

Company Registration Number: 08357352 (England & Wales)

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Rev J Bennett Mr D Bland Sir J Hayes Mr A Faulkner Mr A C Cunnington
Governors	Mr C S Delaney, Chair Mrs S A L Houl Mrs S Y Ely Mr M J Scott (resigned 13 January 2023) Mr S M Wilkinson, Head Teacher Mr M Chiappino (resigned 31 October 2023) Mrs P Makepeace Mr A Murray Mr N Chapman (appointed 13 March 2023)
Company registered number	08357352
Company name	Spalding Grammar School
Registered office	Spalding Grammar School Priory Road Spalding Lincolnshire PE11 2XH
Head Teacher	Mr S M Wilkinson
Senior management team	Mr S M Wilkinson, Headteacher Mrs S P Ingram, Deputy Head Mr R W Smith, Assistant Head (resigned 31.08.23) Mrs A Harrison Wild, Director of Resources Mr D M Endersbee, Assistant Head (resigned 14.04.23) Mr A G Brooks, Assistant Head Mr G Baker, Assistant Head (appointed 18.04.23) Mrs E Davison, Assistant Head (appointed 01.06.23)
Independent auditors	Streets Audit LLP Chartered Accountants Enterprise House, 38 Tyndall Court Commerce Road Lynchwood Peterborough Cambridgeshire PE2 6LR

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

Bankers	Natwest Bank 501 Silbury Boulevard Milton Keynes MK9 3ER
Solicitors	Maples Solicitors LLP 23 New Road Spalding Lincolnshire PE11 1DH

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Structure, governance and management

a. Constitution

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

The Governors of Spalding Grammar School are also the directors of the charitable company for the purposes of company law.

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

b. 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.

c. Governors' indemnities

The School through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the School also purchased and maintained liability insurance for its Governors.

d. Method of recruitment and appointment or election of Governors

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the governors who delegate powers to the Senior Team.

The membership of the Governing Body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the Governing Body as a whole.

Committees have been established that meet regularly to ensure the requirements are being met. Committees include separate Finance and Audit Committees. The Resource Committee meets at least 3 times per annum.

Further Sub-Committees have been formed to ensure compliance with the School Development Plan in the areas of Performance and Education.

All members of the Governing Body are to be directors of the School.

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

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Governors

The School was incorporated on 11 January 2013 and commenced operations on 1 February 2013. Access to external Governor training has been provided and operating procedures have been delivered to all members of the Governing Body. All Governors are assigned to a Sub-Committee, reporting to the whole Governing Body. Where Governors have a relevant professional skill, the School seeks to use that skill within a particular Sub-Committee. Within the School, the Governors can access the policies and procedures via the Clerk to Governors. Governors are invited to attend whole school events and where appropriate, staff training and information sessions.

f. Organisational structure

The organisational structure consists of a Governor level and the senior Team. The structure is designed to enable all of these personnel to be involved whilst also devolving responsibility appropriately.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by use of budgets and making decisions about the direction of the School, capital expenditure and senior staff appointments.

The Senior Team, during the period, consisted of the Headteacher, one Deputy Head, three Assistant Heads and a Director of Resources, with all changes to the structure being shown on page 1 of the financial statements, who are responsible for communicating and implementing the School's strategies.

The Headteacher and Senior Team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration and operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the Department for Education.

The School accesses external agencies to ensure a broader provision of education and learning. The agencies include careers and guidance services.

g. Trade union facility time

The total number of employees who were relevant union officials during the period was 1. The total percentage of time spent as facility time by these representatives was 0% and therefore the cost of facility time as a percentage of total pay bill was 0%.

Objectives and activities

a. Objects and aims

The object of the charity is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

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

Objectives and activities (continued)

b. Objectives, strategies and activities

The School's principal aim is to ensure that all students have every opportunity to attain their potential intellectually, socially and personally. The cornerstone of our approach is the strength of the relationship between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. We strive to inspire, challenge and enrich our students, as they set out in their seven year journey at Spalding Grammar School. The School is conscious of the need for continuous improvement of standards.

c. Public Benefit

The School provides educational services to predominantly children from the South Holland district who have met the entry requirements by reaching the standard score of 220 in the 11+ examinations to qualify in the top 25% of the ability range in Lincolnshire. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Strategic Report

Achievements and Performance

A Level Results 2023

Level 3 value added score - A-level progress since GCSE	N/A
Average grade per entry	B
Average points score per entry	35.5
Number of students entered	115

Given the uneven impact of the pandemic on school and college performance data, the government has said you should not make direct comparisons between the performance data for one school or college and another, or to data from previous years.

We expect the Department for Education to publish official statistics relating to the Summer 2022 results during the Autumn term. The figures above are from the school's own calculations based on our results.

Progress in English and Maths at Key Stage 5:

This shows the progress made by students who attended in Year 12 at less than grade 4 in GCSE English and Maths.

Progress made in English - N/A

Progress made in Maths - N/A

As our entry requirement for the Sixth Form includes the requirement to achieve at least a grade 5 in English and Maths, the number of students included in this measure is small (or zero).

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

Strategic Report (continued)

Achievements and Performance (continued)

Pupil Destinations:

Pupil destination data is published by the DfE two years after students have left school. This data is about students reaching the end of 16 to 18 studies in 2021 and staying in education or employment for at least 2 terms after that.

Pupils who stayed in education or went into employment after Year 13 - 94%.

GCSE Results 2023

Progress 8 Score	0.45
Attainment 8 Score	60.9
Pupils Achieving grade 5 or better in English and Maths GCSE	77.4%
English Baccalaureate average point score	5.54
Pupils Achieving the English Baccalaureate (grade 5 or above)	21.8%
Pupils Entering the English Baccalaureate	61.3%

Given the uneven impact of the pandemic on school and college performance data, the government has said you should not make direct comparisons between the performance data for one school or college and another, or to data from previous years.

Pupil Destinations:

Pupil destination data is published by the DfE two years after students have left school. This data is about students reaching the end of Key Stage 4 studies in 2021 and staying in education or employment for at least 2 terms after this.

Pupils who stayed in education or went into employment for at least 2 terms after Year 11 - 99%

a. Key Performance Indicators

The School has been fully staffed during the period to 31 August 2023. The curriculum has met the standards expected. Staffing costs are the School's main expense and the value of the staff is demonstrated throughout the examination results as well as the level of enrichment and commitment demonstrated throughout the School.

In all of the expenditure, the Director of Resources, Finance Team, Senior Team and Governors seek best value and question financial decisions made.

The Audit Committee has undertaken reviews of internal systems and controls during the year and have not identified any significant issues to be reported to the Governors.

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

Strategic Report (continued)

Achievements and Performance (continued)

b. Going Concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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.

Financial Review

The majority of the School's income derives from central funding via the Education and Skills Funding Agency. The School also receives further monies via Local Authority for special educational needs and pupil premium. In addition, the School raises funds by professional expertise in accessing grants, negotiating contracts and utilisation of the current facilities.

During the period ended 31 August 2023 the operating expenditure (excluding depreciation and pension liabilities) as an Academy of £6,182,433 was covered by Education and Skills Funding Agency grants and other incoming resources. The excess of expenditure over income, excluding pension liabilities and depreciation, was £1,353.

Net current assets at the period end were £697,563. The assets were used exclusively for providing education and the associated support services to the learners of the School.

There is a declared surplus on the defined benefit pension scheme, Local Government Pension Scheme for associated staff. Whilst the surplus value is significant it has been recognised at nil, as it is unlikely to be repaid or contributions lowered.

We are in the process of bidding for replacement boilers and windows in the next CIF bid round. If successful, it is likely that this work will take place during the summer 2024.

a. Reserves Policy

The Trust holds funds of £17,389,079 as at 31 August 2023. Of this sum £465,924 are restricted revenue funds, £222,889 of unrestricted revenue funds and £16,700,266 relates to the value of fixed assets and as such, would only become available by the disposal of tangible fixed assets.

It is the Trust's aim to keep the reserves so there is more than one month's salary cost to hand in cash form at any point. A cash forecast is provided, cash is monitored on a daily basis.

b. Investment Policy

The governors took the decision to invest £0.5m as part of a longer term strategy in order to realise the best return. The decision was taken after substantial financial advice and any returns will be utilised to benefit the students and the Academy.

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

Plans for Future Periods

At the time of writing last year, 2023 24 and the following 5 years were forecast to be in surplus. For 2023 24 we are now budgeted in deficit, but this is mainly due to staff pay awards that are not fully funded by Government (teaching staff 6.5%) and proposed support staff increased by £1,925 for each grade, ranging from a 9.42% pay raise for the lowest paid who currently earn £20,441, to 3.88% for those at the top of the pay spine. This will be backdated to 1 April 2023. With inflation, increases in utilities and the pay award for teaching staff (approved) and support staff (pending approval), the running costs are again more than the Government Income will cover.

Since Covid, the catering department are in the process of making operational changes to enable the provision of in-house food to cover its costs. Changes in student eating habits since Covid, households with less disposable income, combined with the increase in salaries and food costs, have resulted in a year end deficit for this in house service provision.

Like other schools, additional income will be required from the Government to fund future years. We will continue to budget prudently and maintain the School facilities within the revenue budgets and with any capital funding we are able to access. There are plans in the future for an artificial all weather sports pitch, upgrade for the newly acquired sports pavilion, outdoor covered eating areas and relocation of reception. We will continue to work on the feasibility and potential funding for this.

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

Principal Risks and Uncertainties

1. Financial and risk management objectives and policies

The majority of the School's income is obtained from the Department for Education via the Education and Skills Funding Agency in the form of recurrent grants; the use of which is restricted to a particular purpose by the Objects of the Trust and also the Academies Financial Handbook. The grants received during the period ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

2. Risk management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and finances. The Governors have implemented a number of systems to assess the risks that the School faces (e.g. health and safety and school trips) and in relation to the control of finance. The Governors have implemented systems such as auditing of the finance area to demonstrate control and to minimise risk.

Risks to the School fall into three categories;

Financial - Income to the School is always forecast prudently and expenditure plans are approved by the whole Governing Body. The Headteacher is accountable to the Governors for restricting expenditure within the set budget. There is a focus on the 7-year journey, in a bid to increase the retention of our own students into Sixth Form. This has been successful, with record numbers in Year 12 and Year 13. The PAN remains at 150, with a waiting list (September 2023).

Year Group	Girls	Boys	Total
Year 7	0	150	150
Year 8	0	143	143
Year 9	0	150	150
Year 10	0	147	147
Year 11	0	149	149
Year 12	37	83	120
Year 13	48	91	139
TOTAL			998

Waiting list numbers:

For current Year 7 – 6
For current Year 9 - 22

Performance - A huge decline in results would damage the reputation of the School and would impact the recruitment and retention of students with a subsequent loss of income. The Headteacher is accountable to the Governing Body for academic results.

Health & Safety - A range of risk assessments have been written. The assessments are reviewed annually. A health & safety lead has been established within the site team (Nebosh trained). During 2022, Lincolnshire County Council were taken on as consultants to support the implementation and embedding of a health and safety management system in January 2023 .

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

Employment of Disabled Persons

The School is of old construct and purpose built ramps have been put in place to ensure access and egress. The buildings comply with current legislation. There are adequate amounts of lifts and disabled toilet facilities. The School supports special educational needs and does this through training, career development and provision of qualified support personnel.

The Governors recognise that equal opportunities are an integral part of good practice in the workplace. The School aims for the highest standards in opportunity for all and ensures that the working environment allows the contribution needs of all to be understood, known and valued.

Disclosure of information to auditors


Insofar as the Governors are aware:

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

Auditors

The auditors, Streets Audit LLP, have indicated their willingness to continue in office. The designated Governors will propose a motion reappointing the auditors at a meeting of the Governors.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on Wednesday 20 December 2023 and signed on its behalf by:



Mr C Delaney
Chairman of Governors

SPALDING GRAMMAR SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Spalding Grammar School 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 Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Governors has delegated the day-to-day responsibility to Mr S M Wilkinson, 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 Spalding Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

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

Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr C S Delaney, Chair	6	6
Mrs S A L Houtt	6	6
Mrs S Y Ely	4	6
Mr M J Scott(resigned 13/01/2023)	2	2
Mr S M Wilkinson, Head Teacher	5	6
Mr M Chiappino(resigned 31/10/2023)	6	6
Mrs P Makepeace	6	6
Mr A Murray	4	6
Mr N Chapman(appointed 13/03/2023)	3	3

Governance reviews

The Governing Body review and respond to any third party review of governance requirements. The Governing Body are aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. There have been no formal requests in the current year for a governance review. The board are aware of the requirement to ensure work of the Governing Body is effective.

Conflicts of interest are managed by maintaining an up to date register of interests. Governors are asked to complete declarations of interests, which are displayed on the website. Before each meeting, Governors are asked to declare any interests and are not involved in the decision making process.

The AGM took place on Monday 13 November, where the new Chair was elected. Thought was given on a new committee structure, which is now work in progress. The Audit Committee remains.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer for the Academy considers how its resources are used and has provided good value for money. Three quotes are obtained for the majority of purchases, other than those specified as exemptions, such as specialist or emergency works, where it is not possible to obtain three quotes given the nature of the supply or service.

Where possible the Academy attempts to purchase using Government approved procurement frameworks and also use local contractors.

The School's principal aim is to ensure that all students have every opportunity to attain their potential intellectually, socially and personally. The cornerstone of our approach is the strength of the relationship between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. We strive to Inspire, challenge and enrich our students, as they set out in their seven year journey at Spalding Grammar School. The School is conscious of the need for continuous improvement of standards.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spalding Grammar School for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

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 Governors
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

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

The Board of Governors has decided to employ School Business Services as internal auditor.

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Audit Committee reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported to date.

On a quarterly basis, the internal auditor reports to the Board of Governors through the audit and risk committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities and annually prepares a short annual 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.

Review of effectiveness

As accounting officer, Mr S M Wilkinson 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 Principal Finance Officer;
- the financial management and governance self-assessment process;
- the work of the Accounting Officer and Principal Finance Officer 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 20 December 2023
on their behalf by:

and signed



.....
Mr S M Wilkinson
Accounting Officer



.....
Mr C Delany
Governor

SPALDING GRAMMAR SCHOOL
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STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Spalding Grammar School I have considered my responsibility to notify the Academy Board of Governors and the Education and 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 2022.

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

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



Mr S M Wilkinson
Accounting Officer
Date:

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

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial . Under company law, the Governors 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 Governors are required to:


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

The Governors 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 Governors 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 Governors 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 Governors on
20 December 2023 and signed on its behalf by:


.....
Mr C Delaney
Governor

SPALDING GRAMMAR SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPALDING GRAMMAR SCHOOL**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' 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 Governors with respect to going concern are described in the relevant sections of this report.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPALDING GRAMMAR SCHOOL (CONTINUED)**

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Governors 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 Governors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report including the Strategic Report.

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

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

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPALDING GRAMMAR SCHOOL (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Statement of governors' responsibilities, the Governors (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 Governors 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 Governors 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 Governors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPALDING GRAMMAR SCHOOL (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, ESFA/DfE regulations, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- 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;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

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

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SPALDING GRAMMAR SCHOOL (CONTINUED)**

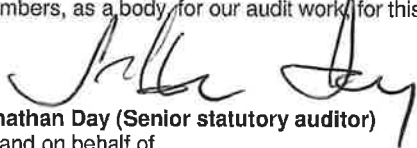
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any

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

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

Use of our report

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



Jonathan Day (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Chartered Accountants

Statutory Auditors

Enterprise House, 38 Tyndall Court

Commerce Road

Lynchwood

Peterborough

Cambridgeshire

PE2 6LR

Date:

22 December 2023

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SPALDING GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 11 June 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spalding Grammar School during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Spalding Grammar School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Spalding Grammar School 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 Spalding Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Spalding Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Spalding Grammar School's funding agreement with the Secretary of State for Education dated 30 January 2013 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions included:

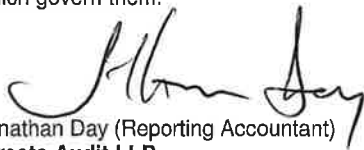
- Review of the Academy's systems and controls to ensure effective design;
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices and salary;
- Review a sample of expenses focussing on nominal codes considered to be of a greater risk;
- Review the reports from internal scrutiny work undertaken during the year;
- Discussions with the finance team.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SPALDING
GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

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



Jonathan Day (Reporting Accountant)
Streets Audit LLP
Chartered Accountants
Statutory Auditors
Enterprise House, 38 Tyndall Court
Commerce Road
Lynchwood
Peterborough
Cambridgeshire
PE2 6LR

Date:

22 December 2023

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	-	27,037	637,090	664,127	158,594
Other trading activities		8,647	393,671	-	402,318	232,706
Investments	6	1,759	-	-	1,759	47,882
Charitable activities		-	5,480,109	-	5,480,109	5,013,843
School fund income	7	-	290,136	-	290,136	224,648
Total income		10,406	6,190,953	637,090	6,838,449	5,677,673
Expenditure on:						
Charitable activities		-	5,848,738	244,667	6,093,405	5,590,307
School fund		-	335,695	-	335,695	231,221
Total expenditure		-	6,184,433	244,667	6,429,100	5,821,528
Net income/(expenditure) before net losses on investments		10,406	6,520	392,423	409,349	(143,855)
Net losses on investments		-	(9,873)	-	(9,873)	-
Net income/(expenditure)		10,406	(3,353)	392,423	399,476	(143,855)
Transfers between funds	19	-	(60,972)	60,972	-	-
Net movement in funds before other recognised gains/(losses)		10,406	(64,325)	453,395	399,476	(143,855)
Other recognised gains/(losses):						
Actuarial gains on defined benefit pension schemes	26	-	339,000	-	339,000	2,496,000
Defined benefit pension scheme asset not recognised		-	(234,000)	-	(234,000)	-

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Net movement in funds		10,406	40,675	453,395	504,476	2,352,145
Reconciliation of funds:						
Total funds brought forward		212,483	425,249	16,246,871	16,884,603	14,532,458
Total funds carried forward		222,889	465,924	16,700,266	17,389,079	16,884,603

The Statement of Financial Activities includes all gains and losses recognised in the year.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08357352

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	14	16,700,266	16,246,871
		<u>16,700,266</u>	<u>16,246,871</u>
Current assets			
Debtors	15	158,893	124,773
Investments	16	540,558	550,431
Cash at bank and in hand		450,402	447,686
		<u>1,149,853</u>	<u>1,122,890</u>
Creditors: amounts falling due within one year	17	(452,290)	(369,033)
Net current assets		<u>697,563</u>	<u>753,857</u>
Total assets less current liabilities		<u>17,397,829</u>	<u>17,000,728</u>
Creditors: amounts falling due after more than one year	18	(8,750)	(13,125)
Net assets excluding pension asset / liability		<u>17,389,079</u>	<u>16,987,603</u>
Defined benefit pension scheme asset / liability	26	-	(103,000)
Total net assets		<u><u>17,389,079</u></u>	<u><u>16,884,603</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	19	16,700,266	16,246,871
Restricted income funds	19	465,924	528,249
		<u>17,166,190</u>	<u>16,775,120</u>
Restricted funds excluding pension asset	19		
Pension reserve	19	-	(103,000)
Total restricted funds	19	<u>17,166,190</u>	<u>16,672,120</u>
Unrestricted income funds	19	<u>222,889</u>	<u>212,483</u>
Total funds		<u><u>17,389,079</u></u>	<u><u>16,884,603</u></u>

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08357352

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements on pages 23 to 50 were approved by the Governors, and authorised for issue on 20 December 2023 and are signed on their behalf, by:



Mr S M Wilkinson
Headteacher and Accounting Officer



Mr C Delaney
Chairman of Governors

The notes on pages 28 to 50 form part of these financial statements.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	21	699,019	250,957
Cash flows from investing activities	23	(698,062)	(176,712)
Cash flows from financing activities	22	1,759	100
Change in cash and cash equivalents in the year		2,716	74,345
Cash and cash equivalents at the beginning of the year		447,686	373,341
Cash and cash equivalents at the end of the year	24, 25	<u><u>450,402</u></u>	<u><u>447,686</u></u>

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Spalding Grammar School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Governors 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 Governors 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.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other Income**

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

• **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in 'Stocks' and 'Income from Other Trading Activities'. Upon sale, the value of the stock is charged against 'Income from Other Trading Activities' and the proceeds are recognised as 'Income from Other Trading Activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from Other Trading Activities'.

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.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **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 £1,500 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:

The estimated useful lives are as follows:

Land and buildings	- 125 years
Furniture and equipment	- 5 years
Computer equipment	- 3 years
Motor vehicles	- 4 years
Integral features	- 20 years

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.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

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

1.10 Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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 15. Prepayments are not financial instruments.

Investments are held at fair 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 17 and 18. 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.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.13 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.

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 Governors.

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.

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy 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 26, 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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

3. Income from donations and capital grants

	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	27,037	-	27,037	6,522
Capital grants	-	637,090	637,090	152,072
	<u>27,037</u>	<u>637,090</u>	<u>664,127</u>	<u>158,594</u>
<i>Total 2022</i>	<u>6,522</u>	<u>152,072</u>	<u>158,594</u>	

SPALDING GRAMMAR SCHOOL
(A company limited by guarantee)

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

4. Funding for the Academy's charitable activities

	Restricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Educational operations			
DfE/ESFA grants			
General Annual Grant (GAG)	4,987,926	4,987,926	4,659,146
Other DfE/ESFA grants			
Other DfE Income	424,395	424,395	275,993
Pupil Premium	67,788	67,788	58,714
	<u>5,480,109</u>	<u>5,480,109</u>	<u>4,993,853</u>
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	-	-	19,990
	<u>-</u>	<u>-</u>	<u>19,990</u>
	<u>5,480,109</u>	<u>5,480,109</u>	<u>5,013,843</u>
	<u>5,480,109</u>	<u>5,480,109</u>	<u>5,013,843</u>
<i>Total 2022</i>	<u>5,013,843</u>	<u>5,013,843</u>	

The academy received £nil (2022 - £19,990) of funding for Covid-19 catch-up premium and costs in respect of this funding totalled £nil (2022 - £19,990) with no funding to be carried forward.

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5. Income from other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Hire of facilities	8,647	-	8,647	4,126
Catering income	-	132,690	132,690	136,209
Recharges and reimbursements	-	243,008	243,008	68,615
Other sales	-	17,973	17,973	23,756
	<u>8,647</u>	<u>393,671</u>	<u>402,318</u>	<u>232,706</u>
<i>Total 2022</i>	<u>4,126</u>	<u>228,580</u>	<u>232,706</u>	

6. Investment income

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Short term deposits	1,759	-	1,759	100
Gain on current asset investments	-	-	-	47,782
	<u>1,759</u>	<u>-</u>	<u>1,759</u>	<u>47,882</u>
<i>Total 2022</i>	<u>100</u>	<u>47,782</u>	<u>47,882</u>	

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7. Other charitable activities

	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
School fund income	290,136	290,136	224,648
<i>Total 2022</i>	<i>224,648</i>	<i>224,648</i>	

8. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £	Total 2022 £
Academy's educational operations					
Direct costs	3,496,777	-	431,732	3,928,509	3,601,031
Allocated support costs	1,217,641	577,614	369,641	2,164,896	1,989,276
School Fund	-	-	335,695	335,695	231,221
	4,714,418	577,614	1,137,068	6,429,100	5,821,528
<i>Total 2022</i>	<i>4,580,626</i>	<i>255,481</i>	<i>985,421</i>	<i>5,821,528</i>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Academy's educational operations	3,928,509	2,164,896	6,093,405	5,590,307
<i>Total 2022</i>	<i>3,601,031</i>	<i>1,989,276</i>	<i>5,590,307</i>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Pension finance costs	-	-	39,000
Staff costs	1,217,641	1,217,641	1,208,347
Depreciation	244,667	244,667	196,812
Maintenance of premises and equipment	131,409	131,409	105,585
Cleaning	13,666	13,666	11,242
Rent, rates and utilities	208,698	208,698	108,072
Insurance	30,964	30,964	29,763
Recruitment and support	7,705	7,705	6,967
Security and transport	13,699	13,699	12,061
Catering	93,560	93,560	90,012
Bank interest and charges	1,428	1,428	1,582
Professional fees	29,476	29,476	40,335
Other support costs	101,060	101,060	90,795
Technology costs	61,983	61,983	40,303
Governance costs	8,940	8,940	8,400
	<u>2,164,896</u>	<u>2,164,896</u>	<u>1,989,276</u>
<i>Total 2022</i>	<u>1,989,276</u>	<u>1,989,276</u>	

10. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Academy's auditor in respect of:		
Audit	7,500	7,000
Non-audit services	1,440	1,400
	<u>7,500</u>	<u>7,000</u>
	<u>1,440</u>	<u>1,400</u>

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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	3,488,686	3,300,197
Social security costs	351,251	321,833
Pension costs	782,522	900,612
	<u>4,622,459</u>	<u>4,522,642</u>
Agency staff costs	91,959	57,984
	<u><u>4,714,418</u></u>	<u><u>4,580,626</u></u>

b. Staff numbers

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

	2023 No.	2022 No.
Teachers	56	53
Administration and support	53	44
Management	6	6
	<u><u>115</u></u>	<u><u>103</u></u>

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

c. Higher paid staff

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

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

d. Key management personnel

The key management personnel of the Academy comprise the Governors 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 £547,784 (2022 £512,412).

12. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2023 £	2022 £
Mr S M Wilkinson, Head Teacher	Remuneration	90,000 -	85,000 -
		95,000	90,000
	Pension contributions paid	20,000 -	20,000 -
		25,000	25,000
Mrs D Haslam, Staff Governor	Remuneration		30,000 -
			35,000
	Pension contributions paid		5,000 -
			10,000
Mrs J Lutton, Staff Governor	Remuneration		45,000 -
			50,000
	Pension contributions paid		10,000 -
			15,000

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

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13. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2023 was £500 (2022 - £500). The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Integral features £	Total £
Cost or valuation						
At 1 September 2022	16,650,000	436,388	365,940	53,700	1,037,923	18,543,951
Additions	-	18,936	26,161	21,672	631,293	698,062
At 31 August 2023	16,650,000	455,324	392,101	75,372	1,669,216	19,242,013
Depreciation						
At 1 September 2022	1,276,500	405,126	350,469	53,700	211,285	2,297,080
Charge for the year	133,200	16,088	16,180	452	78,747	244,667
At 31 August 2023	1,409,700	421,214	366,649	54,152	290,032	2,541,747
Net book value						
At 31 August 2023	15,240,300	34,110	25,452	21,220	1,379,184	16,700,266
At 31 August 2022	15,373,500	31,262	15,471	-	826,638	16,246,871

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FOR THE YEAR ENDED 31 AUGUST 2023**

15. Debtors

	2023 £	2022 £
Trade debtors	17,099	1,403
Other debtors	82,081	63,521
Prepayments and accrued income	59,713	59,849
	<u>158,893</u>	<u>124,773</u>

16. Current asset investments

	2023 £	2022 £
Unlisted investments	<u>540,558</u>	<u>550,431</u>

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	94,019	60,343
Other taxation and social security	181,426	167,967
Other creditors	105,970	78,724
Accruals	70,875	61,999
	<u>452,290</u>	<u>369,033</u>

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

	2023 £	2022 £
Other creditors - loan	<u>8,750</u>	<u>13,125</u>

The loan is to be repaid via repayments every six months of £4,375 which started in the 16/17 academic year. There is no interest charged on this loan.

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

19. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
Unrestricted general funds	212,483	10,406	-	-	-	222,889
Restricted general funds						
Restricted General Fund	528,249	5,729,494	(5,720,974)	(60,972)	(9,873)	465,924
Pupil Premium	-	67,788	(67,788)	-	-	-
Other income	-	393,671	(393,671)	-	-	-
Pension reserve	(103,000)	-	(2,000)	-	105,000	-
	425,249	6,190,953	(6,184,433)	(60,972)	95,127	465,924
Restricted fixed asset funds						
Restricted Fixed Asset Fund	16,246,871	637,090	(244,667)	60,972	-	16,700,266
Total Restricted funds	16,672,120	6,828,043	(6,429,100)	-	95,127	17,166,190
Total funds	16,884,603	6,838,449	(6,429,100)	-	95,127	17,389,079

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

The restricted general fund relates to all income and expenditure related to providing the provision of educational services to children in the local area.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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

The pension reserve arises from the actuarial measurement of the Trust's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the Trust in the restricted pension fund. The amount included in resources expended represents the pension costs for the year charged to income and expenditure that arises from the actuarial calculations of service costs rather than employer contributions paid, and amounts to £2,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £105,000 actuarial decrease in the net pension fund deficit.

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

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
Unrestricted general funds	208,257	4,226	-	-	-	212,483
Restricted general funds						
Restricted General Fund	436,230	5,442,671	(5,326,012)	(24,640)	-	528,249
Pupil Premium	-	58,714	(58,714)	-	-	-
COVID-19 catchup	-	19,990	(19,990)	-	-	-
Pension reserve	(2,379,000)	-	(220,000)	-	2,496,000	(103,000)
	(1,942,770)	5,521,375	(5,624,716)	(24,640)	2,496,000	425,249
Restricted fixed asset funds						
Restricted Fixed Asset Fund	16,266,971	152,072	(196,812)	24,640	-	16,246,871

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

	<i>Balance at 1 September 2021</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2022</i>
	£	£	£	£	£	£
Total Restricted funds	14,324,201	5,673,447	(5,821,528)	-	2,496,000	16,672,120
Total funds	14,532,458	5,677,673	(5,821,528)	-	2,496,000	16,884,603

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023	Restricted funds 2023	Restricted fixed asset funds 2023	Total funds 2023
	£	£	£	£
Tangible fixed assets	-	-	16,700,266	16,700,266
Current assets	222,889	926,964	-	1,149,853
Creditors due within one year	-	(452,290)	-	(452,290)
Creditors due in more than one year	-	(8,750)	-	(8,750)
Total	222,889	465,924	16,700,266	17,389,079

Analysis of net assets between funds - prior year

	Unrestricted funds 2022	Restricted funds 2022	Restricted fixed asset funds 2022	Total funds 2022
	£	£	£	£
Tangible fixed assets	-	-	16,246,871	16,246,871
Current assets	212,483	910,407	-	1,122,890
Creditors due within one year	-	(369,033)	-	(369,033)
Creditors due in more than one year	-	(13,125)	-	(13,125)
Provisions for liabilities and charges	-	(103,000)	-	(103,000)
Total	212,483	425,249	16,246,871	16,884,603

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20. Analysis of net assets between funds (continued)

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

	2023 £	2022 £
Net income/(expenditure) for the year (as per Statement of financial activities)	399,476	(143,855)
Adjustments for:		
Depreciation	244,667	196,812
Interest receivable	(1,759)	(100)
Defined benefit pension scheme finance cost	2,000	220,000
(Gain)/loss on current asset investments	9,873	(47,782)
(Increase)/decrease in debtors	(34,120)	1,161
Increase in creditors	78,882	24,721
Net cash provided by operating activities	699,019	250,957

22. Cash flows from financing activities

	2023 £	2022 £
Interest received	1,759	100
Net cash provided by financing activities	1,759	100

23. Cash flows from investing activities

	2023 £	2022 £
Purchase of tangible fixed assets	(698,062)	(176,712)
Net cash used in investing activities	(698,062)	(176,712)

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24. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	450,402	447,686
Total cash and cash equivalents	450,402	447,686

25. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	Other non- cash changes £	At 31 August 2023 £
Cash at bank and in hand	447,686	2,716	-	450,402
Liquid investments	550,431	-	(9,873)	540,558
	998,117	2,716	(9,873)	990,960

26. 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 Barnett Waddingham LLP. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2023 and of the LGPS 31 March 2022.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

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26. Pension commitments (continued)

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 £599,517 (2022 - £579,596).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £247,000 (2022 - £207,000), of which employer's contributions totalled £200,000 (2022 - £167,000) and employees' contributions totalled £ 47,000 (2022 - £40,000). The agreed contribution rates for future years are 19.9 per cent for employers and 5.5-12.5 per cent for employees.

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

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

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

Principal actuarial assumptions

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

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

	2023	<i>2022</i>
	Years	Years
<i>Retiring today</i>		
Males	19.5	<i>21.20</i>
Females	22.6	<i>23.70</i>
<i>Retiring in 20 years</i>		
Males	20.8	<i>22.10</i>
Females	24.0	<i>25.10</i>

Share of scheme assets

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

	At 31 August 2023	<i>At 31 August 2022</i>
	£	£
Equities	2,304,000	<i>2,554,000</i>
Other bonds	491,000	<i>413,000</i>
Property	277,000	<i>443,000</i>
Cash and other liquid assets	660,000	<i>82,000</i>
Total market value of assets	3,732,000	<i>3,492,000</i>

The actual return on scheme assets was £152,000 (2022 - £57,000).

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26. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2023 £	2022 £
Current service cost	(202,000)	(348,000)
Interest income	152,000	57,000
Interest cost	(152,000)	(96,000)
Total amount recognised in the Statement of Financial Activities	(202,000)	(387,000)

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

	2023 £	2022 £
At 1 September	3,595,000	5,834,000
Current service cost	202,000	348,000
Interest cost	152,000	96,000
Employee contributions	47,000	40,000
Actuarial gains	(425,000)	(2,611,000)
Benefits paid	(73,000)	(112,000)
At 31 August	3,498,000	3,595,000

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

	2023 £	2022 £
At 1 September	3,492,000	3,393,000
Expected return on assets	-	62,000
Interest income	152,000	57,000
Actuarial losses	(86,000)	(115,000)
Employer contributions	200,000	167,000
Employee contributions	47,000	40,000
Benefits paid	(73,000)	(112,000)
At 31 August	3,732,000	3,492,000

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

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

27. Operating lease commitments

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

	2023 £	2022 £
Not later than 1 year	-	22,219

28. 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.

29. Related party transactions

No related party transactions took place in the period of account, other than certain governors' remuneration and expenses already disclosed in note 12.