgeting process
- Review of statutory and non-statutory deductions and payroll controls
- Review of the payroll third party payments
- Review of purchase invoices, orders and value for money
- Review of payroll controls and authorisation
- Review of staff expense claims
- Review of budgeting and month-end reporting
- Review of CEO remuneration process
- Review of long-term contracts and value for money
- Review of changes to budgeted staff

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

The internal auditor was able to delivery their schedule of internal scrutiny work as planned. Recommendations were received and an action plan subsequently developed and delivered. These reviews help ensures that the Trust has a governance structure in place that meets both current and future requirements of the Trust.

Review of effectiveness

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

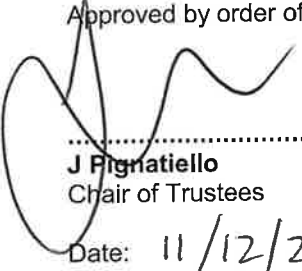
- the work of the internal auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditors;

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

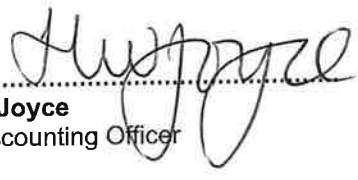
KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees and signed on their behalf by:


.....
J Pignatiello
Chair of Trustees

Date: 11/12/2023


.....
H Joyce
Accounting Officer

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Keystone Academy Trust I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2022.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA:

A contentious transaction occurred during the year, and this was not submitted to the ESFA for approval prior to the work occurring. The invoice was not paid, and retrospective approval was not obtained from the ESFA. Trust policies and procedures have since been amended to address these types of transactions to prevent a re-occurrence.


.....
H Joyce
Accounting Officer

Date: 11/12/2023

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice (SORP) 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



.....
J Pignatiello
Chair of Trustees

Date: 11/12/2023

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST**

Opinion

We have audited the financial statements of Keystone Academy Trust (the 'academy') for the year ended 31 August 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

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

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

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

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

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
KEYSTONE ACADEMY TRUST (CONTINUED)**

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

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

Use of our report

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



Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House

A1 Business Park at

Long Bennington

Notts

NG23 5JR

Date: 19/12/2023

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KEYSTONE ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 May 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Keystone Academy Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Keystone Academy Trust's funding agreement with the Secretary of State for Education dated 28 August 2019 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- a review of the Trust's systems and controls and confirmation of their operation and effectiveness during the year;
- a review of expenditure to confirm the appropriateness and value for money and that appropriate tendering/quotation procedures had been followed in line with the Trust's finance policy; and
- a review of related party relationships and internal audit reports.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

We note, as discussed on page 22, that the Trust has not obtained prior approval from ESFA before entering into a contentious transaction.



Mark Bradshaw (Senior statutory auditor)
Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

Date: 19/12/2023

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

| | Note | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 1,478 | - | 890,769 | 892,247 | 3,466,678 |
| Other trading activities | | 234,610 | - | - | 234,610 | 254,308 |
| Investments | 6 | 3,129 | 14,000 | - | 17,129 | 388 |
| Charitable activities | | 356,927 | 11,959,447 | - | 12,316,374 | 11,398,261 |
| Other income | 7 | 353,125 | - | - | 353,125 | 375,486 |
| Total income | | 949,269 | 11,973,447 | 890,769 | 13,813,485 | 15,495,121 |
| Expenditure on: | | | | | | |
| Charitable activities | | 553,925 | 12,260,810 | 668,882 | 13,483,617 | 13,340,890 |
| Other expenditure | 9 | 363,125 | - | - | 363,125 | 372,111 |
| Total expenditure | | 917,050 | 12,260,810 | 668,882 | 13,846,742 | 13,713,001 |
| Net income/ (expenditure) | | 32,219 | (287,363) | 221,887 | (33,257) | 1,782,120 |
| Transfers between funds | 21 | (446,740) | 68,467 | 378,273 | - | - |
| Net movement in funds before other recognised gains/(losses) | | (414,521) | (218,896) | 600,160 | (33,257) | 1,782,120 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains on defined benefit pension schemes | 28 | - | 1,035,000 | - | 1,035,000 | 6,037,000 |
| De-recognition of defined benefit pension scheme surplus | | - | (891,000) | - | (891,000) | - |
| Net movement in funds | | (414,521) | (74,896) | 600,160 | 110,743 | 7,819,120 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ | <i>Total funds 2022 £</i> |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|---------------------------------------|
| Note | | | | | |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 1,570,945 | 938,928 | 20,487,276 | 22,997,149 | 15,178,029 |
| Net movement in funds | (414,521) | (74,896) | 600,160 | 110,743 | 7,819,120 |
| Total funds carried forward | 1,156,424 | 864,032 | 21,087,436 | 23,107,892 | 22,997,149 |

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

The notes on pages 35 to 68 form part of these financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07788995

BALANCE SHEET
AS AT 31 AUGUST 2023

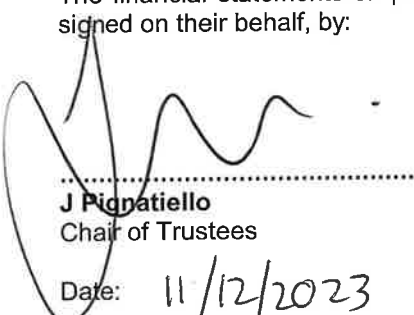
| | Note | 2023 £ | 2022 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 16 | 20,972,979 | 20,430,875 |
| | | <u>20,972,979</u> | <u>20,430,875</u> |
| Current assets | | | |
| Stocks | 17 | 25,766 | 19,843 |
| Debtors | 18 | 885,070 | 693,855 |
| Cash at bank and in hand | | 2,406,474 | 3,310,791 |
| | | <u>3,317,310</u> | <u>4,024,489</u> |
| Creditors: amounts falling due within one year | 19 | (1,175,989) | (1,409,642) |
| Net current assets | | <u>2,141,321</u> | <u>2,614,847</u> |
| Total assets less current liabilities | | <u>23,114,300</u> | <u>23,045,722</u> |
| Creditors: amounts falling due after more than one year | 20 | (6,408) | (7,573) |
| Net assets excluding pension asset / liability | | <u>23,107,892</u> | <u>23,038,149</u> |
| Defined benefit pension scheme asset / liability | 28 | - | (41,000) |
| Total net assets | | <u><u>23,107,892</u></u> | <u><u>22,997,149</u></u> |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07788995

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

| | Note | 2023 £ | 2022 £ |
|--|------|-------------------|-------------------|
| Funds of the academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 21 | 21,087,436 | 20,487,276 |
| Restricted income funds | 21 | 864,032 | 979,928 |
| Restricted funds excluding pension asset | 21 | 21,951,468 | 21,467,204 |
| Pension reserve | 21 | - | (41,000) |
| Total restricted funds | 21 | 21,951,468 | 21,426,204 |
| Unrestricted income funds | 21 | 1,156,424 | 1,570,945 |
| Total funds | | 23,107,892 | 22,997,149 |

The financial statements on pages 30 to 68 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


.....
J Pignatiello
Chair of Trustees

Date: 11/12/2023

The notes on pages 35 to 68 form part of these financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

| | Note | 2023 £ | 2022 £ |
|---|--------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 23 | (603,048) | 757,929 |
| Cash flows from investing activities | 25 | (300,104) | 74,756 |
| Cash flows from financing activities | 24 | (1,165) | 8,738 |
| Change in cash and cash equivalents in the year | | (904,317) | 841,423 |
| Cash and cash equivalents at the beginning of the year | | 3,310,791 | 2,469,368 |
| Cash and cash equivalents at the end of the year | 26, 27 | <u><u>2,406,474</u></u> | <u><u>3,310,791</u></u> |

The notes on pages 35 to 68 form part of these financial statements

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) Charities SORP (FRS 102), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Keystone Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

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

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

| | |
|------------------------------|---|
| Freehold property | - 5% on cost on improvements, 2% on cost on buildings, land not depreciated |
| Long-term leasehold property | - 5% on cost on improvements, 2% on cost on buildings, land not depreciated |
| Furniture and equipment | - 25% on cost |
| Computer equipment | - 33% on cost |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.12 Pensions

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

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

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.13 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit balance depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension balance. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension balance.

Critical areas of judgment:

At 31 August 2023, the present value of the defined benefit obligation at the reporting date was valued at less than the fair value of plan assets and therefore the plan has a surplus. In accordance with FRS 102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Trustees have concluded that there is no realistic expectation that the surplus will be realised or will provide future economic benefit to the trust. As a result the pension asset has not been recognised in the balance sheet of the financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

3. Income from donations and capital grants

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|
| Donations | | | | |
| Transfer from Local Authority on conversion | - | - | - | - |
| Subtotal | - | - | - | - |
| Donations | 1,478 | - | - | 1,478 |
| Capital Grants | - | - | 890,769 | 890,769 |
| Subtotal | 1,478 | - | 890,769 | 892,247 |
| | 1,478 | - | 890,769 | 892,247 |

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Restricted fixed asset funds 2022 £ | Total funds 2022 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|
| Donations | | | | |
| Transfer from Local Authority on conversion | 271,669 | (412,000) | 2,535,000 | 2,394,669 |
| Subtotal detailed disclosure | 271,669 | (412,000) | 2,535,000 | 2,394,669 |
| Donations | 10,613 | - | - | 10,613 |
| Capital Grants | - | - | 1,061,396 | 1,061,396 |
| Subtotal | 10,613 | - | 1,061,396 | 1,072,009 |
| | 282,282 | (412,000) | 3,596,396 | 3,466,678 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

4. Funding for the academy's charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ |
|---|------------------------------------|----------------------------------|-----------------------------|
| Educational Operations | | | |
| General Annual Grant (GAG) | - | 9,129,039 | 9,129,039 |
| Other DfE/ESFA grants | | | |
| Pupil premium | - | 631,077 | 631,077 |
| UFSM | - | 263,067 | 263,067 |
| Teachers pay and pension grants | - | 6,401 | 6,401 |
| Supplementary grant | - | 389,278 | 389,278 |
| Others | - | 302,045 | 302,045 |
| | - | 10,720,907 | 10,720,907 |
| Other Government grants | | | |
| Local Authority - SEN | - | 719,806 | 719,806 |
| Local Authority - EYFS | - | 340,814 | 340,814 |
| | - | 1,060,620 | 1,060,620 |
| Other income from the academy's educational operations | 356,927 | 177,920 | 534,847 |
| | 356,927 | 11,959,447 | 12,316,374 |
| | 356,927 | 11,959,447 | 12,316,374 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

4. Funding for the academy's charitable activities (continued)

| | <i>Unrestricted funds 2022 £</i> | <i>Restricted funds 2022 £</i> | <i>Total funds 2022 £</i> |
|---|--|--|---------------------------------------|
| Educational Operations | | | |
| General Annual Grant (GAG) | - | 8,827,842 | 8,827,842 |
| Other DfE/ESFA grants | | | |
| Pupil premium | - | 569,363 | 569,363 |
| UFSM | - | 255,911 | 255,911 |
| Others | - | 335,288 | 335,288 |
| | - | 9,988,404 | 9,988,404 |
| Other Government grants | | | |
| Local Authority - SEN | - | 567,384 | 567,384 |
| Local Authority - EYFS | - | 184,767 | 184,767 |
| | - | 752,151 | 752,151 |
| Other income from the academy's educational operations | 379,495 | 102,735 | 482,230 |
| COVID-19 additional funding (DfE/ESFA) | | | |
| Catch-up Premium | - | 175,476 | 175,476 |
| | - | 175,476 | 175,476 |
| | 379,495 | 11,018,766 | 11,398,261 |
| | 379,495 | 11,018,766 | 11,398,261 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

5. Income from other trading activities

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 620 | 620 | 15,193 |
| Nursery and after school club | 233,990 | 233,990 | 239,115 |
| | <u>234,610</u> | <u>234,610</u> | <u>254,308</u> |

6. Investment income

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ |
|----------------|------------------------------------|----------------------------------|-----------------------------|
| Bank interest | 3,129 | - | 3,129 |
| Pension income | - | 14,000 | 14,000 |
| | <u>3,129</u> | <u>14,000</u> | <u>17,129</u> |

| | Unrestricted funds 2022 £ | Total funds 2022 £ |
|---------------|------------------------------------|-----------------------------|
| Bank interest | 388 | 388 |

7. Other incoming resources

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---------------------------|------------------------------------|-----------------------------|-----------------------------|
| School Improvement income | 353,125 | 353,125 | 375,486 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

8. Expenditure

| | Staff Costs 2023 £ | Premises 2023 £ | Other 2023 £ | Total 2023 £ |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Educational Operations: | | | | |
| Direct costs | 8,896,645 | - | 1,133,990 | 10,030,635 |
| Allocated support costs | 1,650,401 | 534,177 | 1,268,404 | 3,452,982 |
| Other expenditure | 254,463 | - | 108,662 | 363,125 |
| Total 2023 | 10,801,509 | 534,177 | 2,511,056 | 13,846,742 |
| | Staff Costs 2022 £ | Premises 2022 £ | Other 2022 £ | Total 2022 £ |
| Educational Operations: | | | | |
| Direct costs | 8,078,972 | - | 1,085,264 | 9,164,236 |
| Allocated support costs | 2,435,989 | 503,514 | 1,237,151 | 4,176,654 |
| Other expenditure | 231,250 | - | 140,861 | 372,111 |
| Total 2022 | 10,945,611 | 503,514 | 2,463,276 | 13,912,401 |

9. Other expenditure

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| School Improvement expenditure | 108,662 | 108,662 | 140,861 |
| School Improvement wages and salaries | 254,463 | 254,463 | 231,250 |
| | 363,125 | 363,125 | 372,111 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

10. Analysis of expenditure by activities

| | Activities undertaken directly 2023 £ | Support costs 2023 £ | Total funds 2023 £ |
|------------------------|--|---|---------------------------------------|
| Educational Operations | 10,030,635 | 3,452,982 | 13,483,617 |

| | <i>Activities undertaken directly 2022 £</i> | <i>Support costs 2022 £</i> | <i>Total funds 2022 £</i> |
|------------------------|--|---|---------------------------------------|
| Educational Operations | 9,164,236 | 4,176,654 | 13,340,890 |

Analysis of support costs

| | Total funds 2023 £ | Total funds 2022 £ |
|------------------|---------------------------------------|---------------------------------------|
| Staff costs | 1,650,401 | 2,435,989 |
| Technology costs | 180,704 | 149,713 |
| Premises costs | 534,177 | 503,514 |
| Other costs | 1,031,838 | 1,045,492 |
| Governance costs | 43,812 | 23,871 |
| Legal costs | 12,050 | 18,075 |
| | 3,452,982 | 4,176,654 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2023 £ | 2022 £ |
|---------------------------------------|---------------|--------------|
| Operating lease rentals | 53,056 | 59,261 |
| Depreciation of tangible fixed assets | 651,898 | 517,185 |
| Fees paid to auditors for: | | |
| - audit | 10,750 | 9,700 |
| - other services | 2,750 | 3,325 |
| | <u>10,750</u> | <u>9,700</u> |
| | <u>2,750</u> | <u>3,325</u> |

12. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2023 £ | 2022 £ |
|---------------------------|-------------------|-------------------|
| Wages and salaries | 8,056,218 | 7,593,458 |
| Social security costs | 697,087 | 647,807 |
| Pension costs | 1,924,713 | 2,603,324 |
| | <u>10,678,018</u> | <u>10,844,589</u> |
| Agency staff costs | 104,844 | 100,683 |
| Staff restructuring costs | 18,647 | 339 |
| | <u>10,801,509</u> | <u>10,945,611</u> |

Staff restructuring costs comprise:

| | 2023 £ | 2022 £ |
|---------------------|---------------|------------|
| Redundancy payments | 2,745 | 339 |
| Severance payments | 15,902 | - |
| | <u>18,647</u> | <u>339</u> |

Included in severance payments are £3,976 of contractual and £11,926 of non-contractual payments (2022: £nil).

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

12. Staff (continued)

b. Staff numbers

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

| | 2023 No. | 2022 No. |
|-------------------|---------------------|---------------------|
| Teachers | 128 | 143 |
| Admin and support | 298 | 239 |
| Management | 2 | 2 |
| | <u>428</u> | <u>384</u> |

The average headcount expressed as full-time equivalents was:

| | 2023 No. | 2022 No. |
|-------------------|---------------------|---------------------|
| Teachers | 108 | 106 |
| Admin and support | 136 | 141 |
| Management | 2 | 2 |
| | <u>246</u> | <u>249</u> |

c. Higher paid staff

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

| | 2023 No. | 2022 No. |
|---------------------------------|---------------------|---------------------|
| In the band £60,001 - £70,000 | 1 | - |
| In the band £70,001 - £80,000 | 3 | 2 |
| In the band £80,001 - £90,000 | 2 | 1 |
| In the band £90,001 - £100,000 | - | 1 |
| In the band £100,001 - £110,000 | - | 1 |
| | <u>-</u> | <u>1</u> |

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £300,375 (2022 £404,130).

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

13. Central services

The academy has provided the following central services to its academies during the year:

- Trust leadership salaries
- Insurance costs
- Legal and finance costs
- School improvement
- Subsidised access to Teaching School activities
- Regulatory costs
- Other trust costs as they arise

The academy charges for these services on the following basis:

5% of all Government and Local Authority grant income, except for Pupil Premium and SEN funding.

During 2022/23 the Trust treated the three smallest schools (Surfleet Primary Academy, Lutton St Nicholas Primary Academy and Gedney Church End Primary Academy - SPS, LSN and GCE) as one "cost centre" to allow for pooling of their collective resources and reserves for reporting purposes. This allowed all three schools to have the equal financial opportunities for curriculum delivery and development as well as allowing the building of synergies comparable to the larger schools.

The actual amounts charged during the year were as follows:

| | 2023 £ | 2022 £ |
|-----------------------------------|----------------|----------------|
| Bourne Westfield Primary Academy | 154,967 | 155,132 |
| Tower Road Primary Academy | 136,644 | 134,388 |
| Long Sutton County Primary School | 101,086 | 97,762 |
| Thurlby Community Primary School | 42,366 | 40,069 |
| SPS, LSN and GCE | 79,997 | 73,347 |
| Total | 515,060 | 500,698 |

14. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

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

15. Trustees' and Officers' insurance

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

16. Tangible fixed assets

| | F/H and L/H property £ | Assets under construction £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|---------------------------|------------------------------|--------------------------------------|------------------------------------|----------------------------|-------------------|
| Cost or valuation | | | | | |
| At 1 September 2022 | 23,216,648 | 117,712 | 213,594 | 530,705 | 24,078,659 |
| Additions | 998,228 | - | - | 195,774 | 1,194,002 |
| Transfers between classes | 117,712 | (117,712) | - | - | - |
| At 31 August 2023 | <u>24,332,588</u> | <u>-</u> | <u>213,594</u> | <u>726,479</u> | <u>25,272,661</u> |
| Depreciation | | | | | |
| At 1 September 2022 | 3,115,741 | - | 152,370 | 379,673 | 3,647,784 |
| Charge for the year | 505,353 | - | 25,709 | 120,836 | 651,898 |
| At 31 August 2023 | <u>3,621,094</u> | <u>-</u> | <u>178,079</u> | <u>500,509</u> | <u>4,299,682</u> |
| Net book value | | | | | |
| At 31 August 2023 | <u>20,711,494</u> | <u>-</u> | <u>35,515</u> | <u>225,970</u> | <u>20,972,979</u> |
| At 31 August 2022 | <u>20,100,907</u> | <u>117,712</u> | <u>61,224</u> | <u>151,032</u> | <u>20,430,875</u> |

Included in freehold and leasehold property is land amounting to £2,715,533 (2022: £2,715,533) which is not depreciated.

The trust's transactions relating to land and buildings included £37,988 on roofing projects, £238,004 on boiler projects, £144,484 on fire safety works, £517,989 on a mobile nursery, £71,265 on an outside play area, £57,857 on lighting and flooring, £30,372 on security fencing and £17,981 on other site works across the trust.

17. Stocks

| | 2023 £ | 2022 £ |
|-------------------------------|---------------|---------------|
| Uniform and stationery stocks | <u>25,766</u> | <u>19,843</u> |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

18. Debtors

| | 2023 | 2022 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 81,898 | 12,939 |
| Other debtors | 203,242 | 295,158 |
| Prepayments and accrued income | 599,930 | 385,758 |
| | 885,070 | 693,855 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

19. Creditors: Amounts falling due within one year

| | 2023 | 2022 |
|--|------------------|------------------|
| | £ | £ |
| Other loans | 1,165 | 1,165 |
| Trade creditors | 276,343 | 611,251 |
| Other taxation and social security | 157,511 | 143,364 |
| Other creditors | 203,281 | 184,680 |
| Accruals and deferred income | 537,689 | 469,182 |
| | 1,175,989 | 1,409,642 |
| | 2023 | 2022 |
| | £ | £ |
| Deferred income at 1 September 2022 | 264,734 | 170,829 |
| Resources deferred during the year | 208,701 | 264,734 |
| Amounts released from previous periods | (264,734) | (170,829) |
| | 208,701 | 264,734 |

Deferred income relates to UIFSM income, arts grant funding, teaching school support income and other curriculum income relating to the 2023/24 academic year.

Other loans relates to a Salix loan repayable over 8 years. The loan is interest free. Repayments commenced in September 2023.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

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

| | 2023 | 2022 |
|-------------|--------------|--------------|
| | £ | £ |
| Other loans | 6,408 | 7,573 |

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

| | 2023 | 2022 |
|--|--------------|--------------|
| | £ | £ |
| Payable or repayable by instalments | 4,660 | 4,660 |
| Payable or repayable other than by instalments | 1,748 | 2,913 |
| | 6,408 | 7,573 |

Other loans relates to a Salix loan repayable over 8 years. The loan is interest free. Repayments commenced in September 2023.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds

| | Balance at 1 September 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2023 £ |
|---------------------------------------|--|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 1,439,091 | 949,269 | (912,690) | (446,740) | - | 1,028,930 |
| Unrestricted fixed assets | 131,854 | - | (4,360) | - | - | 127,494 |
| | <u>1,570,945</u> | <u>949,269</u> | <u>(917,050)</u> | <u>(446,740)</u> | <u>-</u> | <u>1,156,424</u> |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 979,928 | 9,129,039 | (9,313,402) | 68,467 | - | 864,032 |
| Other DfE/ESFA grants | - | 1,591,868 | (1,591,868) | - | - | - |
| Other government grants | - | 1,238,540 | (1,238,540) | - | - | - |
| Pension reserve | (41,000) | 14,000 | (117,000) | - | 144,000 | - |
| | <u>938,928</u> | <u>11,973,447</u> | <u>(12,260,810)</u> | <u>68,467</u> | <u>144,000</u> | <u>864,032</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA capital grants | 3,366,195 | 890,769 | (148,898) | - | - | 4,108,066 |
| Capital expenditure from GAG | 675,329 | - | (31,570) | 378,273 | - | 1,022,032 |
| Capital expenditure from other income | 16,445,752 | - | (488,414) | - | - | 15,957,338 |
| | <u>20,487,276</u> | <u>890,769</u> | <u>(668,882)</u> | <u>378,273</u> | <u>-</u> | <u>21,087,436</u> |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

| | Balance at 1 September 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2023 £ |
|---------------------------------------|--|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Total Restricted funds | 21,426,204 | 12,864,216 | (12,929,692) | 446,740 | 144,000 | 21,951,468 |
| Total funds | 22,997,149 | 13,813,485 | (13,846,742) | - | 144,000 | 23,107,892 |

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

Unrestricted funds

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

Restricted Fixed Asset funds

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

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

Restricted Revenue funds

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

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes. Teaching school funds were transferred to unrestricted general funds during the year as this is no longer government funded.

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

Transfers between funds represent restricted income funds being used on capital expenditure, as well as using surplus funds from conversion to cover restricted deficits in the year.

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2023 results in a net surplus of £2,020,456.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

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

| | <i>Balance at 1 September 2021 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2022 £</i> |
|-------------------------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 903,135 | 1,291,959 | (1,096,885) | 340,882 | - | 1,439,091 |
| Unrestricted fixed assets | 136,214 | - | (4,360) | - | - | 131,854 |
| | <u>1,039,349</u> | <u>1,291,959</u> | <u>(1,101,245)</u> | <u>340,882</u> | <u>-</u> | <u>1,570,945</u> |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 1,166,659 | 8,827,842 | (8,840,525) | (174,048) | - | 979,928 |
| Other DfE/ESFA grants | - | 1,336,038 | (1,336,038) | - | - | - |
| Other government grants | - | 567,384 | (567,384) | - | - | - |
| Teaching school | 340,882 | - | - | (340,882) | - | - |
| Other income | - | 287,502 | (287,502) | - | - | - |
| Pension reserve | (4,612,000) | (412,000) | (1,054,000) | - | 6,037,000 | (41,000) |
| | <u>(3,104,459)</u> | <u>10,606,766</u> | <u>(12,085,449)</u> | <u>(514,930)</u> | <u>6,037,000</u> | <u>938,928</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA capital grants | 2,424,173 | 1,061,396 | (119,374) | - | - | 3,366,195 |
| Capital expenditure from GAG | 552,792 | - | (51,511) | 174,048 | - | 675,329 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

| | <i>Balance at 1 September 2021 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2022 £</i> |
|---------------------------------------|--|--------------------------|----------------------------|-----------------------------------|----------------------------------|--|
| Capital expenditure from other income | 14,266,174 | 2,535,000 | (355,422) | - | - | 16,445,752 |
| | <u>17,243,139</u> | <u>3,596,396</u> | <u>(526,307)</u> | <u>174,048</u> | <u>-</u> | <u>20,487,276</u> |
| Total Restricted funds | <u>14,138,680</u> | <u>14,203,162</u> | <u>(12,611,756)</u> | <u>(340,882)</u> | <u>6,037,000</u> | <u>21,426,204</u> |
| Total funds | <u><u>15,178,029</u></u> | <u><u>15,495,121</u></u> | <u><u>(13,713,001)</u></u> | <u><u>-</u></u> | <u><u>6,037,000</u></u> | <u><u>22,997,149</u></u> |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

| | 2023 £ | 2022 £ |
|--|-------------------|-------------------|
| Bourne Westfield Primary Academy | 977,600 | 1,207,931 |
| Tower Road Primary Academy | 561,779 | 652,445 |
| Long Sutton County Primary School | 170,014 | 62,997 |
| Thurlby Community Primary School | 61,931 | 65,981 |
| SPS, LSN and GCE | 187,536 | 249,596 |
| Central Services | 61,596 | 311,923 |
| | <u>2,020,456</u> | <u>2,550,873</u> |
| Total before fixed asset funds and pension reserve | 2,020,456 | 2,550,873 |
| Restricted fixed asset fund | 21,087,436 | 20,487,276 |
| Pension reserve | - | (41,000) |
| | <u>23,107,892</u> | <u>22,997,149</u> |
| Total | 23,107,892 | 22,997,149 |

During 2022/23 the Trust treated the three smallest schools (Surfleet Primary Academy, Lutton St Nicholas Primary Academy and Gedney Church End Primary Academy - SPS, LSN and GCE) as one "cost centre" to allow for pooling of their collective resources and reserves for reporting purposes. This allowed all three schools to have the equal financial opportunities for curriculum delivery and development as well as allowing the building of synergies comparable to the larger schools.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2023 £ |
|-----------------------------------|---|--------------------------------------|------------------------------|---|--------------------|
| Bourne Westfield Primary Academy | 2,691,900 | 429,105 | 135,274 | 597,789 | 3,854,068 |
| Tower Road Primary Academy | 2,281,941 | 401,908 | 92,782 | 461,549 | 3,238,180 |
| Long Sutton County Primary School | 1,600,480 | 293,751 | 62,690 | 355,525 | 2,312,446 |
| Thurlby Community Primary School | 719,038 | 122,593 | 29,862 | 191,636 | 1,063,129 |
| SPS. LSN and GCE | 1,305,971 | 231,792 | 90,651 | 349,313 | 1,977,727 |
| Lutton St Nicholas Primary School | - | - | - | - | - |
| Gedney Church End Primary School | - | - | - | - | - |
| Central services | 493,669 | 329,958 | 18,848 | (93,181) | 749,294 |
| Trust | 9,092,999 | 1,809,107 | 430,107 | 1,862,631 | 13,194,844 |

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2022 £ |
|-----------------------------------|---|--------------------------------------|------------------------------|---|--------------------|
| Bourne Westfield Primary Academy | 2,336,582 | 360,480 | 116,890 | 635,476 | 3,449,428 |
| Tower Road Primary Academy | 2,003,016 | 328,992 | 152,141 | 513,963 | 2,998,112 |
| Long Sutton County Primary School | 1,596,363 | 289,186 | 89,753 | 367,699 | 2,343,001 |
| Thurlby Community Primary School | 650,048 | 113,637 | 42,017 | 183,507 | 989,209 |
| SPS. LSN and GCE | 1,165,003 | 163,482 | 171,778 | 381,233 | 1,881,496 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

21. Statement of funds (continued)

| | <i>Teaching and educational support staff costs £</i> | <i>Other support staff costs £</i> | <i>Educational supplies £</i> | <i>Other costs excluding depreciation £</i> | <i>Total 2022 £</i> |
|------------------|---|--|---------------------------------------|---|-----------------------------|
| Central services | 448,038 | 207,212 | 6,870 | 872,449 | 1,534,569 |
| Trust | <u>8,199,050</u> | <u>1,462,989</u> | <u>579,449</u> | <u>2,954,327</u> | <u>13,195,815</u> |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ |
|-------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 127,494 | - | 20,845,485 | 20,972,979 |
| Current assets | 1,028,930 | 2,040,021 | 248,359 | 3,317,310 |
| Creditors due within one year | 1,165 | (1,175,989) | (1,165) | (1,175,989) |
| Creditors due in more than one year | (1,165) | - | (5,243) | (6,408) |
| Total | 1,156,424 | 864,032 | 21,087,436 | 23,107,892 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Restricted fixed asset funds 2022 £ | Total funds 2022 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 131,855 | - | 20,299,020 | 20,430,875 |
| Current assets | 1,459,419 | 2,368,076 | 196,994 | 4,024,489 |
| Creditors due within one year | (20,329) | (1,388,148) | (1,165) | (1,409,642) |
| Creditors due in more than one year | - | - | (7,573) | (7,573) |
| Provisions for liabilities and charges | - | (41,000) | - | (41,000) |
| Total | 1,570,945 | 938,928 | 20,487,276 | 22,997,149 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

23. Reconciliation of net (expenditure)/income to net cash flow from operating activities

| | 2023 £ | 2022 £ |
|--|------------------|-------------|
| Net (expenditure)/income for the year (as per Statement of financial activities) | (33,257) | 1,782,120 |
| Adjustments for: | | |
| Depreciation | 651,898 | 517,185 |
| Capital grants from DfE and other capital income | (890,769) | (1,061,396) |
| Defined benefit pension scheme obligation inherited | (3,129) | (388) |
| Defined benefit pension scheme cost less contributions payable | 109,000 | 973,000 |
| Defined benefit pension scheme finance (income)/cost | (14,000) | 77,000 |
| (Increase)/decrease in stocks | (5,923) | 7,955 |
| (Increase)/decrease in debtors | (191,215) | 239,741 |
| (Decrease)/increase in creditors | (233,653) | 611,102 |
| Loss on the disposal of fixed assets | - | 2,279 |
| Net (loss)/gain on assets and liabilities from Local Authority on conversion | - | (2,394,669) |
| Administration expense of defined benefit pension scheme | 8,000 | 4,000 |
| Net cash (used in)/provided by operating activities | (603,048) | 757,929 |

24. Cash flows from financing activities

| | 2023 £ | 2022 £ |
|--|----------------|-----------|
| Cash inflows from new borrowing | - | 9,320 |
| Repayments of borrowing | (1,165) | (582) |
| Net cash (used in)/provided by financing activities | (1,165) | 8,738 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

25. Cash flows from investing activities

| | 2023 £ | 2022 £ |
|--|------------------|---------------|
| Dividends, interest and rents from investments | 3,129 | 388 |
| Purchase of tangible fixed assets | (1,194,002) | (1,258,697) |
| Capital grants from DfE group | 890,769 | 1,061,396 |
| Cash transferred on conversion to an academy trust | - | 271,669 |
| Net cash (used in)/provided by investing activities | (300,104) | 74,756 |

26. Analysis of cash and cash equivalents

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Cash in hand and at bank | 2,406,474 | 3,310,791 |
| Total cash and cash equivalents | 2,406,474 | 3,310,791 |

27. Analysis of changes in net debt

| | At 1 September 2022 £ | Cash flows £ | At 31 August 2023 £ |
|--------------------------|--------------------------------|------------------|---------------------------|
| Cash at bank and in hand | 3,310,791 | (904,317) | 2,406,474 |
| Debt due within 1 year | (1,165) | - | (1,165) |
| Debt due after 1 year | (7,573) | 1,165 | (6,408) |
| | 3,302,053 | (903,152) | 2,398,901 |

28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2022.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

28. Pension commitments (continued)

Contributions amounting to £199,948 were payable to the schemes at 31 August 2023 (2022 - £179,821) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year amounted to £1,055,712 (2022 - £1,001,089).

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

28. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £915,000 (2022 - £791,000), of which employer's contributions totalled £725,000 (2022 - £627,000) and employees' contributions totalled £ 190,000 (2022 - £164,000). The agreed contribution rates for future years are 21.7 per cent to 25.1 per cent for employers and various per cent for employees.

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

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on gov.uk.

Principal actuarial assumptions

| | 2023 % | 2022 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.90 | 3.25 |
| Rate of increase for pensions in payment/inflation | 2.90 | 2.95 |
| Discount rate for scheme liabilities | 5.30 | 4.25 |

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

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

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

28. Pension commitments (continued)

Sensitivity analysis

| | 2023 | 2022 |
|--|-------------|-------------|
| | £000 | £000 |
| Discount rate -0.1% | 168 | 180 |
| Mortality assumption - 1 year increase | 213 | 224 |

The pension scheme surplus/deficit is based on the actuarial assumptions used as at the 31 August 2023. These can, and do, change after the year end. The above sensitivity analysis shows how the position stated can change significantly based on changes to the actuarial assumptions. A change in the markets is likely to result in an increased pension scheme deficit by next year end. Post year end valuations could be obtained to provide an indication, however, it is considered that the cost would outweigh the benefit to the users of the accounts, and would not be value for money.

Share of scheme assets

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

| | At 31 August 2023 | At 31 August 2022 |
|-------------------------------------|------------------------------|------------------------------|
| | £ | £ |
| Equities | 5,325,000 | 5,510,000 |
| Corporate bonds | 1,134,000 | 891,000 |
| Property | 641,000 | 955,000 |
| Cash and other liquid assets | 1,525,000 | 177,000 |
| Total market value of assets | 8,625,000 | 7,533,000 |

The actual return on scheme assets was £220,000 (2022 - £14,000).

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

| | 2023 | 2022 |
|---|------------------|--------------------|
| | £ | £ |
| Current service cost | (834,000) | (1,600,000) |
| Interest income | 341,000 | 119,000 |
| Interest cost | (327,000) | (196,000) |
| Administrative expenses | (8,000) | 4,000 |
| Total amount recognised in the Statement of financial activities | (828,000) | (1,673,000) |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

28. Pension commitments (continued)

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

| | 2023 £ | 2022 £ |
|------------------------------|--------------------|-------------------|
| At 1 September | 7,574,000 | 11,017,000 |
| Conversion of academy trusts | - | 817,000 |
| Current service cost | 834,000 | 1,600,000 |
| Interest cost | 327,000 | 196,000 |
| Employee contributions | 190,000 | 164,000 |
| Actuarial gains | (1,257,000) | (6,142,000) |
| Benefits paid | 66,000 | (78,000) |
| At 31 August | 7,734,000 | 7,574,000 |

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

| | 2023 £ | 2022 £ |
|------------------------------|------------------|------------------|
| At 1 September | 7,533,000 | 6,405,000 |
| Conversion of academy trusts | - | 405,000 |
| Interest income | 341,000 | 119,000 |
| Actuarial losses | (222,000) | (105,000) |
| Employer contributions | 725,000 | 627,000 |
| Employee contributions | 190,000 | 164,000 |
| Benefits paid | 66,000 | (78,000) |
| Administration expense | (8,000) | (4,000) |
| At 31 August | 8,625,000 | 7,533,000 |

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

29. Operating lease commitments

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

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Not later than 1 year | 32,969 | 34,343 |
| Later than 1 year and not later than 5 years | 124,238 | 118,184 |
| Later than 5 years | 247,000 | 271,700 |
| | <u>404,207</u> | <u>424,227</u> |

30. 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.

31. Related party transactions

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

The academy trust procured moderation and consultancy services amounting to £1,000 from the former CEO and Accounting Officer during the period. At the year end this amount remained outstanding for payment.

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