
KEYSTONE ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members A Thorpe
 C Wesley
 E Nicholson
 J Wooley (resigned 22 September 2020)
 W Phelan
 E Unwin (appointed 22 March 2021)

Trustees J Pignatiello, Chair of Trustees
 J MacPhee
 N Smith (resigned 9 March 2021)
 S Sharpe
 J Harrison
 S Dorey (appointed 22 March 2021)
 R Immink (resigned 20 October 2020)
 R Monkhouse
 M Rainbow (resigned 20 October 2020)
 G Palmer

**Company registered
number** 07788995

Company name Keystone Academy Trust

**Principal and registered
office** Westbourne Park
 Bourne
 Lincs
 PE10 9QS

Company secretary K Bryant

Accounting officer E Radley

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

**Senior executive
team**

E Radley, Chief Executive Officer and Accounting Officer
S Taylor, Chief Financial Officer
P Eccles, Performance Advisor
T Roscher, Chief Operating Manager
B Lord, Advisory Head Teacher

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

Solicitors

Browne Jacobsen
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

KEYSTONE ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

Keystone Academy Trust (KAT) was established to provide primary education across South Lincolnshire to pupils aged 3 to 11 years.

Keystone Academy Trust (KAT) was originally Bourne Westfield Primary Academy. On 1 September 2019, Tower Road Primary Academy came together with Bourne Westfield Primary Academy to become a multi-academy trust. Long Sutton County Primary School joined on 1 November 2019 and Thurlby Community Primary Academy on 1 January 2020.

On 1 March 2021, Surfleet Primary Academy became the latest school to join Keystone Academy Trust.

On 1 September 2021 two further schools joined KAT (Lutton St Nicholas Primary Academy and Gedney Church End Primary Academy) leading to the MAT consisting of seven schools.

In the school census in October 2021, the seven schools had a combined pupil capacity of 2,259 and had a roll of 2,079.

Structure, governance and management

Constitution

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

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

The Trustees of Keystone Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Keystone Academy Trust.

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

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 2021 there were seven trustees on the board.

Members of the trust and trustees are appointed as set out in the Articles of Association.

Policies adopted for the induction and training of Trustees

The induction and training of all new Members/Trustees will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. Subject to Covid 19 restrictions, all new Members and Trustees will be given the opportunity to tour the schools with a chance to meet stakeholders. All Trustees are provided with documents allowing them to undertake their role. The Chair and Chief Executive Officer have responsibility for induction and training. The MAT has joined the National Governance Association to help access appropriate support.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Organisational structure

The structure of the Trust consists of four levels of governance: The Members, the Board of Trustees, Senior Leadership Team and Local Governing Boards. The aim of this management 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 MAT and for appointing trustees. The Board retains overall responsibility for exercising oversight of the government 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.

The Board is responsible for setting Trust-wide policies, adopting each academy's School Improvement Plan and budget, monitoring performance against those plans and making major decisions about the direction of the trust including its curriculum, and the achievement and welfare of pupils and staff. Trustees are appointed/elected/co-opted for a period of four years. The chair and vice-chair are elected annually.

The trustees appoint a Chief Executive Officer to take responsibility of the day-to-day management of the constituent academies. The trustees appoint a clerk who takes on the role of calling and recording meetings of the Board of Trustees.

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

There are seven trustees that monitor, evaluate and challenge the performance of KAT. They have, as a body, skills in the following aspects: Health and safety, Human resources, Finance, Legal, Estates and Premises, School performance, Risk Audit and Safeguarding. The Board of Trustees has established three subcommittees. Each sub-committee has its own terms of reference detailing the responsibilities discharged to the sub-committee. The three sub-committees 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 sub-committee is reviewed and approved by the Board of Trustees annually. The Board of Trustees has approved finance policies and procedures that detail each Academy's' authorised spending limits. Through these committees, and the Board of Trustees as a whole, trustees will deliver the core functions:

- ensuring clarity of vision, ethos and strategic direction of the MAT
- holding the CEO to account for the educational performance of the MAT and its pupils, and the performance management of staff
- the performance management of the CEO and head teachers of each academy
- overseeing the financial performance of the MAT and making sure its money is well spent.

The trustees will also ensure compliance with company and charity law and with the trust's funding agreement with the Secretary of State.

The Chief Executive Officer (CEO) 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 Internal Auditor has been appointed.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

The Scheme of Delegation provides full details of all delegated responsibilities. The MAT maintains a centralised provision that includes at Executive level the Chief Executive Officer, the Chief Financial Officer, and the Performance Improvement Officer. Central services include school improvement, finance and HR with the rolling out of asset management, information technology, purchasing and communications. Centralised staff are based across a range of locations including home working.

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 ranges cover a five-point scale with the Head Teacher's salary established against the Individual School Range (ISR). The ISR is recalculated annually by the Audit, Risk and Remuneration Committee. Any variations beyond this (for any members of the Senior Leadership Team) are made by the Board of Trustees following the recommendation by the Audit, Risk and Remuneration Committee. Recommendations for teaching pay or salary increases are made by the Head Teacher to the Audit, Risk and Remuneration Committee, following performance management, where a final decision will be made on whether to award the pay increase.

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

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 academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

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

In accordance with the academy's equal opportunities policy, the academy 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 academy's 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 with emphasis on particular specialisms. In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of the Government specifies, amongst other things, the basis for admitting students to the academies, and that the curriculum should comply with the substance of the national curriculum.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Objectives, strategies and activities

Outcome 1: Our academies are 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. Our 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:

- Support the implementation of a Catch up curriculum plan ensuring that all schools use the Catch up funding to support pupils in closing the gaps in their learning. Improve the progress made by all pupils so that the standards reached are at least in line with National averages in all academies.
- Ensure that safeguarding practices across the Trust are of an exemplary standard and are implemented accordingly.
- Support all school leaders to develop their unique curriculum offers, bespoke to their communities, that deepen children's knowledge and develop cultural capital
- Embed a programme of external support and verification to ensure that all schools within the Trust have systems and practices in place to ensure that they are supported to achieve their ambitious targets
- Develop and deliver a Trust model that meets the professional development needs of all staff within the trust

Outcome 2: Collaboration Within the Trust - Our academies work together to develop systems and structures to share and develop excellent teaching and learning:

- Develop opportunities for school to school support allowing staff to share expertise and skills across the Trust.
- Develop a Trust wide event that allows us to bring some of our pupils together to get a sense of belonging to a wider organisation.
- Develop the support of Keystone Teaching School within the Trust in order to support raising standards.
- Financial Stability, Quality of Learning Environment & Resources - Our schools provide safe, stimulating and aspirational environments where children and staff have access to the best resources.
- Compliance with the Master Funding Agreement and Financial Handbook.
- Investigate processes and options to improve financial efficiency of the Trust.
- Investigate and take advantage of all funding opportunities where applicable.
- Produce and implement an Estates Strategy.
- Fully embed the new financial procedures and work to align pay across the Trust preparing for the implementation of a Trust wide pay policy

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

Outcome 3: Leadership, Governance & Resources - Our accountability and decision-making frameworks maximise value for money for the benefit of children and their families:

- Develop and deliver a programme to meet the professional development needs of Local Governors, Trustees and Members.
- Ensure that Trust arrangements for appraisal and school development planning result in clear lines of accountability and facilitates the raising of standards.
- Develop the schools and Trust websites to incorporate statutory policies/policies under the Keystone Academy Trust/Academy heading as appropriate

Outcome 4: MAT Stability and Future Growth:

- Ensure that the Trust has management capacity to deliver sustained improvement and potential growth.
- Build a trust profile of expertise in each academy
- Further develop relationships with other schools/academies and MATs; the four schools that are currently within the Trust build a strong platform to allow it to expand in the future.
- Delivery of the moderation of KS1 and KS2 outcomes across Lincolnshire

Public benefit

The multi-academy trust provides educational services catering to children aged three to eleven in South Lincolnshire. The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the guidance on public benefit published by the Charity Commission.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

Despite the challenges resulting from the Covid-19 pandemic, the multi-academy trust have delivered significant achievements during the year:

- All academies are using PiXL and are becoming increasingly effective at using the therapies to target gaps in children's learning.
- All academies have completed the LCC safeguarding audit and DSLs have been supported to implement best practice in safeguarding. Termly wellbeing support has been introduced for DSLs and has been very well received.
- A thorough system of verification and support has been established and targeted at developing the curriculum provision in each school. Subject leaders have been supported through termly network meetings. Curriculum leaders in target schools have received intensive support and are now more able to show a deep understanding of their intent, implementation and impact of their subject delivery.
- All schools have a clear rationale and approach to assessment in all subjects and this continues to be an ongoing focus, with all school leaders clear on what is required when.
- A GANT chart has been produced that shows annual cycle of school improvement events. Moderation of writing has taken place across the trust to support gaining consistency in teacher judgements. This also happens across the county as Keystone lead the moderation contract. The delivery of the Moderation contract has been rated outstanding every term.
- All academies have engaged well in school to school support leading to measurable improvements.
- The trust was successful in securing over £1m of Condition Improvement Fund (CIF) funding for improvement to the estate. These building improvements have been successfully completed.
- The central team has been developed to include the Chief Operation Manager role. This has facilitated the procurement and implementation of a facilities management system, an updated risk management program, and the selection of both a new payroll/HR provider and a new IT provider.
- The communication between Local Governing Boards and the Board of Trustees has been strengthened and the scheme of delegation reviewed and updated. The leadership team has been restructured at Tower Road Academy with the appointment of a new Head teacher, deputy head and new local governors.
- All academies have set balanced budgets.

Key Performance Indicators

Covid-19 restrictions meant that external school performance data was not collected or published by the Department of Education. Despite this, Keystone Academy Trust continues to collect and evaluate the outcome of each school's results through internal data outcomes and school reviews. This showed that all the KPIs identified in each academy's development plan were met.

Going concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 outcome for pupils but every decision and operational 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 well-being support services and the Trust seeks to ensure that staff welfare is actively considered and addressed. Health and Safety policies as well as local staff committees actively seek to ensure that the working environment meets high standards of safety and security.

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 with 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 academy 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 through the year, continual access to senior management and a track record of successful growth through new school joiners, which 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Trust also receives a significant amount of funding from Lincolnshire County Council, its local authority.

During the year, the total income being recurrent and other grant funding from the ESFA and other incoming resources were in excess of total expenditure. The excess of income over expenditure for the period was £2,212,190. Excluding the costs relating to the restatement of the LGPS deficit and income from converting academies, the excess of income over expenditure was £1,520,599.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. This is no restriction on the amount of carry forward on the General Annual Grant (GAG). In the period under review there was £1,166,658 of GAG carried forward.

The Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Trust's share of the scheme's assets is currently assessed to be less than its liabilities, and consequently the Trust balance sheet shows a net liability of £4,612,000.

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 of the Trust's purposes once it has met its commitments and covered its planned expenditure. More specifically 'free' reserves represent income to the Trust which 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 2021 the trustees determined that the appropriate level of free reserves should be equivalent to two months of Generalised Annual Grant in each academy. The reasons for this is to provide 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. Two months of free reserves would equate to around £1.1m to £1.2m of reserves.

At 31 August 2021, free reserves held amounted to £1,039,349 (including £136,214 unrestricted fixed assets) and restricted general funds amount to £1,507,541. The amount which can only be realised by disposing of tangible fixed assets amounts to £17,243,139. The pension fund is in deficit by £4,612,000. Total funds at 31 August 2021 amount to £15,178,029, and the balance on restricted general funds plus unrestricted general funds at 31 August 2021 results in a net surplus of £2,546,890.

The trust is actively looking to utilise these funds with a view to investing in Nursery provision at Tower Road, Thurlby and Surfleet. Longer term there is the need to review the administrative accommodation at each of the three largest schools in addition to providing a suitable base for the expanding central team. As part of their Estates management plan the trust is also keen to improve the provision for Physical Education at Bourne Westfield through the installation of an all-weather running track and to improve the value for money and quality of school meals at Tower Road through the provision of a kitchen.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 value 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 material risk to the loss of these cash funds.

Principal risks and uncertainties

The Trust developed a new comprehensive 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 negative impact on the Trust. A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to 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, as a result 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 annually to the Board of Trustees with recommendations. The Internal Auditor is independent of the External Auditor. A Risk Register, covering low, medium, and high level risks, is maintained at Trust level. The Risk Register identifies the 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 consistent scoring system. The Trust's approach to risk management is supported by a risk management training programme that raised awareness of risk throughout the Trust. In addition, the Executive Team and the Senior Leadership Team incorporate risk management in their self-assessment reports and quality improvement plans.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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:

- Funding Levels: Unfunded increases to salaries, employer national insurance and pension contributions, alongside increased inflation and regulatory requirements continues to place the academies at a higher risk of having a deficit budget and needing to make redundancies on the current funding levels.
- Pandemic: A continuation of the pandemic situation would increase the risk of cost pressures, reduced income, performance and general well-being of pupils and staff.
- Government Funding: The Trust is fundamentally reliant on continued government funding through the Education Funding and Skills Agency (EFSA) 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 sectors that will continue to benefit from public funding.
 - Contingency planning and prudence embedded into the Trust budget process.
 - The Local Government Pension Scheme (LGPS) deficit presents a financial risk and a pension reserve has been created within the statutory accounts. At the end of August 2021 the scheme deficit on the Trust's balance sheet had increased from £3,423,000 to £4,612,000. £115,000 of this increase is attributable to the new school joining the MAT within the year. The financial statements report the share of the LGPS deficit on the Trust's balance sheet in line with the requirements of FRS102. The Trust takes professional advice on this position, including guidance from Lincolnshire County Council, and makes appropriate contributions based on that advice to ensure that the deficit does not become unmanageable.

Fundraising

The MAT carries 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 MAT's fundraising activity is limited to events held at the respective academy school and is organised either by the PTA or by the leadership team at that school. These events typically involve staff, students, parents and carers, and members of the local community in raising funds for the school fund, school equipment or in support of another designated charity. The academy 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. The Trustees monitored all fundraising undertaken during the year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Streamlined energy and carbon reporting

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

	2021	<i>2020</i>
Energy consumption used to calculate emissions (kWh)	1,351,546	<i>995,105</i>
Energy consumption breakdown (kWh):		
Gas	765,694	<i>582,054</i>
Electricity	315,756	<i>432,436</i>
Transport fuel	11,608	<i>18,046</i>
Other sources	141,808	<i>79,250</i>
Scope 1 emissions (in tonnes of CO2 equivalent):		
Gas consumption, including heating oil	178,059	<i>128,238</i>
Owned transport	1,362	<i>659</i>
Total scope 1	179,421	<i>128,897</i>
Scope 2 emissions (in tonnes of CO2 equivalent):		
Purchased electricity	94,775	<i>75,727</i>
Scope 3 emissions (in tonnes of CO2 equivalent):		
Business travel in employee-owned or rental vehicles	1,002	<i>2,507</i>
Total gross emissions (in tonnes of CO2 equivalent):	275,198	<i>207,131</i>
Intensity ratio:		
Tonnes of CO2 equivalent per pupil	144	<i>109</i>

The academy has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the Greenhouse Gas (GHG) Reporting Protocol - Corporate Standard; and
- the 2020 UK Government's Conversion Factors for Company Reporting.

The chosen intensity ratio is total gross emissions in tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

Measures have been taken to increase energy efficiency during the reporting period, including:

- Continued programme to replace lighting with more energy efficient bulbs.
- Increased video conferencing for meetings and training to reduce travel between school sites.
- Maximising insulation during building works.
- Programme of replacing heating systems with improved energy efficient models
- Improving energy rating of electrical items when replaced

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

The vision for the MAT is to continue to grow and expand to ensure the benefits of a MAT are fully realised. The trust will continue to build on its strategy and activities in the following key areas:

- To achieve good or outstanding when academy schools are next Ofsted inspected
- To grow the number of academies within the MAT through schools joining the organisation
- To provide school improvement support to all schools including those within the MAT
- To ensure that the MAT's operations are cost effective, value for money, and properly funded, ensuring best value for the MAT and the taxpayer.

Two local authority schools joined the MAT on 1 September 2021. These were Lutton St Nicholas Primary School and Gedney Church End Primary School.

With the ending of the Government's Teaching School Initiative, the Teaching School's financial and business model will be adapted towards school improvement services.

Funds held as custodian on behalf of others

Neither the MAT nor any of its trustees are acting as custodians trustees on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

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

.....
J Pignatiello
Chair of Trustees

KEYSTONE ACADEMY TRUST
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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.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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. The Finance Committee and Chair of the Governing Body maintain oversight of the academy financial position through monitoring monthly out-turn statements and regular financial monitoring visits.

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
J MacPhee	5	6
N Smith	2	2
S Sharpe	6	6
J Harrison	5	6
S Dorey	2	3
R Immink	2	2
R Monkhouse	6	6
M Rainbow	2	2
G Palmer	4	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 multi-academy trust. The Board of Trustees works dynamically and strategically with the Executive Team. The Board of Trustees now has responsibility for seven schools and is scaling for further growth.

The Board of Trustees routinely evaluations 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 produce by, amongst others, Ofsted data, attendance data and a full range of financial reports. The data that the Board of Trustees considers allows it to fully evaluation the multi-academy trust's effectiveness and ensure it is providing good value for money.

With the growing pace and ambition of the multi-academy trust, a comprehensive independent third-party internal audit review was commissioned and performed in the year by Forrester Boyd. The Internal Auditor reviewed purchases and CIF expenditure, staff expenses, website compliance, IR35 compliance, review of VAT, control account reconciliations, catering income, and the scheme of delegation.

Recommendations were received and an action plan subsequently developed and delivered. These reviews help ensure that the MAT has a governance structure in place that meets both current and future requirements of the multi-academy trust.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance and Audit 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 finance, resources and risk, 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 Risk
- Refer major issues to the Board of Trustees for ratification, in the year these included:
 - Funding and budgetary constraints
 - Future financial planning
 - Development of the multi academy trust

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Monkhouse	7	7
S Dorey	3	3
G Palmer	7	7
R Immink	1	1
S Sharpe	7	7
M Rainbow	1	1

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

- Set the order of works for the internal auditors and act upon the subsequent recommendations
- Review the risks of the multi-academy trust and ensure that policies and procedures are in place to mitigate these risks
- Approve changes to teachers' remuneration

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Monkhouse	2	2
S Sharpe	2	2
J Pignatiello	2	2
N Smith	2	2

KEYSTONE ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Investment in new software packages to assist in obtaining economies of scale across the MAT.
- Continued review of contracts to ensure best price.
- Tendering of outsourced service providers to ensure best value for money across the MAT.
- Increasing shared resourcing and central services across the MAT.
- Focus on ensuring that pupils receive the appropriate support from additional funding to address educational provision affected by Covid.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Keystone Academy Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 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
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

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

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular, the checks carried out in the current period included testing of purchase process including purchase orders, value for money and charge card controls, as well as review of:

- Scheme of delegations
- Website compliance
- IR35 compliance
- CIF Expenditure
- VAT
- Control Account Reconciliations

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. The internal auditor prepares 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 deliver part of their schedule of work despite the impact of Covid during the year. Issues raised have been investigated and addressed.

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

The 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.

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

.....
J Pignatiello
Chair of Trustees

.....
E Radley
Accounting Officer

Date:

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON 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 received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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 2020.

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

.....
E Radley
Accounting Officer

Date:

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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 2020 to 2021;
- 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:

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 2021 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 2020 to 2021 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 2021 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 2020 to 2021 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 Trustees' responsibilities statement, 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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the 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;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Trust, including the Companies Act 2006, the Academies Financial Handbook 2020, the Academies Accounts Direction, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety and safeguarding legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We 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:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- reviewed a sample of grants in the year to allocation and accurate recognition;
- agreed a sample of employees on the Trust payroll to existence and agreed the accuracy of their pay;
- assessed and reviewed the appropriateness and effectiveness of the key systems and controls;
- 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.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

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

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports for any indication of breaches of laws and regulations;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any correspondence with HMRC, relevant regulators and the Trust's legal advisors.

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

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

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

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

Use of our report

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

Mark Bradshaw (Senior statutory auditor)

for and on behalf of
Streets Audit LLP
Windsor House
A1 Business Park at
Long Bennington
Notts
NG23 5JR

Date:

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 2020 to 2021, 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 2020 to 31 August 2021 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 Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

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, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mark Bradshaw (Senior statutory auditor)
Streets Audit LLP

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

Date:

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants:	3					
Transfer from Local Authority on conversion		71,305	(115,000)	1,369,286	1,325,591	4,738,550
Transfer of existing academy into the trust		-	-	-	-	4,229,749
Other donations and capital grants		5,141	-	1,142,100	1,147,241	385,171
Charitable activities		99,285	9,529,520	-	9,628,805	7,584,026
Teaching schools		-	420,146	-	420,146	351,612
Other trading activities		134,846	-	-	134,846	128,387
Investments	6	301	-	-	301	1,425
Total income		310,878	9,834,666	2,511,386	12,656,930	17,418,920
Expenditure on:						
Raising funds		-	-	-	-	2,761
Charitable activities		184,154	9,528,927	401,622	10,114,703	8,432,312
Teaching schools		-	330,037	-	330,037	285,979
Total expenditure		184,154	9,858,964	401,622	10,444,740	8,721,052
Net income/ (expenditure)		126,724	(24,298)	2,109,764	2,212,190	8,697,868
Transfers between funds	18	-	(72,631)	72,631	-	-
Net movement in funds before other recognised gains/(losses)		126,724	(96,929)	2,182,395	2,212,190	8,697,868
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	25	-	(440,000)	-	(440,000)	28,000
Net movement in funds		126,724	(536,929)	2,182,395	1,772,190	8,725,868

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Reconciliation of funds:					
Total funds brought forward	912,625	(2,567,530)	15,060,744	13,405,839	4,679,971
Net movement in funds	126,724	(536,929)	2,182,395	1,772,190	8,725,868
Total funds carried forward	<u>1,039,349</u>	<u>(3,104,459)</u>	<u>17,243,139</u>	<u>15,178,029</u>	<u>13,405,839</u>

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

The notes on pages 34 to 69 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	17,156,642	15,140,814
		<u>17,156,642</u>	<u>15,140,814</u>
Current assets			
Stocks	15	27,798	29,788
Debtors	16	933,596	594,568
Cash at bank and in hand		2,469,368	2,117,886
		<u>3,430,762</u>	<u>2,742,242</u>
Creditors: amounts falling due within one year	17	(797,375)	(1,054,217)
		<u>2,633,387</u>	<u>1,688,025</u>
Net current assets		2,633,387	1,688,025
Total assets less current liabilities		19,790,029	16,828,839
Net assets excluding pension liability		19,790,029	16,828,839
Defined benefit pension scheme liability	25	(4,612,000)	(3,423,000)
Total net assets		15,178,029	13,405,839

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Funds of the academy			
Restricted funds:			
Fixed asset funds	18	17,243,139	15,060,744
Restricted income funds	18	1,507,541	855,470
		<u>18,750,680</u>	<u>15,916,214</u>
Restricted funds excluding pension asset	18	18,750,680	15,916,214
Pension reserve	18	(4,612,000)	(3,423,000)
		<u>14,138,680</u>	<u>12,493,214</u>
Total restricted funds	18	14,138,680	12,493,214
Unrestricted income funds	18	1,039,349	912,625
		<u>15,178,029</u>	<u>13,405,839</u>
Total funds		15,178,029	13,405,839

The financial statements on pages 29 to 69 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....
J Pignatiello
Chair of Trustees

Date:

The notes on pages 34 to 69 form part of these financial statements.

KEYSTONE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	20	187,982	679,335
Cash flows from investing activities	21	163,500	551,363
Change in cash and cash equivalents in the year		351,482	1,230,698
Cash and cash equivalents at the beginning of the year		2,117,886	887,188
Cash and cash equivalents at the end of the year	22, 23	<u>2,469,368</u>	<u>2,117,886</u>

The notes on pages 34 to 69 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 2021

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 2020 to 2021 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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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.

• **Transfer on conversion**

Where assets and liabilities are received by the academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

KEYSTONE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

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

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

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 16. 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 note 17. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Surfleet Primary School to the academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 24.

1.14 Fund accounting

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

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

KEYSTONE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There have been no judgements that the trustees have made in the process of applying the entity's accounting policies that have made a significant effect on the amounts recognised in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Transfers				
Transfer from Local Authority on conversion	71,305	(115,000)	1,369,286	1,325,591
Transfer of existing academy into the trust	-	-	-	-
Subtotal	71,305	(115,000)	1,369,286	1,325,591
Donations	5,141	-	-	5,141
Capital Grants	-	-	1,142,100	1,142,100
Subtotal	5,141	-	1,142,100	1,147,241
	76,446	(115,000)	2,511,386	2,472,832
	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations				
Transfer from Local Authority on conversion	156,330	(651,000)	5,233,220	4,738,550
Transfer of existing academy into the trust	434,827	(1,167,000)	4,961,922	4,229,749
Subtotal detailed disclosure	591,157	(1,818,000)	10,195,142	8,968,299
Donations	15,530	4,645	-	20,175
Capital Grants	-	-	364,996	364,996
Subtotal	15,530	4,645	364,996	385,171
	606,687	(1,813,355)	10,560,138	9,353,470

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the academy's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
General Annual Grant (GAG)	-	7,092,499	7,092,499
Other DfE/ESFA grants			
Pupil premium	-	480,339	480,339
UFSM	-	283,071	283,071
Teachers pay and pension grants	-	357,714	357,714
Others	-	394,899	394,899
	-	8,608,522	8,608,522
Other Government grants			
Local Authority - SEN	-	448,413	448,413
Local Authority - EYFS	-	218,206	218,206
	-	666,619	666,619
Other income from the academy's educational operations	99,285	40,059	139,344
COVID-19 additional funding (DfE/ESFA)			
Catch-up premium	-	145,570	145,570
	-	145,570	145,570
COVID-19 additional funding (non-DfE/ESFA)			
Other covid funding - FSM vouchers	-	68,750	68,750
	-	68,750	68,750
	99,285	9,529,520	9,628,805

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
General Annual Grant (GAG)	-	5,936,196	5,936,196
Other DfE/ESFA grants			
Pupil premium	-	427,350	427,350
UFSM	-	229,277	229,277
Teachers pay and pension grants	-	279,868	279,868
Others	-	92,634	92,634
	<hr/>	<hr/>	<hr/>
	-	6,965,325	6,965,325
Other Government grants			
Local Authority - SEN	-	157,807	157,807
Local Authority - EYFS	-	186,520	186,520
	<hr/>	<hr/>	<hr/>
	-	344,327	344,327
Other income from the academy's educational operations	138,117	121,456	259,573
COVID-19 additional funding (non-DfE/ESFA)			
Coronavirus Job Retention Scheme grant	-	14,801	14,801
	<hr/>	<hr/>	<hr/>
	-	14,801	14,801
	<hr/>	<hr/>	<hr/>
	138,117	7,445,909	7,584,026

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, individually material income streams are no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Trust received £145,570 of funding for catch-up premium which has been fully spent during the year and costs incurred in respect of this funding are included in notes 7 and 8 below.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
Hire of facilities	1,830	1,830
Nursery and after school club	133,016	133,016
	134,846	134,846

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Hire of facilities	1,236	1,236
Nursery and after school club	127,151	127,151
	128,387	128,387

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £
Bank interest	301	301

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Bank interest	1,425	1,425

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Expenditure on raising voluntary income:				
Direct costs	-	-	-	-
Educational Operations:				
Direct costs	6,438,839	-	658,758	7,097,597
Allocated support costs	1,836,623	330,086	850,397	3,017,106
Teaching school	199,400	-	130,637	330,037
Total 2021	8,474,862	330,086	1,639,792	10,444,740

	<i>Staff Costs 2020 £</i>	<i>Premises 2020 £</i>	<i>Other 2020 £</i>	<i>Total 2020 £</i>
Expenditure on raising voluntary income:				
Direct costs	-	-	2,761	2,761
Educational Operations:				
Direct costs	5,508,057	-	767,240	6,275,297
Allocated support costs	1,334,445	300,236	522,334	2,157,015
Teaching school	59,702	-	226,277	285,979
<i>Total 2020</i>	<i>6,961,905</i>	<i>300,236</i>	<i>1,458,911</i>	<i>8,721,052</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Educational Operations	7,097,597	3,017,106	10,114,703

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Educational Operations	6,275,297	2,157,015	8,432,312

Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
Staff costs	1,807,523	1,334,445
Technology costs	101,657	78,854
Premises costs	330,086	300,236
Other costs	736,895	415,883
Governance costs	29,311	24,074
Legal costs	11,634	3,523
	3,017,106	2,157,015

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021	<i>2020</i>
	£	£
Operating lease rentals	62,806	<i>54,973</i>
Depreciation of tangible fixed assets	403,664	<i>407,911</i>
Fees paid to auditors for:		
- audit	7,400	<i>6,250</i>
- other services	2,775	<i>2,500</i>
	<u>2,775</u>	<i><u>2,500</u></i>

KEYSTONE ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	5,984,078	5,005,275
Social security costs	496,190	403,844
Pension costs	1,905,056	1,512,625
	<u>8,385,324</u>	<u>6,921,744</u>
Agency staff costs	56,789	40,161
Staff restructuring costs	32,749	-
	<u>8,474,862</u>	<u>6,961,905</u>

Staff restructuring costs comprise:

	2021 £	2020 £
Redundancy payments	32,749	-
	<u>32,749</u>	<u>-</u>

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	124	110
Admin and support	231	225
Management	2	2
	<u>357</u>	<u>337</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2021	2020
	No.	No.
Teachers	85	88
Admin and support	108	95
Management	2	2
	195	185

c. Higher paid staff

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	2	1
In the band £90,001 - £100,000	1	1

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 £427,942 (2020 £196,611).

In line with the growth of Keystone Academy Trust, we continue to grow the central team so that we are in a better position to offer enhanced back office support and school improvement support to our schools.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. 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:

4% of GAG income for sponsored schools, 3.5% of GAG income for all other schools

The actual amounts charged during the year were as follows:

	2021 £	2020 £
Bourne Westfield Primary Academy	81,769	76,115
Tower Road Primary Academy	80,456	73,745
Long Sutton County Primary School	52,550	40,681
Thurlby Community Primary School	30,192	19,001
Surfleet Primary School	8,075	-
Total	253,042	209,542

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

13. Trustees' and Officers' insurance

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

14. Tangible fixed assets

	F/H and L/H property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2020	17,037,094	333,595	169,259	327,815	17,867,763
Additions	24,014	944,733	11,386	70,073	1,050,206
Transfers intra group	827,904	(827,904)	-	-	-
Transfers between classes	1,366,731	-	-	2,555	1,369,286
At 31 August 2021	<u>19,255,743</u>	<u>450,424</u>	<u>180,645</u>	<u>400,443</u>	<u>20,287,255</u>
Depreciation					
At 1 September 2020	2,343,845	-	110,072	273,032	2,726,949
Charge for the year	323,804	-	26,496	53,364	403,664
At 31 August 2021	<u>2,667,649</u>	<u>-</u>	<u>136,568</u>	<u>326,396</u>	<u>3,130,613</u>
Net book value					
At 31 August 2021	<u>16,588,094</u>	<u>450,424</u>	<u>44,077</u>	<u>74,047</u>	<u>17,156,642</u>
At 31 August 2020	<u>14,693,249</u>	<u>333,595</u>	<u>59,187</u>	<u>54,783</u>	<u>15,140,814</u>

Included in freehold and leasehold property is land amounting to £2,481,533 which is not depreciated.

The trust's transactions relating to land and buildings included:

- Taking on the freehold of Surfleet Primary School upon conversion based on a professional valuation;
- Fire safety works at Long Sutton County Primary School, Thurlby Community Primary School and Tower Road Primary Academy;
- Roofing works at Thurlby Community Primary School and Tower Road Primary Academy;
- Boiler works at Long Sutton County Primary School;
- Other improvement works across the trust schools.

Assets under construction include fire safety works at Bourne Westfield Primary Academy and Surfleet Primary School, nursery construction at Bourne Westfield Primary Academy, and boiler and roofing works at Tower Road Primary Academy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

15. Stocks

	2021	2020
	£	£
Uniform and stationery stocks	27,798	29,788

16. Debtors

	2021	2020
	£	£
Due within one year		
Trade debtors	6,872	51,748
Other debtors	321,235	226,934
Prepayments and accrued income	605,489	315,886
	933,596	594,568

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NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	316,927	451,978
Other taxation and social security	123,298	181,666
Other creditors	111,070	42,463
Accruals and deferred income	246,080	378,110
	797,375	1,054,217
	2021	2020
	£	£
Deferred income at 1 September 2020	338,041	94,101
Resources deferred during the year	170,829	338,041
Amounts released from previous periods	(338,041)	(94,101)
	170,829	338,041

Deferred income relates to UIFSM income, rates relief income, teaching school support income and other curriculum income relating to the 2021/22 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

18. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Unrestricted funds	820,698	310,878	(182,111)	(46,330)	-	903,135
Unrestricted fixed assets	91,927	-	(2,043)	46,330	-	136,214
	<u>912,625</u>	<u>310,878</u>	<u>(184,154)</u>	<u>-</u>	<u>-</u>	<u>1,039,349</u>
Restricted general funds						
General Annual Grant (GAG)	564,796	7,092,499	(6,418,006)	(72,631)	-	1,166,658
Other DfE/ESFA grants	39,902	1,730,343	(1,770,245)	-	-	-
Other government grants	-	448,413	(448,413)	-	-	-
Teaching school	250,772	420,146	(330,035)	-	-	340,883
Other income	-	258,265	(258,265)	-	-	-
Pension reserve	(3,423,000)	(115,000)	(634,000)	-	(440,000)	(4,612,000)
	<u>(2,567,530)</u>	<u>9,834,666</u>	<u>(9,858,964)</u>	<u>(72,631)</u>	<u>(440,000)</u>	<u>(3,104,459)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,366,613	1,142,100	(84,540)	-	-	2,424,173
Capital expenditure from GAG	519,861	-	(39,700)	72,631	-	552,792
Capital expenditure from other income	13,174,270	1,369,286	(277,382)	-	-	14,266,174

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18. Statement of funds (continued)

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
	15,060,744	2,511,386	(401,622)	72,631	-	17,243,139
Total Restricted funds	12,493,214	12,346,052	(10,260,586)	-	(440,000)	14,138,680
Total funds	13,405,839	12,656,930	(10,444,740)	-	(440,000)	15,178,029

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

Unrestricted funds

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

Restricted Fixed Asset funds

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

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

Restricted Revenue funds

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

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

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

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2021 results in a net surplus of £2,546,890.

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 2021.

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18. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds						
Unrestricted funds	261,966	874,616	(191,740)	(124,144)	-	820,698
Unrestricted fixed assets	93,970	-	(2,043)	-	-	91,927
	<u>355,936</u>	<u>874,616</u>	<u>(193,783)</u>	<u>(124,144)</u>	<u>-</u>	<u>912,625</u>
Restricted general funds						
General Annual Grant (GAG)	341,258	5,936,196	(5,836,104)	123,446	-	564,796
Other DfE/ESFA grants	63,860	1,043,930	(1,067,888)	-	-	39,902
Other government grants	-	154,570	(154,570)	-	-	-
Teaching school	185,141	351,612	(285,981)	-	-	250,772
Other income	-	315,858	(315,858)	-	-	-
Pension reserve	(1,172,000)	(1,818,000)	(461,000)	-	28,000	(3,423,000)
	<u>(581,741)</u>	<u>5,984,166</u>	<u>(8,121,401)</u>	<u>123,446</u>	<u>28,000</u>	<u>(2,567,530)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	1,002,672	408,671	(44,730)	-	-	1,366,613
Capital expenditure from GAG	202,751	400,710	(84,298)	698	-	519,861

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18. Statement of funds (continued)

	<i>Balance at 1 September 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
Capital expenditure from other income	3,700,353	9,750,757	(276,840)	-	-	13,174,270
	<u>4,905,776</u>	<u>10,560,138</u>	<u>(405,868)</u>	<u>698</u>	<u>-</u>	<u>15,060,744</u>
Total Restricted funds	<u>4,324,035</u>	<u>16,544,304</u>	<u>(8,527,269)</u>	<u>124,144</u>	<u>28,000</u>	<u>12,493,214</u>
Total funds	<u><u>4,679,971</u></u>	<u><u>17,418,920</u></u>	<u><u>(8,721,052)</u></u>	<u><u>-</u></u>	<u><u>28,000</u></u>	<u><u>13,405,839</u></u>

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£	£
Bourne Westfield Primary Academy	1,089,152	906,127
Tower Road Primary Academy	610,353	457,411
Long Sutton County Primary School	101,895	37,502
Thurlby Community Primary School	82,607	55,782
Surfleet Primary School	120,489	-
Teaching School	340,883	250,772
Central Services	201,511	60,501
Total before fixed asset funds and pension reserve	<u>2,546,890</u>	<u>1,768,095</u>
Restricted fixed asset fund	17,243,139	15,060,744
Pension reserve	(4,612,000)	(3,423,000)
Total	<u><u>15,178,029</u></u>	<u><u>13,405,839</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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18. 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 2021
	£	£	£	£	£
Bourne Westfield Primary Academy	2,204,312	359,838	49,805	390,695	3,004,650
Tower Road Primary Academy	1,924,020	368,704	70,670	265,136	2,628,530
Long Sutton County Primary School	1,404,310	293,387	49,329	212,048	1,959,074
Thurlby Community Primary School	680,469	105,786	29,387	127,240	942,882
Surfleet Primary School	162,167	23,282	25,252	41,203	251,904
Teaching School	170,300	29,100	-	130,636	330,036
Central services	93,223	66,695	-	766,124	926,042
Academy	6,638,801	1,246,792	224,443	1,933,082	10,043,118

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

	<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 2020</i>
	£	£	£	£	£
Bourne Westfield Primary Academy	2,069,853	315,287	70,252	581,741	3,037,133
Tower Road Primary Academy	1,866,333	312,396	55,023	437,559	2,671,311
Long Sutton County Primary School	1,170,163	185,660	28,941	201,578	1,586,342
Thurlby Community Primary School	387,544	57,602	10,833	65,305	521,284
Surfleet Primary School	49,012	10,689	-	226,276	285,977
Central services	58,411	59,499	-	95,227	213,137

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NOTES TO THE FINANCIAL STATEMENTS
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18. 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> £	Total 2020 £
Academy	<u>5,601,316</u>	<u>941,133</u>	<u>165,049</u>	<u>1,607,686</u>	<u>8,315,184</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	136,217	-	17,020,425	17,156,642
Current assets	903,132	2,304,916	222,714	3,430,762
Creditors due within one year	-	(797,375)	-	(797,375)
Provisions for liabilities and charges	-	(4,612,000)	-	(4,612,000)
Total	1,039,349	(3,104,459)	17,243,139	15,178,029

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	91,927	-	15,048,887	15,140,814
Current assets	820,698	1,846,205	75,339	2,742,242
Creditors due within one year	-	(990,735)	(63,482)	(1,054,217)
Provisions for liabilities and charges	-	(3,423,000)	-	(3,423,000)
Total	912,625	(2,567,530)	15,060,744	13,405,839

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

	2021 £	2020 £
Net income for the year (as per Statement of financial activities)	2,212,190	8,697,868
Adjustments for:		
Depreciation	403,664	407,911
Capital grants from DfE and other capital income	(1,142,100)	(364,996)
Defined benefit pension scheme obligation inherited	(301)	(1,425)
Defined benefit pension scheme cost less contributions payable	575,000	404,000
Defined benefit pension scheme finance cost	56,000	57,000
Decrease/(increase) in stocks	1,990	(19,322)
Increase in debtors	(339,028)	(335,980)
(Decrease)/increase in creditors	(256,842)	764,822
Net (loss)/gain on assets and liabilities from Local Authority on conversion	(1,325,591)	(4,700,794)
Net (loss)/gain on assets and liabilities upon transfer from another trust	-	(4,229,749)
Administration expense of defined benefit pension scheme	3,000	-
Net cash provided by operating activities	187,982	679,335

21. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	301	1,425
Purchase of tangible fixed assets	(1,050,206)	(370,521)
Capital grants from DfE group	1,142,100	364,996
Cash transferred on conversion to an academy trust	71,305	94,285
Cash transferred upon transfer from another trust	-	461,178
Net cash provided by investing activities	163,500	551,363

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

	2021 £	2020 £
Cash in hand and at bank	2,469,368	2,117,886
Total cash and cash equivalents	2,469,368	2,117,886

23. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	2,117,886	351,482	2,469,368
	2,117,886	351,482	2,469,368

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Conversion to an academy trust

On 1 March 2021 Surfleet Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Keystone Academy Trust from Lincolnshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold land and buildings	-	-	1,366,731	1,366,731
Other tangible fixed assets	-	-	2,555	2,555
Current assets				
Cash - representing budget surplus on LA funds	61,960	-	-	61,960
Cash - representing budget surplus on other school funds	9,345	-	-	9,345
Non-current liabilities				
LGPS pension (deficit)	-	(115,000)	-	(115,000)
Net assets/(liabilities)	<u>71,305</u>	<u>(115,000)</u>	<u>1,369,286</u>	<u>1,325,591</u>

25. Pension commitments

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

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

Contributions amounting to £95,282 were payable to the schemes at 31 August 2021 (2020 - £11,143) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

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 2023.

The employer's pension costs paid to TPS in the year amounted to £849,154 (2020 - £730,681).

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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25. 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 2021 was £597,000 (2020 - £464,000), of which employer's contributions totalled £471,000 (2020 - £368,000) and employees' contributions totalled £ 126,000 (2020 - £96,000). The agreed contribution rates for future years are 19.5 per cent for employers and various per cent for employees.

As described in note 24 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.

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.2	2.7
Rate of increase for pensions in payment/inflation	2.9	2.3
Discount rate for scheme liabilities	1.65	1.9

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.2	21.2
Females	23.6	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.5
Females	25.1	25.2

Sensitivity analysis

	2021	2020
	£000	£000
Discount rate -0.1%	269	204
Mortality assumption - 1 year increase	472	319

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25. Pension commitments (continued)

Share of scheme assets

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

	2021 £	2020 £
Equities	4,588,000	3,144,000
Corporate bonds	911,000	911,000
Property	662,000	456,000
Cash and other liquid assets	244,000	45,000
Total market value of assets	6,405,000	4,556,000

The actual return on scheme assets was £1,038,000 (2020 - £(144,000)).

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

	2021 £	2020 £
Current service cost	(1,046,000)	(772,000)
Interest income	84,000	83,000
Interest cost	(140,000)	(140,000)
Total amount recognised in the Statement of financial activities	(1,102,000)	(829,000)

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

	2021 £	2020 £
At 1 September	7,979,000	2,982,000
Conversion of academy trusts	243,000	1,434,000
Transferred in on existing academies joining the trust	-	2,851,000
Current service cost	1,046,000	772,000
Interest cost	140,000	140,000
Employee contributions	126,000	96,000
Actuarial losses/(gains)	1,394,000	(255,000)
Benefits paid	89,000	(41,000)
At 31 August	11,017,000	7,979,000

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25. Pension commitments (continued)

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

	2021 £	2020 £
At 1 September	4,556,000	1,810,000
Conversion of academy trusts	128,000	783,000
Transferred in on existing academies joining the trust	-	1,684,000
Interest income	84,000	83,000
Actuarial gains/(losses)	954,000	(227,000)
Employer contributions	471,000	368,000
Employee contributions	126,000	96,000
Benefits paid	89,000	(41,000)
At 31 August	6,408,000	4,556,000

26. Operating lease commitments

At 31 August 2021 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	36,184	39,357
Later than 1 year and not later than 5 years	115,371	118,846
Later than 5 years	296,400	328,209
	447,955	486,412

27. Members' liability

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

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28. 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 Academies Financial 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.

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

29. Post balance sheet events

On 1 September 2021, Lutton St Nicholas Primary Academy and Gedney Church End Primary Academy joined the trust.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

30. Teaching school trading account

	2021 £	2021 £	2020 £	2020 £
Income				
Direct income				
Other income	420,146		351,612	
Total income		420,146		351,612
Expenditure				
Direct expenditure				
Direct staff costs	170,300		49,012	
Other direct costs	130,276		224,473	
Total direct expenditure	300,576		273,485	
Other expenditure				
Other staff costs	29,100		10,689	
Other support costs	361		1,805	
Total other expenditure	29,461		12,494	
Total expenditure		330,037		285,979
Surplus from all sources		90,109		65,633
Teaching school balances at 1 September 2020		250,774		185,141
Teaching school balances at 31 August 2021		340,883		250,774