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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**KEYSTONE ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	A Thorpe J Pignatiello E Nicholson W Phelan E Unwin C Wesley (resigned 29 June 2022)
<b>Trustees</b>	J Pignatiello, Chair of Trustees J MacPhee S Cook J Harrison S Dorey R Monkhouse G Palmer S Sharpe (resigned 8 July 2022) A Knowles (appointed 5 November 2021, resigned 7 September 2022)
<b>Company registered number</b>	07788995
<b>Company name</b>	Keystone Academy Trust
<b>Principal and registered office</b>	Westbourne Park Bourne Lincolnshire PE10 9QS
<b>Company secretary</b>	K Bryant
<b>Senior executive team</b>	E Radley, Chief Executive Officer and Accounting Officer S Taylor, Chief Financial Officer H Joyce, Deputy CEO T Roscher, Chief Operating Manager L Robinson, Deputy CFO
<b>Independent auditors</b>	Streets Audit LLP Windsor House A1 Business Park at Long Bennington Notts NG23 5JR
<b>Bankers</b>	Lloyds Bank Plc Business Centre PO Box 1000 Spalding

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

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

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**KEYSTONE ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic 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 to become a multi-academy trust. Since then the following schools have joined:

Long Sutton County Primary School	1 November 2019
Thurlby Community Primary Academy	1 January 2020
Surfleet Primary Academy	1 March 2021
Lutton St Nicholas Primary Academy	1 September 2021
Gedney Church End Primary Academy	1 September 2021

In the school census in October 2022, the seven schools had a combined pupil capacity of 2,274 and had a roll of 2,105.

#### **Structure, governance and management**

##### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

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

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

##### **Members' liability**

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

##### **Trustees' indemnities**

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

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

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

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

The Articles of Association require the Members to appoint at least three and up to nine trustees. As at 31 August 2022 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. All new Members and Trustees are 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 previously joined the National Governance Association to help access appropriate support.

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

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**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.

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

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

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.

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

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

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

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

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

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

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**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 2022**

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**Objectives and activities (continued)**

**Objectives, strategies and activities**

**Outcome 1 – Leadership & Governance**

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

Priorities for the Year Ahead:

- To develop strong local governing boards
- Enable Trustees and Governors to effectively interrogate school improvement actions and outcomes to ensure there is clarity of understanding and accountability is secure
- To enhance and galvanise whole MAT leadership through providing participants with leadership insights at a whole Trust level and development of middle leaders
- Develop a bespoke leadership pathway for all staff, including national programmes

**Outcome 2 – Excellence in Teaching and Learning**

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

- Development of clear expectations and the effective use of online tools to ensure outcomes for pupils are maximised
- Refined approaches to restorative practice across the Trust and link behaviour and attitudes policies and practice to reflect this.
- Whole trust moderation events during the year to enable teachers to plan effectively for reading, writing and maths.
- Provision of professional development for the assessment of mathematics to enhance consistency
- Moderation of EYFS outcomes across the Trust to enhance consistency.

**Outcome 3 – Trust Professional Learning Community**

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

- Development of opportunities for school to school support allowing staff to share expertise and skills across the Trust
- Establishment of events for pupil and family participation so all the academy communities have a sense of belonging to a wider organisation.
- The central Keystone Team to be assigned targeted support as brokered by CEO and deputy CEO internally and externally to the Trust
- Ensure that all members of the Trust understand and have clarity between school based and Trust based policies
- Provision of training around IT systems used across the Trust.

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

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**Objectives and activities (continued)**

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

Trust schools will provide safe, stimulating and aspirational environments where children and staff have access to the best resources.

Priorities for the Year Ahead:

- Implementation of an Estates Strategy which incorporates energy efficiencies
- Financial procedures embeded and pay aligned across the Trust preparing for the implementation of a Trust wide pay policy
- Establishment roles and structures of an HR Central Team
- Development of consistent HR policies procedures and practices across all schools

**Outcome 5 – MAT Stability and Future Growth**

Priorities for the Year Ahead:

- Ensure that the Trust has management and financial capacity to deliver sustained improvement and potential growth.
- Further development of relationships with other schools/academies and MATs to build a strong platform for future expansion
- Development of nursery provision in targeted schools in order to sustain number and improve quality of early years' provision where financially viable
- Development of a media strategy for communications and promotion

**Outcome 6: Local Authority Assessment Leadership**

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

- Working with the Standards and Testing Agency to ensure the Trust are fully compliant to meet the LA's statutory duties ;
- Provision of training and information to schools so they understand and are familiar with the requirements of the phonics screening check, the multiplication tables check and the end of KS1 and KS2 assessments in relation to tests and teacher assessment;
- Undertaking of monitoring of 10% schools (both academies and maintained) for SATs and phonics;
- Undertaking of moderation of 25% schools (both academies and maintained) teacher assessments in Y2 and Y6;
- Provision of additional training and advice to schools on issues/area identified through ongoing work with the sector;
- Provision of regular assessment to updates to the primary sector so they are aware of any changes or revisions in DfE thinking in relation to assessment through newsletters and the Headteacher briefings;
- training, testing and quality assurance of a bank of moderators annually so they meet the requirements of undertaking statutory moderation duties.

**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 2022**

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**Strategic report**

**Achievements and performance**

Support for teaching and learning has been galvanised with teachers from across the Trust supporting learning in PHSE, Art, Early Years, and Maths.

The Leadership Pathway has been finalised and will be launched in 22/23.

Some of the highlights of Trust collaboration between schools included:

- the first Trust conference
- the first Keystone Sports Cup
- all schools participating in the Arts Mark award, and
- joint moderation for all year groups

As a trust PiXL was embraced and the appointment of a Director of School Standards allowed the Trust to drive the assessment for learning agenda and supported the development and use of assessment to focus pupil learning.

Throughout the year the Trust has developed its central operational support systems. It has introduced a new IT system and partnered with a new IT provider. The Trust invested heavily in new IT hardware to ensure that all pupils in a single year group have access to a laptop. It has also introduced Microsoft 365 ensuring that all schools can operate on a single shared platform. Following a tender process the payroll and HR provider has been changed. A new system for Premises and Compliance management was introduced and has been developed as the Trust's document repository. The Trust continued a long partnership with YMD Boon for H&S advice and management and developed an audit system to evidence the Trust's compliance.

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

To position the Trust for further growth, a new project manager role has been established. Current project work includes project managing a cross county bid to develop the music provision and oracy through Drama. The Trust was successfully awarded £150,000 over two years, from The Paul Hamlyn Foundation, as part of this.

The Trust has continued to lead and manage the statutory assessment and moderation contract for all Lincolnshire maintained schools and academies that buy into the service. The contract has been consistently rated as Outstanding in its delivery by Lincolnshire County Council.

Pupil outcomes across the trust have been slightly above the national average in the majority of areas. However the Trust is prioritising the performance in our three smallest schools during the 22/23 academic year.

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

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**Strategic report (continued)**

**Key performance indicators**

<b>% at Expected or above</b>	<b>Keystone Academy Trust %</b>	<b>2022 National Average %</b>
<b>EYFS GLD</b>	<b>64</b>	
<b>Year 1 Phonics</b>	<b>77</b>	<b>75</b>
<b>KS1 Reading</b>	<b>66</b>	<b>67</b>
<b>KS1 Writing</b>	<b>55</b>	<b>58</b>
<b>KS1 Maths</b>	<b>68</b>	<b>68</b>
<b>KS2 Reading</b>	<b>72</b>	<b>74</b>
<b>KS2 Writing</b>	<b>71</b>	<b>69</b>
<b>KS2 Maths</b>	<b>74</b>	<b>71</b>
<b>KS2 GPS</b>	<b>70</b>	<b>72</b>
<b>KS2 RWM Combined</b>	<b>62</b>	<b>59</b>
<b>KS2 Reading GDS</b>	<b>24</b>	<b>28</b>
<b>KS2 Writing GDS</b>	<b>15</b>	<b>13</b>
<b>KS2 Maths GDS</b>	<b>18</b>	<b>22</b>
<b>KS2 GPS GDS</b>	<b>29</b>	<b>28</b>
<b>KS2 RWM Combined GDS</b>	<b>8</b>	<b>7</b>

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

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**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 2022**

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**Strategic report (continued)**

**Going concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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 2022**

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**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 2022 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 £1,782,120. Excluding the costs relating to the restatement of the LGPS deficit and income from converting academies, the excess of income over expenditure was £441,451. 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 £979,928 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 £41,000.

**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 2022 the trustees determined that all schools should hold a minimum of eight percent of their Generalised Annual Grant. Schools are also allowed to retain the reserves they brought into the MAT. Any surplus after that will be pooled into a central pot. The reasons for this is to provide an equitable approach to all schools but also sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Eight percent would equate to around £700k of reserves. At 31 August 2022, free reserves held amounted to £1,570,945 (including £131,854 unrestricted fixed assets) and restricted general funds amount to £979,928. The amount which can only be realised by disposing of tangible fixed assets amounts to £20,487,276. The pension fund is in deficit by £41,000. Total funds at 31 August 2022 amount to £22,997,149, and the balance on restricted general funds plus unrestricted general funds at 31 August 2022 results in a net surplus of £2,550,873.

The trust is actively looking to utilise these funds to benefit the academies and support their future. There is recognition that a proportion of spend will be required to meet the current cost demands placed on the academies through unbudgeted pay increases and fuel bills. Once these are covered and addressed then the remaining funds will be used to develop the IT provision across all schools, building improvements and developments, and supporting the provision of new nurseries in some schools.

**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

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

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**Principal risks and uncertainties**

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

Based on the strategic plan, the Board of Trustees undertakes a comprehensive review of the risks to which the Trust is exposed. The Board of Trustees identifies systems and procedures, including specific preventable actions, which should mitigate any potential negative impact on the Trust. A thorough appraisal is regularly undertaken 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 CEO, Deputy CEO and the Senior Leadership Team incorporate risk management in their self-assessment reports and quality improvement plans.

**Financial and Risk Management Objectives and Policies**

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

- **Funding Levels:** Unfunded increases to salaries and on-costs, alongside increased inflation (especially fuel) 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 lagged impact of the pandemic and school closures impacting on the performance and general well-being Financial and Risk Management Objectives and Policies 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 2022 the scheme deficit on the Trust's balance sheet had decreased from £4,612,000 to £41,000. 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.

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**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.

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

**Streamlined energy and carbon reporting**

UK Greenhouse gas emissions and energy use data:

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

	2022	2021
Energy consumption used to calculate emissions (kWh)	1,642,897	1,351,546
<b>Energy consumption breakdown (kWh):</b>		
Gas	812,006	765,694
Electricity	582,226	315,756
Transport fuel	50,628	11,608
Other sources	198,037	141,808
<b>Scope 1 emissions (in tonnes of CO2 equivalent):</b>		
Gas consumption, including heating oil	200,491	178,059
Owned transport	7,674	1,362
<b>Total scope 1</b>	<u>208,165</u>	<u>179,421</u>
<b>Scope 2 emissions (in tonnes of CO2 equivalent):</b>		
Purchased electricity	<u>112,591</u>	<u>94,775</u>
<b>Scope 3 emissions (in tonnes of CO2 equivalent):</b>		
Business travel in employee-owned or rental vehicles	<u>2,206</u>	<u>1,002</u>
<b>Total gross emissions (in tonnes of CO2 equivalent):</b>	<u>322,962</u>	<u>275,198</u>
<b>Intensity ratio:</b>		
Tonnes of CO2 equivalent per pupil	<u>154</u>	<u>144</u>

**Quantification and Reporting Methodology**

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

**Intensity Measurement**

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

Energy consumption increased on the prior year due to the unwinding of Covid restrictions.

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

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**Streamlined energy and carbon reporting (continued)**

Measures Taken to Improve Energy Efficiency

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.
- Limiting the use of heating where possible.
- Programme of replacing heating systems with improved energy efficient models.
- Improving energy rating of electrical items when replaced.
- Educational initiatives to engage pupils in opportunities to reduce consumption eg turning off light switches.

**Plans for future periods**

The vision for KAT is to continue to grow and expand to maximise the benefits of being a MAT. 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 KAT through schools joining the organisation
- To explore options to work collaboratively with other MATs
- To provide school improvement support to all schools including those within KAT
- To ensure that KAT's operations are cost effective, value for money and properly funded, ensuring best value for the MAT and the tax payer.

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

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

**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

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**KEYSTONE ACADEMY TRUST**  
**(A company limited by guarantee)**

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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

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**KEYSTONE ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance**

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

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

Trustee	Meetings attended	Out of a possible
J Pignatiello, Chair of Trustees	6	6
J MacPhee	6	6
S Cook	2	3
J Harrison	5	6
S Dorey	5	6
R Monkhouse	6	6
G Palmer	6	6
S Sharpe	4	5
A Knowles	2	5

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.

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

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

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

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**KEYSTONE ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Monkhouse	6	6
S Dorey	6	6
G Palmer	5	6
S Sharpe	6	6
S Cook	1	3

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

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Monkhouse	3	3
S Sharpe	3	3
J Pignatiello	3	3
S Dorey	3	3

**Review of value for money**

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

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

- Considerable investment in IT hardware, software and moving the MAT onto the cloud.
- Continued review of contracts to ensure best value.
- Focus on energy saving measures to reduce impact of energy price rises.
- Focused restructuring of staffing and costs across the MAT to meet schools' needs.
- Continued focus on ensuring pupil support to address educational provision affected by Covid.

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**KEYSTONE ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the academy trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Keystone Academy Trust for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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

The leadership and staff receive knowledge and training appropriate to their authority and duties. Where necessary external professionals and services are used to assist with this.

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- using targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

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

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**KEYSTONE ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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

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

The internal auditors performed the following checks during the year out in the year:

- Governance review including high level controls and website compliance
- Payroll controls and authorisation, including leavers and joiners
- Procurement Controls
- Review of purchase invoices and purchase orders
- Staff expense claims
- Review of Grant and Non-Grant Income
- Maintenance and Review Fixed Asset Register
- Cash and Bank Controls
- Preparation of Management Accounts
- Administration of CIF Income and Expenditure

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 their schedule of internal scrutiny work as planned. Recommendations were received and an action plan subsequently developed and delivered. These reviews help ensure that Keystone has a governance structure in place that meets both current and future requirements of the multi-academy trust.

**Review of effectiveness**

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

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

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

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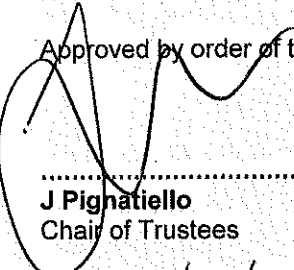
**KEYSTONE ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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

  
.....  
**J Pignatiello**  
Chair of Trustees

Date: 13/12/2022

  
.....  
**E Radley**  
Accounting Officer

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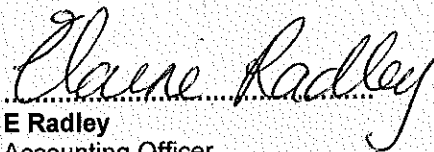
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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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 2021.

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

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



**E Radley**  
Accounting Officer

Date: 13/12/2022

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**KEYSTONE ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

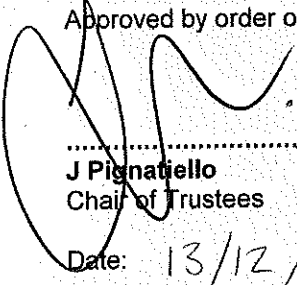
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice (SORP) 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



.....  
**J Pignatiello**  
Chair of Trustees

Date: 13/12/2022

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

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**Opinion**

We have audited the financial statements of Keystone Academy Trust (the 'academy') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

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

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**Other information**

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

**Responsibilities of trustees**

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

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

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**KEYSTONE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**Auditors' responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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

**Mark Bradshaw (Senior statutory auditor)**

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

Date:

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

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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 2021 to 2022, 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 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Keystone Academy Trust's funding agreement with the Secretary of State for Education dated 28 August 2019 and the Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

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**KEYSTONE ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**Conclusion**

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

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

Windsor House  
A1 Business Park 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 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>						
Donations and capital grants:	3					
Transfer from Local Authority on conversion		271,669	(412,000)	2,535,000	2,394,669	1,325,591
Other donations and capital grants		10,613	-	1,061,396	1,072,009	1,147,241
Other trading activities		254,308	-	-	254,308	134,846
Investments	6	388	-	-	388	301
Charitable activities		379,495	11,018,766	-	11,398,261	9,628,805
Teaching schools		-	-	-	-	420,146
Other income	7	375,486	-	-	375,486	-
<b>Total income</b>		<b>1,291,959</b>	<b>10,606,766</b>	<b>3,596,396</b>	<b>15,495,121</b>	<b>12,656,930</b>
<b>Expenditure on:</b>						
Charitable activities		729,134	12,085,449	526,307	13,340,890	10,114,703
Teaching schools		-	-	-	-	330,037
Other expenditure	9	372,111	-	-	372,111	-
<b>Total expenditure</b>		<b>1,101,245</b>	<b>12,085,449</b>	<b>526,307</b>	<b>13,713,001</b>	<b>10,444,740</b>
<b>Net income/ (expenditure)</b>		<b>190,714</b>	<b>(1,478,683)</b>	<b>3,070,089</b>	<b>1,782,120</b>	<b>2,212,190</b>
Transfers between funds	21	340,882	(514,930)	174,048	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>531,596</b>	<b>(1,993,613)</b>	<b>3,244,137</b>	<b>1,782,120</b>	<b>2,212,190</b>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	29	-	6,037,000	-	6,037,000	(440,000)
<b>Net movement in funds</b>		<b>531,596</b>	<b>4,043,387</b>	<b>3,244,137</b>	<b>7,819,120</b>	<b>1,772,190</b>

**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Reconciliation of funds:</b>					
Total funds brought forward	1,039,349	(3,104,459)	17,243,139	15,178,029	13,405,839
Net movement in funds	531,596	4,043,387	3,244,137	7,819,120	1,772,190
<b>Total funds carried forward</b>	<b>1,570,945</b>	<b>938,928</b>	<b>20,487,276</b>	<b>22,997,149</b>	<b>15,178,029</b>

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

The notes on pages 38 to 74 form part of these financial statements.

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

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

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	16	20,430,875	17,156,642
		<u>20,430,875</u>	<u>17,156,642</u>
<b>Current assets</b>			
Stocks	17	19,843	27,798
Debtors	18	693,855	933,596
Cash at bank and in hand		3,310,791	2,469,368
		<u>4,024,489</u>	<u>3,430,762</u>
Creditors: amounts falling due within one year	19	(1,409,642)	(797,375)
<b>Net current assets</b>		<u>2,614,847</u>	<u>2,633,387</u>
<b>Total assets less current liabilities</b>		<u>23,045,722</u>	<u>19,790,029</u>
Creditors: amounts falling due after more than one year	20	(7,573)	-
<b>Net assets excluding pension liability</b>		<u>23,038,149</u>	<u>19,790,029</u>
Defined benefit pension scheme liability	29	(41,000)	(4,612,000)
<b>Total net assets</b>		<u><u>22,997,149</u></u>	<u><u>15,178,029</u></u>

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

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

	Note	2022 £	2021 £
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	20,487,276	17,243,139
Restricted income funds	21	979,928	1,507,541
Restricted funds excluding pension asset	21	21,467,204	18,750,680
Pension reserve	21	(41,000)	(4,612,000)
<b>Total restricted funds</b>	21	21,426,204	14,138,680
<b>Unrestricted income funds</b>	21	1,570,945	1,039,349
<b>Total funds</b>		22,997,149	15,178,029

The financial statements on pages 33 to 74 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....  
**J Pignatello**  
Chair of Trustees

Date: 13/12/2022

The notes on pages 38 to 74 form part of these financial statements.

**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	757,929	187,982
<b>Cash flows from investing activities</b>	25	74,756	163,500
<b>Cash flows from financing activities</b>	24	8,738	-
<b>Change in cash and cash equivalents in the year</b>		841,423	351,482
Cash and cash equivalents at the beginning of the year		2,469,368	2,117,886
<b>Cash and cash equivalents at the end of the year</b>	26, 27	<u>3,310,791</u>	<u>2,469,368</u>

The notes on pages 38 to 74 form part of these financial statements

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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

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.

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.3 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.

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.4 Expenditure**

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

- **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:

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets (continued)**

Depreciation is provided on the following bases:

Freehold property	- 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.

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.11 Financial instruments**

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

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

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

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

**1.12 Pensions**

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

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

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

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

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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**1. Accounting policies (continued)**

**1.13 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 Lutton St Nicholas and Gedney Church End primary schools 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 28.

**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.

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**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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.

**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

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

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

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
<b>Donations</b>				
Transfer from Local Authority on conversion	71,305	(115,000)	1,369,286	1,325,591
Transfer of existing academy into trust	-	-	-	-
<b>Subtotal detailed disclosure</b>	71,305	(115,000)	1,369,286	1,325,591
Donations	5,141	-	-	5,141
Capital Grants	-	-	1,142,100	1,142,100
<b>Subtotal</b>	5,141	-	1,142,100	1,147,241
	76,446	(115,000)	2,511,386	2,472,832

**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

**4. Funding for the academy's charitable activities**

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

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

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

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
<b>Educational Operations</b>			
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
<b>Other Government grants</b>			
Local Authority - SEN	-	448,413	448,413
Local Authority - EYFS	-	218,206	218,206
	-	666,619	666,619
<b>Other income from the academy's educational operations</b>	99,285	40,059	139,344
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	-	145,570	145,570
	-	145,570	145,570
<b>COVID-19 additional funding (non-DfE/ESFA)</b>			
Other covid funding - FSM vouchers	-	68,750	68,750
	-	68,750	68,750
	99,285	9,529,520	9,628,805
	99,285	9,529,520	9,628,805

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

**5. Income from other trading activities**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Hire of facilities	15,193	15,193	1,830
Nursery and after school club	239,115	239,115	133,016
	<u>254,308</u>	<u>254,308</u>	<u>134,846</u>

**6. Investment income**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Bank interest	388	388	301

**7. Other incoming resources**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
School Improvement income	375,486	375,486	-

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

**8. Expenditure**

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Educational Operations:				
Direct costs	8,278,372	-	885,864	9,164,236
Allocated support costs	2,435,989	503,514	1,237,151	4,176,654
Teaching school	-	-	-	-
Other expenditure	-	-	372,111	372,111
<b>Total 2022</b>	<b>10,714,361</b>	<b>503,514</b>	<b>2,495,126</b>	<b>13,713,001</b>

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
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	-	-	330,037	330,037
<b>Total 2021</b>	<b>8,474,862</b>	<b>330,086</b>	<b>1,839,192</b>	<b>10,644,140</b>

**9. Other expenditure**

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
School Improvement expenditure	372,111	372,111	-

**KEYSTONE ACADEMY TRUST**  
(A company limited by guarantee)

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

**10. Analysis of expenditure by activities**

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Educational Operations	9,164,236	4,176,654	13,340,890

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

**Analysis of support costs**

	Total funds 2022 £	Total funds 2021 £
Staff costs	2,435,989	1,807,523
Technology costs	149,713	101,657
Premises costs	503,514	330,086
Other costs	1,045,492	736,895
Governance costs	23,871	29,311
Legal costs	18,075	11,634
	<u>4,176,654</u>	<u>3,017,106</u>

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11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	59,261	62,806
Depreciation of tangible fixed assets	517,185	403,664
Fees paid to auditors for:		
- audit	9,700	7,400
- other services	3,325	2,775
	<u>589,471</u>	<u>476,645</u>

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**12. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	7,362,208	5,984,078
Social security costs	647,807	496,190
Pension costs	2,603,324	1,905,056
	<u>10,613,339</u>	<u>8,385,324</u>
Agency staff costs	100,683	56,789
Staff restructuring costs	339	32,749
	<u>10,714,361</u>	<u>8,474,862</u>

Staff restructuring costs comprise:

	2022 £	2021 £
Redundancy payments	339	32,749
	<u>339</u>	<u>32,749</u>

**b. Staff numbers**

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

	2022 No.	2021 No.
Teachers	143	124
Admin and support	239	231
Management	2	2
	<u>384</u>	<u>357</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Staff (continued)**

**b. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>106</b>	<b>85</b>
Admin and support	<b>141</b>	<b>108</b>
Management	<b>2</b>	<b>2</b>
	<b>249</b>	<b>195</b>

**c. Higher paid staff**

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
In the band £70,001 - £80,000	<b>2</b>	<b>2</b>
In the band £80,001 - £90,000	<b>1</b>	<b>-</b>
In the band £90,001 - £100,000	<b>1</b>	<b>1</b>
In the band £100,001 - £110,000	<b>1</b>	<b>-</b>

**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 £404,130 (2021 £427,942).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Central services**

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

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

The academy charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2022 £	2021 £
Bourne Westfield Primary Academy	155,132	81,769
Tower Road Primary Academy	134,388	80,456
Long Sutton County Primary School	97,762	52,550
Thurlby Community Primary School	40,069	30,192
Surfleet Primary School	23,039	8,075
Lutton St Nicholas Primary School	26,195	-
Gedney Church End Primary School	24,113	-
<b>Total</b>	<b>500,698</b>	<b>253,042</b>

**14. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2021 - £NIL).

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

**15. Trustees' and Officers' insurance**

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

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**16. Tangible fixed assets**

	F/H and L/H property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2021	19,255,743	450,424	180,645	400,443	20,287,255
Additions	386,443	709,043	32,949	130,262	1,258,697
On acquisition of subsidiaries	2,535,000	-	-	-	2,535,000
Disposals	(2,293)	-	-	-	(2,293)
Transfers between classes	1,041,755	(1,041,755)	-	-	-
At 31 August 2022	<u>23,216,648</u>	<u>117,712</u>	<u>213,594</u>	<u>530,705</u>	<u>24,078,659</u>
<b>Depreciation</b>					
At 1 September 2021	2,667,649	-	136,568	326,396	3,130,613
Charge for the year	448,106	-	15,802	53,277	517,185
On disposals	(14)	-	-	-	(14)
At 31 August 2022	<u>3,115,741</u>	<u>-</u>	<u>152,370</u>	<u>379,673</u>	<u>3,647,784</u>
<b>Net book value</b>					
At 31 August 2022	<u>20,100,907</u>	<u>117,712</u>	<u>61,224</u>	<u>151,032</u>	<u>20,430,875</u>
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>

Included in freehold and leasehold property is land amounting to £2,715,533 (2021: £2,481,533) which is not depreciated.

The trust's transactions relating to land and buildings included £638,194 on roofing projects, £201,456 on boiler projects, £150,158 on fire safety works, £52,130 on a mobile nursery, £21,502 on security fencing and £32,046 on other site works across the trust.

**17. Stocks**

	2022 £	2021 £
Uniform and stationery stocks	<u>19,843</u>	<u>27,798</u>

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

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**18. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>12,939</b>	<b>6,872</b>
Other debtors	<b>295,158</b>	<b>321,235</b>
Prepayments and accrued income	<b>385,758</b>	<b>605,489</b>
	<b>693,855</b>	<b>933,596</b>

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

	2022 £	2021 £
Other loans	1,165	-
Trade creditors	611,251	316,927
Other taxation and social security	143,364	123,298
Other creditors	184,680	111,070
Accruals and deferred income	469,182	246,080
	<u>1,409,642</u>	<u>797,375</u>
	2022 £	2021 £
Deferred income at 1 September 2021	170,829	338,041
Resources deferred during the year	264,734	170,829
Amounts released from previous periods	(170,829)	(338,041)
	<u>264,734</u>	<u>170,829</u>

Deferred income relates to UIFSM income, arts grant funding, teaching school support income and other curriculum income relating to the 2022/23 academic year.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. Creditors: Amounts falling due after more than one year**

	2022 £	2021 £
Other loans	<u>7,573</u>	<u>-</u>

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

	2022 £	2021 £
Payable or repayable by instalments	4,660	-
Payable or repayable other than by instalments	2,913	-
	<u>7,573</u>	<u>-</u>

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

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

**21. Statement of funds**

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
<b>Unrestricted funds</b>						
Unrestricted funds	903,135	1,291,959	(1,096,885)	340,882	-	1,439,091
Unrestricted fixed assets	136,214	-	(4,360)	-	-	131,854
	<u>1,039,349</u>	<u>1,291,959</u>	<u>(1,101,245)</u>	<u>340,882</u>	<u>-</u>	<u>1,570,945</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	1,166,659	8,827,842	(8,840,525)	(174,048)	-	979,928
Other DfE/ESFA grants	-	1,336,038	(1,336,038)	-	-	-
Other government grants	-	567,384	(567,384)	-	-	-
Teaching school	340,882	-	-	(340,882)	-	-
Other income	-	287,502	(287,502)	-	-	-
Pension reserve	(4,612,000)	(412,000)	(1,054,000)	-	6,037,000	(41,000)
	<u>(3,104,459)</u>	<u>10,606,766</u>	<u>(12,085,449)</u>	<u>(514,930)</u>	<u>6,037,000</u>	<u>938,928</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	2,424,173	1,061,396	(119,374)	-	-	3,366,195
Capital expenditure from GAG	552,792	-	(51,511)	174,048	-	675,329
Capital expenditure from other income	14,266,174	2,535,000	(355,422)	-	-	16,445,752

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

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
	17,243,139	3,596,396	(526,307)	174,048	-	20,487,276
<b>Total Restricted funds</b>	14,138,680	14,203,162	(12,611,756)	(340,882)	6,037,000	21,426,204
<b>Total funds</b>	15,178,029	15,495,121	(13,713,001)	-	6,037,000	22,997,149

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

**Unrestricted funds**

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

**Restricted Fixed Asset funds**

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

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

**Restricted Revenue funds**

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

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

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

**Summary**

The balance on restricted general funds plus unrestricted general funds at 31 August 2022 results in a net surplus of £2,550,873.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Statement of funds (continued)**

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
Unrestricted funds	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>
<b>Restricted general funds</b>						
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>
<b>Restricted fixed asset funds</b>						
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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Statement of funds (continued)**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Capital expenditure from other income	13,174,270	1,369,286	(277,382)	-	-	14,266,174
	<u>15,060,744</u>	<u>2,511,386</u>	<u>(401,622)</u>	<u>72,631</u>	<u>-</u>	<u>17,243,139</u>
<b>Total Restricted funds</b>	<u>12,493,214</u>	<u>12,346,052</u>	<u>(10,260,586)</u>	<u>-</u>	<u>(440,000)</u>	<u>14,138,680</u>
<b>Total funds</b>	<u><u>13,405,839</u></u>	<u><u>12,656,930</u></u>	<u><u>(10,444,740)</u></u>	<u><u>-</u></u>	<u><u>(440,000)</u></u>	<u><u>15,178,029</u></u>

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

**Total funds analysis by academy**

Fund balances at 31 August 2022 were allocated as follows:

	2022 £	2021 £
Bourne Westfield Primary Academy	1,207,931	1,089,152
Tower Road Primary Academy	652,445	610,353
Long Sutton County Primary School	62,997	101,895
Thurlby Community Primary School	65,981	82,607
Surfleet Primary School	69,811	120,489
Lutton St Nicholas Primary School	32,622	-
Gedney Church End Primary School	147,163	-
Teaching School	-	340,883
Central Services	311,923	201,511
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,550,873	2,546,890
Restricted fixed asset fund	20,487,276	17,243,139
Pension reserve	(41,000)	(4,612,000)
	<hr/>	<hr/>
<b>Total</b>	<b>22,997,149</b>	<b>15,178,029</b>
	<hr/>	<hr/>

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

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

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2022 £
Bourne Westfield Primary Academy	2,336,582	360,480	116,890	635,476	3,449,428
Tower Road Primary Academy	2,003,016	328,992	152,141	513,963	2,998,112
Long Sutton County Primary School	1,596,363	289,186	89,753	367,699	2,343,001
Thurlby Community Primary School	650,048	113,637	42,017	183,507	989,209
Surfleet Primary School	358,666	56,399	54,196	137,947	607,208
Lutton St Nicholas Primary School	454,800	55,686	61,319	132,113	703,918
Gedney Church End Primary School	351,537	51,397	56,263	111,173	570,370
Central services	448,038	207,212	6,870	872,449	1,534,569
<b>Trust</b>	<b>8,199,050</b>	<b>1,462,989</b>	<b>579,449</b>	<b>2,954,327</b>	<b>13,195,815</b>

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 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

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

	<i>Teaching and educational support staff costs £</i>	<i>Other support staff costs £</i>	<i>Educational supplies £</i>	<i>Other costs excluding depreciation £</i>	<i>Total 2021 £</i>
Teaching School	170,300	29,100	-	130,636	330,036
Central services	93,223	66,695	-	766,124	926,042
<b>Trust</b>	<b>6,638,801</b>	<b>1,246,792</b>	<b>224,443</b>	<b>1,933,082</b>	<b>10,043,118</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Analysis of net assets between funds**

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

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

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

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	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)
<b>Total</b>	<b>1,039,349</b>	<b>(3,104,459)</b>	<b>17,243,139</b>	<b>15,178,029</b>

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

	2022 £	2021 £
Net income for the year (as per Statement of financial activities)	1,782,120	2,212,190
<b>Adjustments for:</b>		
Depreciation	517,185	403,664
Capital grants from DfE and other capital income	(1,061,396)	(1,142,100)
Defined benefit pension scheme obligation inherited	(388)	(301)
Defined benefit pension scheme cost less contributions payable	973,000	575,000
Defined benefit pension scheme finance cost	77,000	56,000
Decrease in stocks	7,955	1,990
Decrease/(increase) in debtors	239,741	(339,028)
Increase/(decrease) in creditors	611,102	(256,842)
Loss on the disposal of fixed assets	2,279	-
Net (loss)/gain on assets and liabilities from Local Authority on conversion	(2,394,669)	(1,325,591)
Administration expense of defined benefit pension scheme	4,000	3,000
<b>Net cash provided by operating activities</b>	<b>757,929</b>	<b>187,982</b>

**24. Cash flows from financing activities**

	2022 £	2021 £
Cash inflows from new borrowing	9,320	-
Repayments of borrowing	(582)	-
<b>Net cash provided by financing activities</b>	<b>8,738</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Cash flows from investing activities**

	2022 £	2021 £
Dividends, interest and rents from investments	388	301
Purchase of tangible fixed assets	(1,258,697)	(1,050,206)
Capital grants from DfE group	1,061,396	1,142,100
Cash transferred on conversion to an academy trust	271,669	71,305
<b>Net cash provided by investing activities</b>	<b>74,756</b>	<b>163,500</b>

**26. Analysis of cash and cash equivalents**

	2022 £	2021 £
Cash in hand and at bank	3,310,791	2,469,368
<b>Total cash and cash equivalents</b>	<b>3,310,791</b>	<b>2,469,368</b>

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

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	2,469,368	841,423	3,310,791
Debt due within 1 year	-	(1,165)	(1,165)
Debt due after 1 year	-	(7,573)	(7,573)
	<b>2,469,368</b>	<b>832,685</b>	<b>3,302,053</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**28. Conversion to an academy trust**

On 1 September 2021 Lutton St Nicholas and Gedney Church End primary schools 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 £
<b>Tangible fixed assets</b>				
Freehold land and buildings	-	-	2,535,000	2,535,000
<b>Current assets</b>				
Cash - representing budget surplus on LA funds	271,669	-	-	271,669
<b>Non-current liabilities</b>				
LGPS pension (deficit)	-	(412,000)	-	(412,000)
<b>Net assets/(liabilities)</b>	<u>271,669</u>	<u>(412,000)</u>	<u>2,535,000</u>	<u>2,394,669</u>

**29. 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 £179,821 were payable to the schemes at 31 August 2022 (2021 - £95,282) and are included within creditors.

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**29. 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 £1,001,089 (2021 - £849,154).

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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**29. 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 2022 was £791,000 (2021 - £597,000), of which employer's contributions totalled £627,000 (2021 - £471,000) and employees' contributions totalled £ 164,000 (2021 - £126,000). The agreed contribution rates for future years are 19.5 per cent for employers and various per cent for employees.

As described in note 28 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**

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

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

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

**Sensitivity analysis**

	2022 £000	2021 £000
Discount rate -0.1%	180	269
Mortality assumption - 1 year increase	224	472

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**29. Pension commitments (continued)**

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

**Share of scheme assets**

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

	At 31 August 2022 £	At 31 August 2021 £
Equities	5,510,000	4,588,000
Corporate bonds	891,000	911,000
Property	955,000	662,000
Cash and other liquid assets	177,000	244,000
<b>Total market value of assets</b>	<b>7,533,000</b>	<b>6,405,000</b>

The actual return on scheme assets was £14,000 (2021 - £1,038,000).

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

	2022 £	2021 £
Current service cost	(1,600,000)	(1,046,000)
Interest income	119,000	84,000
Interest cost	(196,000)	(140,000)
Administrative expenses	4,000	3,000
<b>Total amount recognised in the Statement of financial activities</b>	<b>(1,673,000)</b>	<b>(1,099,000)</b>

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**29. Pension commitments (continued)**

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

	2022 £	2021 £
<b>At 1 September</b>	<b>11,017,000</b>	<b>7,979,000</b>
Conversion of academy trusts	817,000	243,000
Current service cost	1,600,000	1,046,000
Interest cost	196,000	140,000
Employee contributions	164,000	126,000
Actuarial (gains)/losses	(6,142,000)	1,394,000
Benefits paid	(78,000)	89,000
<b>At 31 August</b>	<b>7,574,000</b>	<b>11,017,000</b>

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

	2022 £	2021 £
<b>At 1 September</b>	<b>6,405,000</b>	<b>4,556,000</b>
Conversion of academy trusts	405,000	128,000
Interest income	119,000	84,000
Actuarial (losses)/gains	(105,000)	954,000
Employer contributions	627,000	471,000
Employee contributions	164,000	126,000
Benefits paid	(78,000)	89,000
Administration expense	(4,000)	(3,000)
<b>At 31 August</b>	<b>7,533,000</b>	<b>6,405,000</b>

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**30. Operating lease commitments**

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

	2022 £	2021 £
Not later than 1 year	34,343	36,184
Later than 1 year and not later than 5 years	118,184	115,371
Later than 5 years	271,700	296,400
	<u>424,227</u>	<u>447,955</u>

**31. 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.

**32. Related party transactions**

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

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