

Queen Elizabeth Grammar School Penrith
(A Company Limited by Guarantee)
Annual Report and Financial
Statements Year ended 31 August 2019

Company Registration Number: 07584063

(England and Wales)



Queen Elizabeth Grammar School
Penrith

Queen Elizabeth Grammar School Penrith

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Queen Elizabeth Grammar School Penrith

Reference and Administrative Details

Members/ Trustees	PE Buckland JA Nicol (Resigned 18/10/18) CM Hansford (Chair of Education and Standards Committee) T Boving-Foster (Appointed 18/10/18) T Castles (Resigned 07/02/19) M Worrall (Vice Chair of Governors) K Rae (Chair of Finance Committee)
Governors/Directors	M Bauer T Boving-Foster (Chair of Governors) PE Buckland (Head Teacher and Accounting Officer) T Castles (resignation 07/02/19) AJ Catterson (resigned 12/09/18) GK Gravett (resigned 31/08/19) CM Hansford J Mills KA Rae RJ Shephard S Warner (Staff Governor, resignation 07/05/19) AC Worth (Staff Governor) M Worrall (appointed 22/11/18) J Ray (appointed 12/11/18) P Airey (appointed 12/11/18) A Martin (Staff Governor, appointed 08/05/19) G Miller (appointed 24/06/19) J Jenkins (appointed 01/09/19) JA Nicol Resigned 18/10/18)
Company Secretary	DJ Chappell
Senior Leadership Team:	
• Head Teacher	PE Buckland
• Deputy Head	EK Mawson
• Assistant Head	RM Dawson
• Assistant Head	RJC Chapman
Company Name	Queen Elizabeth Grammar School Penrith
Principal and Registered Office	Ullswater Road Penrith CA11 7EG
Company Registration Number	07584063 (England and Wales)

Queen Elizabeth Grammar School Penrith

Reference and Administrative Details

Independent Auditor	Saint & Co Old Police Station Church Street Ambleside LA22 OST
Bankers	HSBC Bank PLC Market Square Penrith CA11 7SN

Queen Elizabeth Grammar School Penrith

Governors' Report

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in and around Penrith in Cumbria. It had a pupil capacity of 840 and had a roll of 912 in the school census in October 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The governors of Queen Elizabeth Grammar School Penrith are also the directors of the charitable company for the purposes of company law. The charitable company is known as Queen Elizabeth Grammar School Penrith.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Governors' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Members of the Academy were the founder members. The members are as shown on page 3 and whilst they hold this position in their own right they are the holders of the roles of Chair and Vice Chair of Governors and the Chairs of the finance and pay committee and the education and standards committee together with the Head Teacher. The members are also Trustees.

The Articles of Association require there to be a minimum of three directors for the Academy. The names of the governors of the Academy are given on page 3.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new governors and members will depend on their existing experience. Where necessary an induction will provide training on charity, educational, legal and financial matters. All new governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. With new governors, the induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

Queen Elizabeth Grammar School Penrith Academy Trust replaced the old Queen Elizabeth Grammar School, which was a foundation school operating on the same site. The Academy took over on 1st May 2011. The day to day running of the Academy is delegated to the senior management team, under the leadership of the Headteacher who is part of the Academy's Governing Body.

The Governing Body consists of the Trustees of the Academy and the other appointed governors. All governors are also directors of the company.

The Governing Body has two sub committees. The first is the finance and pay committee. This committee exists to allocate and monitor financial resources effectively and efficiently in line with the Academies Accounts Direction 2018/19 in order to meet the short, medium and long term objectives of the Academy. The education and standards committee deals with educational performance, curriculum, staffing and welfare objectives and monitoring.

In accordance with the Articles, the Trustees are also responsible for appointing a separate committee to be known as the 'Governing Body'. The Articles state that the Governing Body shall comprise a maximum of 18 governors to include:

- The original founder members;
- Up to 5 members appointed governors;
- The Head Teacher;
- A minimum of 2 parent governors;
- Staff governors employed by the Academy as long as the total (including the Headmaster) does not exceed 1/3 of the total number of governors;
- Up to 3 co-opted additional Governors to be appointed by the Governing Body.

All governors are appointed for a period of 4 years. The Governing Body has a chairman and vice chairman. The chairman of the Governing Body and the vice chairman are appointed by the Governing Body annually. The parent members and the staff members are elected in accordance with a process determined by the Trustees. The Governing Body also appoints from its members a chair and vice chair for each of the sub committees.

The Governing Body also appoints the Clerk to the Governing Body who is responsible for providing administrative assistance to the Governing Body including, but not limited to, preparing the minutes of the Governing Body. The Clerk is not a member of the Governing Body and is not a trustee.

The Governing Body holds regular meetings, at least one every term.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

When Queen Elizabeth Grammar School became an academy, governors agreed to adopt national Teachers' Pay and Conditions as a minimum. The Queen Elizabeth Grammar School pay policy, updated and agreed annually by the Governing Body, includes additions to the County Model Policy and enhancements specifically provided by Queen Elizabeth Grammar School in line with its status as an independent academy.

Governors are responsible for setting the pay of the Head Teacher and the annual review and performance review then establishes the pay of the Head Teacher on an annual basis. Pay progression for other members of the Senior Leadership Team will be approved by the Governors in November. The annual pay increase agreed by the government will be paid to teaching staff from 1st September of each year.

Trade Union Facility Time

In agreement with the relevant trade union representatives, Queen Elizabeth Grammar School allows the representatives to attend training events and other activities required within their role when requested. There is no specific allocation of time and all parties are satisfied with this arrangement.

Related Parties and other Connected Charities and Organisations

The Academy is not a member of any Multi-Academy Trust.

The Academy works in partnership with the Cumbrian Association of School Leaders (CASL), the Carlisle Secondary Learning Consortium (CSLC) and other Eden secondary and primary schools through 'Excellence in Eden' projects and the Eden Secondary Schools group, to enhance the continuing professional development of the school's staff and share good practice in teaching and learning as well as contributing to the national programme of teacher training. In addition, members of the SLT work closely with the Grammar School Heads' Association and regularly attend meetings in the Yorkshire, Lancashire and Cumbria area group. The Deputy Headteacher also attends the national Deputies' Meetings.

The Academy benefits from its association with the Friends of QEGS, a group whose objectives are to advance the education of pupils in the School, in particular by developing effective relationships between the staff, parents and others associated with the School, and by engaging in activities or providing facilities or equipment which support the School and advance the education of the pupils.

Objectives and Activities

Objects and Aims

The principal aim of the Academy 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 schools offering a broad and balanced curriculum.

Objectives, Strategies and Activities

In order to prepare our students to succeed in tomorrow's world the Academy Trust aims to provide a secure learning environment, a rigorous academic curriculum, high expectations, and best practice in teaching, learning and technology enhanced by wide-ranging extra-curricular opportunities and outstanding pastoral care.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Aims

The school aims to build upon its tradition of academic excellence. Pupils will be encouraged to strive for the highest levels of achievement to maximise their potential.

The school aims to take full advantage of its small numbers to provide a caring environment in which the individual pupil's personality and abilities are valued and fostered.

The school will provide an environment in which creativity, enterprise and initiative are encouraged. Social, artistic and sporting activities will be promoted to develop pupils' interests and talents.

The school will do its best to ensure that pupils leave this school to embark upon higher education or employment confident in their skills and learning and fitted for useful, active citizenship.

The Academy will do its best:

1. To raise the standard of educational achievement of all students;
2. To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
3. To improve its effectiveness by continual review of the curriculum and organisational structure;
4. To provide value for money for the funds expended;
5. To comply with all appropriate statutory and curriculum requirements;
6. To maintain close links with institutions of higher education, business, industry and commerce;
7. To conduct its business with the highest standards of integrity, probity and openness.

Strategy

The Academy's main strategy is encompassed in the vision of Queen Elizabeth Grammar School which is to create a secure learning environment which prepares our students to succeed in tomorrow's world by maintaining a rigorous academic curriculum, high expectations, and adopting best practice in teaching, learning and technology enhanced by wide-ranging extra-curricular opportunities and outstanding pastoral care.

Significant Activities

The school continues its excellent reputation for academic achievement combined with strong pastoral care and a myriad of curriculum enrichment and extra-mural activities. Key indicators of academic achievement are included under the next section.

The Academy's most significant activity is the provision of a seven-year academic programme to 120 academically selected children each year at 11+, progressing through GCSEs and A Levels to university entry. The vast majority of students at 18+ then move on to Russell Group universities including Oxford and Cambridge. Due to the new financial constraints on university education, a growing number of students are also looking to move into vocational and apprenticeship activities.

Complementing the academic curriculum, the Academy delivers a diverse range of enrichment and extra-curricular activities, including work experience, sport, the creative and performing arts, science, technology, enterprise and travel to Europe and beyond.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

The Academy provides a strongly supportive system of pastoral care working with and directing, both students and parents, to a range of outside health and welfare agencies.

As well as facilitating continuing professional development opportunities for its own teaching and non-teaching staff, the Academy offers a programme of enrichment activities to parents and local primary schools. It also opens its sports and classroom facilities to a considerable number of community groups throughout the year ranging from primary age cricket to opera.

The Academy reaches out to the wider community by contributing to the training of student teachers, in partnership with the University of Cumbria, and collaborative work with other Cumbrian secondary schools. The Academy also encourages its students in raising funds for local, national and international charities.

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy will not discriminate directly or indirectly, harass or victimise any person, adult or student, nor will the school cause or permit any prohibited conduct and/or discriminating provision, conduct or practice. In particular, the school will not permit any direct or indirect discrimination, harassment or victimisation of any person, adult or child, because of any person's characteristic that is protected, namely, age, disability, sex, gender reassignment, sexual orientation, marriage and civil partnership, race, religion or belief. Further, the school will not treat any person, adult, or child, less favourably because of a protected characteristic. It is the policy of the school to treat all persons, adult or children, fairly and without prejudice or bias. It is the policy of this school to be aware and vigilant that the procedures of the school and the conduct of governors, staff and students does not conflict with cultural boundaries but operates fairly and has the appearance of operating fairly.

Disabled persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

Public Benefit

The trustees confirm that they have complied with Section 17(5) of the 2011 Charities Act in having paid due regard to the Charities Commission guidance on public benefit.

The key public benefit which the Academy aims to develop is the provision of a continuing high quality of education to all students. The Academy offers opportunities for personal success with a wide range of extra-curricular activities and educational trips as well as a good resource for the local community by offering facilities for local sports clubs. It also works with local primary schools.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Strategic Report

Achievements and Performance

The school continues its excellent reputation for academic achievement combined with strong pastoral care and a myriad of curriculum enrichment and extra-mural activities. Key indicators of academic achievement are included under the next section.

All members of the teaching staff are highly qualified specialists in their subjects and their work is complemented by an outstanding team of support staff who are exceptionally loyal. The school was over-subscribed again this year for September 2019 entry with 236 children taking the entrance test and 186 nominating us as their first preference for 150 places. Governors took the decision to admit an additional 22 students into Year 7, taking the total number of places offered to 150. Most of our sixth form students gained places at universities in August 2019 with three students going to Oxford and Cambridge. Many of the other places were at Russell Group universities.

Academic enrichment over the last year has included fieldwork trips in many subjects both locally, nationally and in Europe, the Mathematics Challenge, Extended Project Qualification, Arts Award, enterprise days, Duke of Edinburgh and many others. The commitment of staff to extra-curricular activities is exceptional. Examples of the enrichment activities include: a geology field trip to Tenerife; a Year 8 trip to Berlin; a Year 7 trip to Normandy on a residential and numerous theatre and sporting activities. In extra-curricular activities the school has achieved considerable success in a wide range of sports and performing arts. Rugby, football, hockey, tennis and netball have been strong in all year groups and cross-country running attracts a large number of runners. Furthermore, a substantial number of our children over the last year have been chosen to represent the county in a range of sports. The school acts as Badminton England's base in the North West providing our sports hall for weekly badminton coaching. There are plans to further develop the partnership between the school and Badminton England.

The school has a large orchestra, band, choirs and instrumental groups, including an all boy Cambiata choir. Over 50 students were involved in some way or another with the annual school stage production of Hairspray and in a variety of musical concerts held over the year. Our school was well represented again at Carlisle Music Festival, where we achieved success with individual and ensemble performances. There has also been enthusiastic participation in student voice activities including School Council meetings this year.

Pupils have a strong moral conscience and have engaged in many fund-raising activities during the year including the annual whole school sponsored walk and the termly non-uniform days. Each Christmas, for the past 17 years, QEGS pupils have donated and wrapped toys and gifts for local disadvantaged children, in a unique citizenship project with East Cumbria Family Support Association. Local, national and international charities including the Teenage Cancer Trust, Eden Valley Hospice, Great North Air Ambulance, BBC Children in Need, St Andrew's Church Penrith and the Dogs Trust have been supported.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Pastoral care continues to be second to none with experienced teams of tutors and Heads of Year monitoring closely the welfare of children every day. The purchase of the CPOMS recording system has streamlined recording of behavioural and student welfare issues. Special Educational Needs provision has been given meticulous attention by our exceptional SENCo and pupils have received first class careers advice and guidance. We have taken a very proactive role over the last two years in outreach work with local primary schools. The Head of Year 7 role was enhanced to include a responsibility for ensuring transition was a key priority for our students. The Headteacher visited over 20 primary schools to discuss the school's vision and to address any preconceptions within the community. Outreach work has been increased and we have taken a leading role in organising primary school sporting and musical events and projects and we have started to redevelop this programme with the Modern Foreign Languages department organising a Song for Europe event with a local primary, for example. The Head Teacher and members of SLT continue to hold meetings with primary colleagues to establish the most effective way forward for creating more opportunities along these lines.

Key Performance Indicators

- GCSE results for 2018-19 showed a Progress 8 score of +0.23 which places the school as Above Average when validated in January. Attainment 8 was 63.8 (National figure 44.3). The number of students achieving a 5 or above in both English and Maths was 87.0% (National 39.9%). 38% of all results were 9-7.
- 35% of students achieved 9-7 in both English and Maths
- 97% of students gained 9-4 (equivalent to A*-C) in both English and Maths – only 4 students did not meet this threshold.
- Overall, 95% of students gained 5 or more standard passes including English and Maths (A Grade 4 or more)
- Some outstanding results with 23 students gaining 9 or more grade 7 or above!
- One student gained 10 grade 9's, a grade 8 and an A** in Further Maths.

82.5% of students in the cohort entered the EBacc (35.1% National) and the average EBacc points score was 5.99(National 3.83). As a result of these strong results, most of our students returned to join the Sixth Form to follow academic A level courses with 106 currently in Year 12.

The school has a track record of excellent results at A Level, particularly with the high grades. In 2019:

- 100% pass rate
- 33% of all results are A*/A
- 58% of all results are A* - B
- 82% of all results are A* - C
- Average point score per student is 37.68
- Average grade per entry is B-
- Estimated value Added is 0.12 (this is subject to change linked to national results- 2018 was 0.0)
- 24% of students gained AAB or higher in at least two facilitating subjects.

Queen Elizabeth Grammar School Penrith

Governors' Report(continued)

Attendance at QEGS for statutory school age pupils, years 7-11 is 97% for 2017-18 and 2018-19 (national - 94.6%).

Going Concern

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

Financial Review

Most of the income for each Academy is obtained from the Department of Education (DfE) in the form of recurrent grants the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the DfE and other grant funding. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2019, the total income was £4,686,006 and the total expenditure was £4,897,761 resulting in a deficit before transfers and other gains and losses of £211,755.

The Capital Improvement Fund (CIF) projects funding brought forward was £78,120, this was repaid in full to the ESFA during the year as it was not able to be utilised.

At 31 August 2019 the net book value of tangible fixed assets was £7,994,209 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

At 31 August 2019 the Academy had total funds of £6,539,654. This comprised of the following:

Restricted general funds	£104,066
Restricted asset funds	£8,024,871
Pension fund deficit	£(1,738,000)
Unrestricted funds	£148,717

The Academy is looking closely at budget areas in order to monitor this going forward.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Reserves Policy

The Academy, after careful consideration of its cash flow, has concluded that the adequate range of reserves should be £100,000 which comes from a combination of Restricted General Funds and Unrestricted Funds. The reason for this is to provide sufficient funds for individual projects, to maintain a hardship fund and to provide a cushion to deal with unexpected emergencies.

The value of free reserves held at 31 August 2019 was £148,717 (the unrestricted funds) and the value of other general reserves was £104,066 (the restricted general funds), totaling £252,783. This represents an increase of £559 from 31 August 2018.

At the balance sheet date, the level of free reserves is therefore higher than the Academy's policy. The Governors are aware of this situation, but in the light of current budget forecasts expect this figure to fall to below £100,000 over the next two years.

The Academy holds a deficit on the local government pension scheme of £1,738,000. In the event of the closure of the Academy, this deficit would be met by the DfE.

Total funds amounted to £6,539,654 at 31 August 2019, representing the free reserves, pension reserve and also restricted fixed asset funds of £8,024,871. This last category represents the value of tangible fixed assets and the balance of unutilised DFC funding at the balance sheet date, and these amounts are not available for general purposes of the academy trust.

Investment Policy

The Governors investment powers are governed by the Memorandum and Articles of Association. The Academy's Memorandum of Association permits the Academy to invest the monies of the Academy not immediately required for the furtherance of its objects or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions (if any) and such consents (if any) as may from time to time be imposed or required by law. The Academy's Articles of Association permit the Governors to invest, in the name of the Academy, such part of the funds of the Academy as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the objects specified in the Academy's Memorandum of Association.

Principal Risks and Uncertainties

The main areas of risk are strategic, financial, economic, regulatory and operational. These have been assessed and prioritised and systems are in place to ensure steps are taken to mitigate the risk. These are reviewed on a regular basis.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

The main risks identified are

1. Safeguarding both the assets of the school and the pupils. Following safeguarding best practice and school policy will mitigate these risks.
2. Financial risk of reduced funding. A rolling 3-year budget plan is in place to assist the Governors in making the right decisions in a timely manner. Budgeting forward helps the Governing Body prepare for steps that would need to be taken on a significant reduction in funding.
3. Loss of the Academy's Ofsted rating as 'Outstanding'.

Fundraising

The School receives donations from a number of other parties, including but not limited to Friends of QEGS, parents and local businesses. These donations, whilst very welcome, are not the result of active fundraising. The school does raise some funds through a sponsored walk every September, although until recently this money was raised solely for charities chosen by the students. In 16-17 50 % was used for school fund and for 17-18 and 18-19 100% due to increased pressure on central funding.

Plans for Future Periods

Pupil Progress

Whole school priorities in teaching and learning for the coming year are to increase the proportion of higher grades 7-9 at GCSE and A*-B at A Level and to develop support for borderline students in making better than expected progress. We aim to increase our Progress 8 score to exceed the level achieved in 2019 at +0.2. This will be done by developing better feedback to pupils about what they need to do to improve their work in all subjects and greater use of the school's academic and pastoral tracking systems which have undergone a significant overhaul this year. We will also be prioritising curriculum design to ensure we meet the revised Ofsted criteria for provision of an Outstanding Quality of Education. The Headteacher has become an Ofsted Inspector in preparation for this change and has a greater insight into what is expected during an inspection.

Staffing and curriculum

We are reviewing our curriculum taking account of student needs in the 21st century and in view of nationally imposed funding cuts. The cuts in funding over the last 6 years have made cuts in staffing and resources necessary and last year's announcements regarding the National Funding Formula still left the academy facing 3% cuts in real terms and a loss of approximately £130k per year. Announcements this year mean we will be experiencing improved funding moving into 2020-21, but currently we are experiencing significant cuts.

We are also taking into account national changes to examinations and curriculum. As staff leave or retire, we carefully consider any opportunities for restructuring which will benefit the delivery of the curriculum, as well as succession planning and the budget impact. Significant restructuring of the leadership group and an increase of staff contact time from 85% to 87% has impacted on the efficiency of the school's delivery and this will be closely monitored. We have also reviewed the effectiveness of the curriculum model brought in in 2014-15 which saw a reduction in time allocated to option subjects at KS4 in an effort to give more time to English and Mathematics. The revised model which came into operation in 2018 provided more time for core subjects and reduces the options to ten from eleven. Modern Foreign Language study is also no longer compulsory. The curriculum offer will continue to be reviewed.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

Continuing Professional Development

We work in partnership with the Cumbrian Association of School Leaders (CASL), the Carlisle Secondary Learning Consortium and other Eden secondary and primary schools through 'Excellence in Eden' projects, to enhance the continuing professional development of the school's staff and share good practice in teaching and learning as well as contributing to the national programme of teacher training. A programme of in-house CPD is being developed alongside the current offer. Curriculum development is the key focus this year and the Deputy Headteacher with responsibility for this area and is leading. Behaviour and Teaching and Learning are also key areas and the Assistant Headteachers are leading on this with the help of the Teaching and Learning Group.

Sites, buildings and facilities.

Following a successful bid to the EFSA's Condition Improvement Fund (CIF), the school has acquired a new teaching block with four new classrooms and a laboratory. There are also facilities for Sixth Form private study. The block was named the Colin Burnie Building and went into use mid-way through September 2018. There have also been plans drawn up for any future development of the site in the school's Masterplan which is available on the school's website. This itemises potential future projects should funding become available through any source.

In addition to this, work has been carried out to improve the private working space in the 6th form block, to improve the condition of the kitchen and a new carpark has been constructed at the entrance to the school to control traffic movement around the site. The footpath which crosses the school field has been moved further away from the main school buildings, after a bid to extinguish the route was rejected by the County Council. The InVentry logging system has also been leased to improve security and information about visitors to the site.

Long term plans for the school site have been drawn up through the acquisition of a Masterplan using the expertise of an external body, 10 Architect. This will shape the future development of the school and produce a vision of what the site will look like in ten to fifteen years.

Auditor

Insofar as the governors are aware:

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

Saint and Co. has been appointed as auditors for the ensuing year in accordance with section 485 of the Companies Act 2006.

Queen Elizabeth Grammar School Penrith

Governors' Report (continued)

The Governors' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on 28/2/20 and signed on the board's behalf by:



MRS T BOVING-FOSTER

Chair of Governors

Queen Elizabeth Grammar School Penrith

Governance Statement

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to the Head Teacher, 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 Queen Elizabeth Grammar School Penrith and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governors	Meetings attended	Out of a possible
T Boving-Foster (Chair of Governors, from 07/02/19)	6	6
PE Buckland (Head Teacher and Accounting Officer)	5	6
T Castles (Chair of Governors, resigned 07/02/19)	2	3
GK Gravett	5	6
CM Hansford	4	6
J Mills	3	6
JA Nicol	0	1
KA Rae	3	6
M Bauer	5	6
S Warner (Staff Governor, resigned 07/05/19)	3	4
AC Worth (Staff Governor)	6	6
R Shephard	4	6
P Airey (appointed 12/11/18)	4	5
J Ray (appointed 12/11/18)	4	5
M Worrall (appointed 22/11/18)	4	5
A Martin (Staff Governor, appointed 08/05/19)	2	2
G Miller (appointed 24/06/19)	1	1

Queen Elizabeth Grammar School Penrith

Governance Statement (continued)

Each governor has a responsibility for an area of the school or a subject. These governors report back to the Governing Body on the progress of their department and any issues the staff and pupils may have.

Reporting via sub committees allows the Governing Body an overview of all the areas discussed by governors, including financial and educational needs.

The Governing Body completed a formal review recommended by the National Governance Association (NGA) in June 2018 to identify skills needed by governors during the financial year. The results of this were analysed in a Full Governing Body meeting to ensure that any future recruitment would address any skill gaps. During the year five governors retired for various reasons and six new governors have been appointed to fill identified skills gaps. The Governing Body has otherwise remained stable in terms of its members and so the intention is to repeat this exercise on a twelve to eighteen months' rotation basis. Furthermore, all new and existing Governors are encouraged to undertake modules via a Governor's E-Learning online system which provides an overall introduction to governance and also allows the participant to focus on specific areas they are less familiar with.

The **finance and pay committee** is a sub-committee of the main governing body. Its purpose is to allocate and monitor financial resources effectively and efficiently in line with the Academies Accounts Direction 2018/19 in order to meet the short, medium and long term objectives of the Academy.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of a possible
T Boving-Foster (Chair of Governors, from 07/02/19)	4	5
PE Buckland (Head Teacher and Accounting Officer)	6	6
T Castles (Chair of Governors, resigned 07/02/19)	3	3
AJ Catterson (resigned 12/09/18)	0	0
GK Gravett (resigned 31/8/19)	6	6
KA Rae	5	6
S Warner (Staff Governor, resigned 07/05/19)	4	5
R Shephard	4	5
P Airey (appointed 12/10/18)	4	5
J Ray (appointed 12/10/18)	3	5
M Worrall (appointed 22/11/18)	1	2
A Martin (Staff Governor, appointed 08/05/19)	1	1
G Miller (appointed 24/04/19)	1	1

Queen Elizabeth Grammar School Penrith

Governance Statement (continued)

Review of Value for Money

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

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

- **Improving educational outcomes with the same resource;** achieving successful outcomes for our students is our top priority. We have an extremely high proportion of students in Year 11 achieving five or more GCSEs grades A*-C, including English and Maths. This figure was 97% in 2019. The school achieved a Progress 8 score of +0.2, placing the school in the above average category nationally. The vast majority stay on into the Sixth Form and go on to achieve the necessary A Level grades to obtain a place at their first choice university. The ALPs progression grade at A level placed the school in the average category for value added.
- **Maximising income generation;** building on the refurbishment of its Sports Hall at the end of 2013/14, there has been a focus on hire of facilities to the wider community.
- **Extending the facilities;** building a new classroom block containing 4 classrooms, a science laboratory and private study space, valued at over £1million.
- **Prudent use of reserves;** this has prevented the need for cuts to staff or to the curriculum.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Queen Elizabeth Grammar School Penrith for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Queen Elizabeth Grammar School Penrith

Governance Statement (continued)

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The governing body has considered the need for a specific internal audit function and has decided:

- to appoint an internal auditor: Dodd and Co, Carlisle

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included a review of the Academy trust's financial reporting and budget monitoring procedures, a review of procedures and controls in respect of income and debtors, expenditure and creditors, payroll, bank accounts and fixed assets. The auditor reported to the board of trustees as planned and did not identify any material control issues.

Review of Effectiveness

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

- the work of the internal and external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

Queen Elizabeth Grammar School Penrith

Governance Statement (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance & pay 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 28/02/20 and signed on its behalf by:



MRS T BOVING-FOSTER
Chair of Governors



MR PE BUCKLAND
Head Teacher / Accounting Officer

Queen Elizabeth Grammar School Penrith

Statement of Regularity, Propriety and Compliance

As accounting officer of Queen Elizabeth Grammar School Penrith I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. We have in November 2019 approached the ESFA regarding a retrospective change in scope on the CIF funding received and are still waiting for a response from the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of governors and ESFA.



.....
MR PE BUCKLAND

Head Teacher / Accounting Officer

 28/02/20

Queen Elizabeth Grammar School Penrith

Statement of Governors' Responsibilities

The governors of Queen Elizabeth Grammar School Penrith (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 Annual 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 year. 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 in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] 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 28/02/20 and signed on it's behalf by :



MRS T BOVING-FOSTER

Chair of Governors

Queen Elizabeth Grammar School Penrith

Independent Auditor 's Report on the Financial Statements to the Members of Queen Elizabeth Grammar School Penrith

Qualified Opinion

We have audited the financial statements of Queen Elizabeth Grammar School Penrith for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including income and expenditure account), the Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for qualified opinion

A change of scope was retrospectively requested in November 2019 regarding the resources expended on the Conditional Improvement Funding received. The ESFA did not respond to this before the deadline of 31st December. There is therefore uncertainty as to if any funding is to be repaid, consequently we are unable to determine whether any adjustment is necessary in the financial statements. We are still waiting for a response from the ESFA to confirm their decision on this and for this reason alone we are qualifying our 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 qualified opinion.

Queen Elizabeth Grammar School Penrith

Independent Auditor's Report on the Financial Statements to the Members of Queen Elizabeth Grammar School Penrith (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Governors Report and the Governance Statement. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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. As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves as to if any provision is required for repayment of Conditional Improvement Funding as we are still waiting for a response from the ESFA regarding this matter. We have concluded that where the other information refers to reserves carried forward, it may be misstated for the same reason.

Qualified Opinion on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Queen Elizabeth Grammar School Penrith

Independent Auditor's Report on the Financial Statements to the Members of Queen Elizabeth Grammar School Penrith (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our audit report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

Arising solely from the limitation on the scope of our work relating to the resources expended on the Conditional Improvements Funding received, referred to above:

- we have not received all the information and explanations we require for our audit

We have nothing to report in respect of the following matters 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 the returns; or
- certain disclosures of trustees' remuneration specified by law are not made

Responsibilities of trustees

As explained more fully in the Statement of Governors Responsibilities (set out on page 21), the governors (who are also the directors of the charitable company 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Queen Elizabeth Grammar School Penrith

Independent Auditor's Report on the Financial Statements to the Members of Queen Elizabeth Grammar School Penrith (continued)

Our 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 a Report of the Independent Auditors 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.

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 Report of Independent Auditors.

Use of our report

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

Mr Ian Thompson (Senior Statutory Auditor)

For and on behalf
of Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 3rd March 2020

Queen Elizabeth Grammar School Penrith

Independent Reporting Accountant's Assurance Report on Regularity to Queen Elizabeth Grammar School Penrith and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Queen Elizabeth Grammar School Penrith during the period 01 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of Queen Elizabeth Grammar School Penrith's Accounting Officer and the Reporting Accountant

The accounting officer is responsible under the requirements of Queen Elizabeth Grammar School Penrith's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 period 01 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2018 to 2019 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 trust's income and expenditure.

Queen Elizabeth Grammar School Penrith

Independent Reporting Accountant's Assurance Report on Regularity to Queen Elizabeth Grammar School Penrith and the Education and Skills Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- the Financial Management & Governance Evaluation (FMGE) was obtained;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual payments for staff have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee/ governor's declaration of interests.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them other than regarding the resources expended on the Conditional Improvement Funding received for which a change of scope was retrospectively applied for in November 2019. We are still waiting for a response from the ESFA to confirm their decision on this.

Use of our Report

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

Mr Ian Thompson (Reporting Accountant)

For and on behalf of
Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 3rd March 2020

Queen Elizabeth Grammar School Penrith

Statement of Financial Activities for the year ended 31 August 2019

(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	-	1,000	2,574	3,574	20,071
Charitable activities:						
Funding for the academy trust's						
Educational operations	4	160,961	4,368,490	-	4,529,451	4,365,341
Other trading activities	5	53,019	97,775	-	150,794	163,458
Investments	6	2,187	-	-	2,187	1,509
Total		216,167	4,467,265	2,574	4,686,006	4,550,379
Expenditure on:						
Charitable activities:						
Academy trust educational operations	7, 8	(178,569)	(4,543,438)	(175,754)	(4,897,761)	(5,048,685)
Total		(178,569)	(4,543,438)	(175,754)	(4,897,761)	(5,048,685)
Net income / (expenditure)		37,598	(76,173)	(173,180)	(211,755)	(498,306)
Transfers between funds	17	(31,835)	25,969	5,866	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	17, 25	-	(504,000)	-	(504,000)	258,000
Net movement in funds		5,763	(554,204)	(167,314)	(715,755)	(240,306)
Reconciliation of funds						
Total funds brought forward		142,954	(1,079,730)	8,192,185	7,255,409	7,495,715
Total funds carried forward		148,717	(1,633,934)	8,024,871	6,539,654	7,255,409

Queen Elizabeth Grammar School Penrith

Statement of Financial Position as at 31 August 2019

Company Number 07584063

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		7,994,209		8,114,065
Current assets					
Stock	13	14,062		15,296	
Debtors	14	117,161		300,935	
Cash at bank and in hand		463,748		744,167	
		<u>594,971</u>		<u>1,060,398</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	(221,224)		(637,586)	
Net current assets			<u>373,747</u>		<u>422,812</u>
Total assets less current liabilities			<u>8,367,956</u>		<u>8,536,877</u>
Creditors: Amounts falling due after more than one year	16		(90,302)		(92,468)
Net assets excluding pension liability			<u>8,277,654</u>		<u>8,444,409</u>
Defined benefit pension scheme liability	25		(1,738,000)		(1,189,000)
Total net assets			<u>6,539,654</u>		<u>7,255,409</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	17	8,024,871		8,192,185	
. Restricted income fund	17	104,066		109,270	
. Pension reserve	17	(1,738,000)		(1,189,000)	
Total restricted funds			<u>6,390,937</u>		<u>7,112,455</u>
Unrestricted income funds	17		<u>148,717</u>		<u>142,954</u>
Total funds			<u>6,539,654</u>		<u>7,255,409</u>

The financial statements on pages 30 to 58 were approved by the governors and authorised for issue on 28/02/20 and are signed on their behalf by:

MRS T BOVING-FOSTER

Chair of Governors



MR PE BUCKLAND

Head Teacher



Queen Elizabeth Grammar School Penrith

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(256,465)	735,836
Cash flows from investing activities	22	(23,954)	(1,199,309)
Change in cash and cash equivalents in the reporting period		(280,419)	463,473
Cash and cash equivalents at 1 September 2018		744,167	1,207,640
Cash and cash equivalents at 31 August 2019	23	463,748	744,167

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019

1 Statement of accounting policies

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

Basis of Preparation & Statement of Compliance

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Queen Elizabeth Grammar School Penrith meets the definition of a public benefit entity under FRS 102. The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

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

Income

All incoming resources are recognised when the academy trust 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.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

Income (continued)

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 period 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 period it is receivable and to the extent the academy trust 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 stock 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'.

- **Donated fixed assets (excluding Transfers on conversion/into trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

Expenditure

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £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.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

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

- | | |
|-------------------------------------|--------------------------------------|
| • Leasehold property – land | over the term of the lease |
| • Leasehold property - buildings | over estimated remaining useful life |
| • Fixtures, furniture and equipment | 4 years straight line |
| • Computer equipment and software | 3 years straight line |
| • Motor vehicles | 4 years straight line |

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

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

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 trust 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.

Public Benefit Entity Concessionary Loans

Public benefit entity concessionary loans shall initially be measured at the amount received and recognised in the statement of financial position. In subsequent years, the carrying amount of concessionary loans in the financial statements shall be adjusted to reflect any accrued interest payable.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

Provisions

Provisions are recognised when the academy trust 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.

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis 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 14. Prepayments are not financial instruments.

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 15 and 16. 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.

Stock

Unsold catering and stationery stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

Pensions Benefits

Retirement benefits to employees of the academy trust 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 trust 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 trust 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.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

1 Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

The annual depreciation charge is sensitive to the estimated useful economic lives of assets. The useful economic lives of property were initially based on a professional valuer's report using their judgement and experience. These useful economic lives, together with those of other assets, are assessed annually by the governors, and changed when necessary to reflect current thinking on their remaining lives.

Statement of Accounting Policies - Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

3 Donations and capital grants

	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	£	£	£	£
Capital grants	-	80,694	80,694	20,021
CIF projects	-	(78,120)	(78,120)	-
Other donations	1,000	-	1,000	50
	1,000	2,574	3,574	20,071

The income from donations and capital grants was £3,574 (2018: £20,071) of which £1,000 was restricted (2018: £50) and £2,574 was restricted fixed assets (2018: £20,021).

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
DfE / ESFA grants				
. General Annual Grant (GAG)	-	3,971,213	3,971,213	3,947,627
. Other DfE/ESFA grants	-	68,673	68,673	71,443
	-	4,039,886	4,039,886	4,019,070
Other Government grants				
. Local authority grants	-	4,070	4,070	1,959
	-	4,070	4,070	1,959
Other income from the academy trust's educational operations	160,961	324,534	485,495	344,312
	160,961	4,368,490	4,529,451	4,365,341

The funding for the Academy Trust's educational operations was £4,529,451 (2018: £4,365,341) of which £160,961 was unrestricted (2018: £157,747) and £4,368,490 was restricted (2018: £4,207,594).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Fundraising events	23,183	97,775	120,958	133,047
Hire of facilities	29,836	-	29,836	30,411
	53,019	97,775	150,794	163,458

The income from other trading activities was £150,794 (2018: £163,458) of which £53,019 was unrestricted (2018: £33,262) and £97,775 was restricted (2018: £130,096).

6. Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Short term deposits	2,187	-	2,187	1,509
	2,187	-	2,187	1,509

The income from investment income was £2,187 (2018: £1,509) all of which was unrestricted.

7. Expenditure

	Staff Costs £	Non Pay Premises £	Expenditure Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Academy's educational operations:					
. Direct costs	2,865,504	175,851	593,887	3,635,242	3,429,626
. Allocated support costs	715,992	302,546	243,981	1,262,519	1,619,059
	3,581,496	478,397	837,868	4,897,761	5,048,685

The expenditure on the Academy's educational operations was £4,897,761 (2018: £5,048,685) of which £178,569 was unrestricted (2018: £178,501), £4,543,438 was restricted (2018: £4,370,112) and £175,754 as restricted fixed assets (2018: £500,072).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

7. Expenditure (continued)

Net income/(expenditure)for the period includes:

	2019 £	2018 £
Operating lease rentals	14,823	14,823
Depreciation	148,571	137,974
Fees payable to auditor for:		
- audit	8,375	5,940
- other services	4,740	5,210
	=====	=====

Included within expenditure are the following transactions.

	2019 £	2018 £
Unrecoverable debts	-	23
	=====	=====

8. Charitable activities

	Total 2019 £	Total 2018 £
Direct costs - educational operations	3,635,242	3,429,626
Support costs - educational operations	1,262,519	1,619,059
	4,897,761	5,048,685

Analysis of direct costs	Educational operations £	Total 2019 £	Total 2018 £
Direct staff costs	2,865,504	2,865,504	2,804,970
Books, Apparatus and Stationery	47,002	47,002	70,461
Examination fees	108,188	108,188	99,834
Trip costs	308,017	308,017	184,683
Other direct costs	130,680	130,680	131,704
Depreciation & DFC expenditure	175,851	175,851	137,974
Total support costs	3,635,242	3,635,242	3,429,626

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8. Charitable activities (continued)

Analysis of support costs	Educational operations	Total 2019	Total 2018
	£	£	£
Support staff costs	710,389	710,389	664,481
Technology costs	54,375	54,375	59,614
Premises costs	302,546	302,546	662,722
Other support costs	171,778	171,778	208,531
Governance costs	23,431	23,431	23,711
Total support costs	1,262,519	1,262,519	1,619,059

9. Staff

a. Staff costs

Staff costs during the period were:

	Total 2019	Total 2018
	£	£
Wages and salaries	2,741,457	2,674,455
Social security costs	268,024	257,718
Operating costs of defined benefit pension schemes	506,642	511,715
	3,516,123	3,443,888
Supply staff costs	58,983	30,763
Agency staff	6,390	-
	3,581,496	3,474,651

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totaling £Nil (2018: £Nil). Individually the payments were £Nil (2018: £Nil).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

9 Staff (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	64	64
Administration and support	45	45
Management	4	4
	<hr/>	<hr/>
	113	113

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

e. Key management personnel

The key management personnel of the academy trust comprise the governors and the senior leadership team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £443,386 (2018: £417,107).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10. Related Party Transactions - Trustees' remuneration and expenses

The Head Teacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment. No other governors have been paid remuneration or have received other benefits from an employment with the academy trust.

The value of governors' remuneration and other benefits was as follows:

PE Buckland (Head Teacher and governor):

Remuneration £90,000 – £95,000 (2018: £85,000 - £90,000)

Employer 's pension contributions paid £15,000 – £20,000 (2018: £10,000 - £15,000)

S Warner (staff governor, up to 9 May 2019):

Remuneration £10,000 – £15,000 (2018 £15,000 - £20,000)

Employer's pension contributions paid £0 - £5,000 (2018: £0 - 5,000)

AC Worth (staff governor):

Remuneration £45,000 – £50,000 (2018: £45,000 - £50,000)

Employer's pension contributions paid £5,000 – £10,000 (2018: £5,000 - £10,000)

A Martin (staff governor, from 9 May 2019):

Remuneration £10,000 – £15,000 (2018: £nil)

Employer's pension contributions paid £0 – £5,000 (2018: £nil)

During the period ended 31 August 2019, travel and subsistence expenses totaling £Nil were reimbursed or paid directly to governors (2018: £Nil).

11. Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2019 provides cover up to £10,000,000 (2018: £10,000,000) on any one loss and any one membership year.

The academy's insurance is via the Department for Education's risk protection arrangement (RPA) and the cost of this insurance is included in the total insurance cost. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

12 Tangible fixed assets

	Leasehold Land and Buildings	Freehold Land and Buildings	Assets Under Construction	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 September 2018	7,700,689	32,000	1,163,774	218,587	349,159	51,860	9,516,069
Additions	-	-	-	15,945	12,770	-	28,715
Disposals	-	-	-	-	-	-	-
Transfers	1,163,774	-	(1,163,774)	-	-	-	-
At 31 August 2019	8,864,463	32,000	-	234,532	361,929	51,860	9,544,784
Depreciation							
At 1 September 2018	839,370	32,000	-	181,156	321,511	27,967	1,402,004
Charged in year	107,361	-	-	17,330	17,213	6,667	148,571
Disposals	-	-	-	-	-	-	-
At 31 August 2019	946,731	32,000	-	198,486	338,724	34,634	1,550,575
Net book values							
At 31 August 2018	6,861,319	-	1,163,774	37,431	27,648	23,893	8,114,065
At 31 August 2019	7,917,732	-	-	36,046	23,205	17,226	7,994,209

Leasehold Property includes:

	£
Buildings	6,664,463
Land	2,200,000
	8,864,463

The leasehold land and buildings were valued in November 2011 by Penrith Farmers' and Kidds' PLC, Chartered Surveyors, on the basis of depreciated replacement cost for existing use. In the Governors' opinion this valuation is still appropriate at 31 August 2019.

Source of funding for assets acquired

	2019 £	2018 £
CIF funding	-	1,161,790
Devolved formula capital	22,849	20,021
Restricted General Funds	5,866	37,044
Unrestricted General Funds	-	1,984
	28,715	1,220,839

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

13. Stock

	2019 £	2018 £
Stationery, catering and other stock	14,062	15,296

14. Debtors

	2019 £	2018 £
Trade debtors	3,209	2,310
VAT recoverable	26,996	142,077
Other debtors	17,346	7,019
Prepayments and accrued income	69,610	149,529
	117,161	300,935

15. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	75,352	311,411
Other taxation and social security	65,773	64,874
Public benefit concessionary loans	2,798	2,798
Other creditors	38,564	46,328
Accruals and deferred income	38,737	212,175
	221,224	637,586

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	24,182	23,765
Released from previous years	(24,182)	(23,765)
Resources deferred in the year	-	24,182
Deferred Income at 31 August 2019	-	24,182

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £nil (2018: £12,461) and capital of £nil (2018: £11,721).

Public benefit concessionary loans represent three Salix loans totalling £2,798 (2018: £2,798). The Salix loans are repayable over 8 years and are interest free.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

16. Creditors: amounts falling due in greater than one year

	2019	2018
	£	£
Public benefit concessionary loans	90,302	92,468
	90,302	92,468

Public benefit concessionary loans represent three Salix loans totaling £20,302 (2018: £22,468) and an ESFA loan of £70,000 (2018: £70,000).

The Salix loans are repayable over 8 years and are interest free. The other ESFA loan is repayable over 10 years with an annual interest rate of 2.21%.

Included within the above are amounts not wholly repayable within 5 years and are repayable by instalments. Salix Loans totaling £5,955 (2018: £8,753) and other ESFA loans totaling £42,000 (2018: £49,000).

17. Funds

Analysis of movements in restricted funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	22,521	3,971,213	(4,019,838)	31,794	5,690
Other grants/donations	86,749	479,165	(461,713)	(7,824)	96,377
Elliot-Lees Fund	-	-	-	1,999	1,999
Student support/vulnerable Student bursary	-	16,887	(16,887)	-	-
Pension reserve	(1,189,000)	-	(45,000)	(504,000)	(1,738,000)
	(1,079,730)	4,467,265	(4,543,438)	(478,031)	(1,633,934)
Restricted fixed asset funds					
Transfer on conversion	6,636,968	-	(85,637)	-	6,551,331
DfE/ESFA capital grants	1,208,977	80,694	(58,800)	-	1,230,871
Transfer from restricted general funds	169,063	-	(31,414)	5,866	143,515
Transfer from unrestricted general funds	99,057	-	-	-	99,057
	8,114,065	80,694	(175,851)	5,866	8,024,774
CIF projects 17/18	78,120	(78,120)	97	-	97
	8,192,185	2,574	(175,754)	5,866	8,024,871
Total restricted funds	7,112,455	4,469,839	(4,719,193)	(472,165)	6,390,937

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17. Funds (continued)

Analysis of movements in restricted funds - previous year

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	14,440	3,947,627	(3,950,777)	11,231	22,521
Other grants/donations	92,915	373,113	(342,235)	(37,044)	86,749
Student support/Vulnerable Student bursary	-	17,100	(17,100)	-	-
Pension reserve	(1,387,000)	-	(60,000)	258,000	(1,189,000)
	(1,279,645)	4,337,840	(4,370,112)	232,187	(1,079,730)

Restricted fixed asset funds

Transfer on conversion	6,722,605	-	(85,637)	-	6,636,968
DfE/EFA capital grants	32,007	20,021	(6,825)	1,163,774	1,208,977
Transfer from restricted general Funds	159,717	-	(27,698)	37,044	169,063
Transfer from unrestricted general funds	116,871	-	(17,814)	-	99,057
	7,031,200	20,021	(137,974)	1,200,818	8,114,065
CIF projects 16/17	45,827	-	(20,935)	(24,892)	-
CIF Projects 17/18	1,471,964	-	(341,163)	(1,052,681)	78,210
	8,548,991	20,021	(500,072)	123,245	8,192,275
Total restricted funds	7,269,346	4,357,861	(4,870,184)	355,432	7,112,545

Analysis of movements in unrestricted funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Total unrestricted funds	142,954	216,167	(178,569)	(31,835)	148,717

Analysis of movements in unrestricted funds - previous year

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Total unrestricted funds	226,369	192,518	(178,501)	(97,432)	142,954

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17. Funds (continued)

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

- a. General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. Note 2 discloses whether the limit was exceeded.
- b. Other grants/donations brought forward included the transfer of sundry net assets of £120,223 on conversion to an academy trust.
- c. The Academy Trust distributes Student Support and Vulnerable Student Bursaries to students as an agent for the ESFA. Unallocated funds at the year-end amounted to £Nil.
- d. The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme.
- e. Closing balances on lines within Restricted Fixed Asset Fund reflect the Net Book Value of the assets purchased to date using these funds, together with unspent CIF monies.

Transfers have been made for the following:

- a. The 2018/19 transfer out of the Unrestricted funds to GAG of £29,836, represents the contribution from lettings activities to the school running costs.
- b. The transfer out of the Restricted general funds - other grants/donations of £5,866 (2017/18: £37,044) represents the balance of expenditure on fixed assets not funded by Devolved Formula Capital, transferred to the Restricted fixed asset fund.
- c. The 2018/19 transfer out of the Unrestricted funds to a new restricted fund The Elliott-Lees fund of £1,999 represents money held by the trust for the planned dissolution of The Elliott-Lees Trust (charity number 526780).
- d. The 2018/19 transfer from other grants/donations to GAG of £1,959 represents funding which was received in a prior year which had not been utilised as it's purpose was unknown, the costs relating to that funding were instead incurred out of GAG and therefore a transfer took place to move the amount incurred by the GAG funding to this funding.

Comparative transfer details:

- e. The 2017/18 transfer out of the Unrestricted funds to Restricted Fixed Asset Funds – CIF 16/17 of £17,328 & CIF 17/18 of £80,104 represents the contribution from the school in respect of Salix and CIF Loans for the 3 eligible CIF projects.
- f. The 2017/18 transfer out of Restricted Fixed Asset Funds – CIF 17/18 to Restricted Fixed Asset Funds – Capital Grants of £1,163,774 represents CIF expenditure on New Classrooms which has been capitalised.
- g. The 2017/18 transfer of £11,231 out of Restricted Fixed Asset Funds – CIF 17/18 to GAG represents an element of expenditure incurred in the year end 31/08/17 which was not correctly allocated against the CIF fund at the time.
- h. The 2017/18 transfer of £42,220 out of Restricted Fixed Asset Funds – CIF 16/17 to Restricted Fixed Asset Funds – CIF 17/18 represents professional fees incurred.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18. Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	7,994,209	7,994,209
Current assets	241,817	322,492	30,662	594,971
Current liabilities	(2,798)	(218,426)	-	(221,224)
Non-current liabilities	(90,302)	-	-	(90,302)
Pension scheme liability	-	(1,738,000)	-	(1,738,000)
Total net assets	148,717	(1,633,934)	8,024,871	6,539,654

Analysis of net assets between funds - previous year

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	8,114,065	8,114,065
Current assets	238,220	744,058	78,120	1,060,398
Current liabilities	(2,798)	(634,788)	-	(637,586)
Non-current liabilities	(92,468)	-	-	(92,468)
Pension scheme liability	-	(1,189,000)	-	(1,189,000)
Total net assets	142,954	(1,079,730)	8,192,185	7,255,409

18. Capital commitments

	2019	2018
	£	£
Contracted for, but not provided in the financial statements	-	35,900

Amounts contracted for but not provided in the accounts at the period end date related to replacement of mobiles with a new teaching block.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

19. Commitments under operating leases Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	13,422	14,823
Amounts due between one and five years	8,713	22,135
	22,135	36,958

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(211,755)	(498,306)
Adjusted for:		
Depreciation [note 12]	148,571	137,974
Capital grants from DfE and other capital income	(2,574)	(20,021)
Interest receivable [note 6]	(2,187)	(1,509)
Defined benefit pension scheme cost less contributions payable [note 25]	10,000	26,000
Defined benefit pension scheme finance cost [note 25]	32,000	31,000
Defined benefit pension administration expenses [note 25]	3,000	3,000
(Increase)/decrease in stocks	1,234	(4,169)
(Increase)/decrease in debtors	183,774	745,414
Increase/(decrease) in creditors	(418,528)	316,453
Net cash provided by/ (used in) Operating Activities	(256,465)	735,836

22. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	2,187	1,509
Purchase of tangible fixed assets	(28,715)	(1,220,839)
Capital grants from DfE/ESFA	2,574	20,021
Net cash provided by/ (used in) investing activities	(23,954)	(1,199,309)

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23. Analysis of cash and cash equivalents

	At 31 August 2019 £	At 31 August 2018 £
Cash in hand and at bank	463,748	744,167
Total cash and cash equivalents	463,748	744,167

24. 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.

25. Pension and similar obligations

The academy trust'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 Cumbria County Council. Both are multi-employer defined benefit schemes

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

24. Pension and similar obligations

Valuation of the Teachers' Pension Scheme

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £362,990 (2018: £355,509).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

25. Pension and similar obligations (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust 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 2019 was £168,000 (2018: £160,000), of which employer's contributions totalled £140,000 (2018: £134,000) and employees' contributions totalled £28,000 (2018: £26,000). The agreed contribution rates for future years are 17.7 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

At the balance sheet date the scheme is in deficit. The academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £56,900 in 2019/20.

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.2%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.6	28.5

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Notes to the Financial Statements for the year ended 31 August 2019 (continued)

25. Pension and similar obligations (continued)

Sensitivity analysis – (reduction)/increase in deficit

	At 31 August 2019	At 31 August 2018
	£	£
Discount rate +0.1%	(63,000)	(49,000)
Mortality assumption - 1 year increase	65,000	50,000
CPI rate +0.1%	65,000	50,000
Discount rate -0.1%	64,000	-
Mortality assumption - 1 year decrease	(64,000)	-
CPI rate -0.1%	(64,000)	-

Full information was not provided in the Mercer report last year, therefore some comparatives are not available.

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2019	Fair value at 31 August 2018
	£	£
Equity instruments	826,000	724,000
Debt instruments	412,000	354,000
Property	97,000	135,000
Cash/liquidity	79,000	88,000
Other	296,000	186,000
	1,710,000	1,487,000

The actual return on scheme assets was 2019: £123,000 (2018: £67,000).

Amount recognised in the statement of financial activities

	2019	2018
	£	£
Current service cost (net of employee contributions)	(150,000)	(160,000)
Net interest cost	(32,000)	(31,000)
Administration expenses	(3,000)	(3,000)
Total operating charge	(185,000)	(194,000)

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

25. Pension and similar obligations (continued)

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

	2019	2018
	£	£
At 1 September	2,676,000	2,704,000
Current service cost	150,000	160,000
Interest cost	75,000	64,000
Employee contributions	28,000	26,000
Actuarial (gain)/loss	584,000	(223,000)
Benefits paid	(65,000)	(55,000)
At 31 August	3,448,000	2,676,000

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

	2019	2018
	£	£
At 1 September	1,487,000	1,317,000
Interest income	43,000	33,000
Actuarial gain/(loss)	80,000	35,000
Administration expenses	(3,000)	(3,000)
Employer contributions	140,000	134,000
Employee contributions	28,000	26,000
Benefits paid	(65,000)	(55,000)
At 31 August	1,710,000	1,487,000

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

At the present time the academy has not considered the impact of McCloud on pension liabilities and no additional annual FRS102 actuarial valuation has been obtained for disclosure in the trust's 2018/19 financial statements. The implications will be considered in the next scheme valuation for 31 August 2020.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2018(continued)

26. Related party transactions

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

Related party transactions that require disclosure under FRS 102 are detailed below and also within note 10 regarding certain governor's remuneration and expenses.

Expenditure Related Party Transactions

In 2018, Governor Dr Castles spouse, Mrs Castles, received £200 for helping with an art activity for year 7 pupils, no such transactions took place in 2018/19.

Mrs C Buckland, spouse of Mr P Buckland, Head Teacher and Governor, is employed by the academy trust as a teacher. Mrs C Buckland is paid in-line with the pay scale appropriate to her job role.

Mr H Mawson, spouse of Dr E Mawson, Deputy Head, is employed by the academy trust as a supply-teacher. Mr H Mawson is paid in-line with the pay scale appropriate to his job role. In addition Mr H Mawson invoiced the academy for timetable consultancy work totaling £540 (2018: £nil).

Mrs C Dawson, spouse of Mr R Dawson, Assistant Head, is employed by the academy trust as a supply-teacher. Mrs C Dawson is paid in-line with the pay scale appropriate to her job role.

27. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £16,887 (2018: £17,100) and disbursed £16,887 (2018: £17,100) from the fund. An amount of £nil is included in other creditors relating to undistributed funds that is repayable to ESFA.

28. General Information

The academy trust is a private company limited by guarantee, registered in England and Wales and an exempt charity. The address of the registered office is Ullswater Road, Penrith, Cumbria, CA11 7EG, United Kingdom.