

**Queen Elizabeth Grammar School Penrith
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020**

Company Registration Number: 07584063 (England and Wales)



Queen Elizabeth Grammar School Penrith

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Queen Elizabeth Grammar School Penrith

Reference and Administrative Details

Members/Trustees

PE Buckland
CM Hansford (Chair of Education and Standards Committee)
T Boving-Foster
M Worrall (Vice Chair of Governors)
KA Rae (Chair of Finance and Pay Committee)

Governors/Directors

M Bauer
T Boving-Foster (Chair of Governors)
PE Buckland (Head Teacher and Accounting Officer)
CM Hansford
J Mills
KA Rae
RJ Shepherd
AC Worth (Staff Governor)
M Worrall
J Ray
P Airey
A Martin (Staff Governor) (Resigned 01.09.2020)
G Miller
J Jenkins (Appointed 01.09.2019)

Company Secretary

R McMann

Senior Leadership Team:

- Head Teacher PE Buckland
- Deputy Head EK Mawson
- Assistant Head RM Dawson
- Assistant Head RJC Chapman (Resigned 31.08.2020)
- School Business Manager JM Scott (Appointed 01.06.2020)

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 (Continued)

Independent Auditor

Saint & Co
Old Police Station
Church Street
Ambleside
LA22 0ST

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 year 1 September 2019 to 31 August 2020. 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 951 in the school census in October 2020.

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.

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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 Head Teacher 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 Head Teacher 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

In the face of the COVID -19 pandemic, 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 not available for the year 2019-20 as a result of GCSE and A level results being based on teacher assessments. The DfE decided that no public examination results or other forms of outcomes would be published and no judgements would be made based on this set of outcomes. Staff and students responded admirably to the challenges of lockdown. Academic lessons continued during lockdown through a blend of online resources and some lessons delivered through Zoom and Teams. The school rapidly developed its capacity for online delivery of resources and maintained this until the end of the year. During the phased return to school in the summer term we facilitated a rolling programme of Year 10 and Year 12 students so that all students received face to face lessons with subject staff in addition to the online learning.

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 312 children taking the entrance test and 207 nominating us as their first preference for 160 places. Governors had taken the decision to admit an additional 32 students into Year 7 last year on a temporary basis raising the PAN to 160. This was agreed again so the total number of places offered for September entry 2019 was 160. Most of our sixth form students gained places at universities in August 2020 with three students going to Oxford and one to Cambridge. Many of the other places were at Russell Group universities. Entry into Year 12 was higher than in recent years at 120.

Academic enrichment over the last year has been limited by travel restrictions due to Covid 19 and lockdown procedures. Activity Week was cancelled and all trips stopped from after Christmas 2019 for the rest of the year. Lockdown from March 2019 obviously impacted on all aspects of school life. Having said this the following activities did take place:

Sept.

Y7 STEM Roadshow

Sponsored Walk

Y7 Geography Fieldwork

QEGS Hosted the French Exchange

Y12 ES Fieldwork

Oct.

Y8 York History Trip

Y13 Safer Driving Event

Y13 Geology Fieldwork

Nov.

Y13 History Trip to Lancaster Uni.

FOQ Christmas Fair

GCSE Awards

Beauty & the Beast

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Governors' Report (Continued)

Dec.

English – Theatre by the Lake
PMA Christmas Concert St. Andrew's
Mock General Election
Grandparents Christmas Party

Jan.

A Level Awards
QEGS Careers Fair
Y12 History Trip to London
Science Museum Visit

Feb.

Y13 French Study Day in Carlisle
FOQ Quiz Night

March.

Dance Evening
German Exchange to Bavaria
World Book Day
Rocket Car Challenge

Sporting activity was also restricted and then stopped around the same time. Music and school performances were also stopped although there was the opportunity for a production of 'Beauty and the Beast' in November which was a great success over four nights and a matinee for local primary schools. We also enjoyed our traditional Carol Service at St Andrews Church. Many students were able to perform at the Carlisle Music Festival prior to lockdown and some produced excellent results. There had also been enthusiastic participation in student voice activities including School Council meetings when possible this year.

Pupils have a strong moral conscience and have engaged in many fund-raising activities during the early part of the year including the annual whole school sponsored walk and the termly non-uniform days. Although the sponsored walk was abandoned due to heavy rain, significant funds were raised to provide IT equipment for the new Birnie Building. Each Christmas, for the past 18 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.

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. During lockdown this support went online/on phone and all students were provided with regular contacts to check their mental health and to discuss any concerns regarding the impact of the pandemic. The use of the CPOMS recording system was instrumental in keeping staff alert to any concerns and developments during the closure. Special Educational Needs provision has been given meticulous attention by our exceptional SENCo and pupils have received first class careers advice and guidance given the restraints for over half of the year.

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Governors' Report (Continued)

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. This year the role was separated from that of Head of Year and a member of the teaching staff was appointed with responsibility for coordinating Transition from primary to QEGS which included all of the outreach work. The Head Teacher regularly visits our catchment 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, although again this programme was curtailed due to COVID - 19. Open Evening, Discovery Day in addition to remaining Parents' Evenings were cancelled with virtual tours posted on the school website. Uptake and applications have not declined.

Key Performance Indicators

Due to Covid-19 the usual key performance indicators for exam results are not applicable this year.

Attendance at QEGS for statutory school age pupils, years 7-11 is 97% for 2017-18, 2018-19 and 2019-20 (national -94.6% although 2019-20 is not yet available).

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 2020 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 2020, the total income was £4,751,232 and the total expenditure was £5,089,592 resulting in a deficit before transfers and other gains and losses of £338,360.

At 31 August 2020 the net book value of tangible fixed assets was £7,880,261 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 2020 the Academy had total funds of £6,025,294. This comprised of the following:

Restricted general funds	£19,548
Restricted asset funds	£7,911,176
Pension fund deficit	£(2,108,000)
Unrestricted funds	£202,569

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

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Governors' Report (Continued)

Financial Review (continued)

The budget for 2020/21 includes a substantial amount to cover the extra costs associated with COVID-19. However, the budget has been balanced to include the extra costs and the reduction in income.

- The school has invested in 2 temporary toilet blocks to ensure that year group bubbles do not mix
- Extra cleaning provision has been put in place, including the fogging of all school buildings each weekend.
- A substantial amount has been included for the provision of extra cleaning materials to keep the school safe and to allow students to access a broad, balanced and ambitious curriculum, as signalled by the Government in July 2020. To enable this to be achieved extra controls have needed to be put in place to conduct practical subjects safely. For example the rotating of resources, the sterilising of equipment and the purchase of extra resources to ensure they are not shared. The school is following the guidance from CLEAPSS.

Covid has also affected income from a number of other areas including catering, the renting of school facilities and pupil performances, but the loss of income is not offset by a comparable reduction in cost.

Some of the lost income will have a greater effect beyond the school as donations to charity organisations are considerably lower.

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 2020 was £202,569 (the unrestricted funds). The value of other general reserves was £19,548 (the restricted general funds), totalling £222,117. This represents a decrease of £30,666 from 31 August 2019.

At the balance sheet date, the level of free reserves is higher than the Academy's policy. The Governors are aware of this situation, but feel that this is a more cautious approach to take at this current time.

The Academy holds a deficit on the local government pension scheme of £2,108,000. In the event of the closure of the Academy, this deficit would be met by the DfE.

Total funds amounted to £6,025,293 at 31 August 2020, representing the free reserves, the restricted general reserve, pension reserve and also restricted fixed asset funds of £7,911,176. This last category represents the value of tangible fixed assets and the balance of unutilised DFC funding, and third part 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.

Queen Elizabeth Grammar School Penrith

Governors' Report (Continued)

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.

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. For 17-18, 18-19 & 19-20 100% was used for school fund, due to increased pressure on central funding.

Plans for Future Periods

Pupil Progress

The following is dependent upon the situation with COVID 19 not impacting on examination arrangements. Even if the GCSE and A level examinations do go ahead and are used for assessment, there has been a significant impact on the delivery of both sets of courses over both academic years 2018-19 and 2019-20. Even allowing for the slight amendments made to some course content and the three week delay in beginning the examination period, students will have been significantly disadvantaged by lockdown and other pandemic related disruption. It must also be noted that beyond the academic impact, all students and staff have been operating under a great deal of stress and uncertainty for almost a full year and that this will have had a further significant impact on students and potential outcomes. Having said that, we at QEGS remain ambitious for our students but do temper our expectations with a desire not to compound the mental health impact on both staff and students.

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 recently. We will also be prioritising curriculum design to ensure we meet the revised Ofsted criteria for provision of an Outstanding Quality of Education. The Head Teacher became an Ofsted Inspector in preparation for this change and has a greater insight into what is expected during an inspection. He is due to become a Team Leader within the next few months.

In order to maintain close contact with parents the academy has purchased Schoolcloud, a web based parents' evening tool which facilitates video appointments. This has been used for three events so far with great success and may well become routine for future parents evenings once lockdown has been lifted.

Queen Elizabeth Grammar School Penrith

Governors' Report (Continued)

Staffing and curriculum

We are reviewing our curriculum taking account of student needs in the 21st century and in view of nationally imposed, historic funding cuts. The real term cuts in funding over the previous 6 years have made cuts in staffing and resources necessary and more recent announcements regarding the National Funding Formula still left the academy facing 3% cuts in real terms and a loss of approximately £90k per year. Announcements moving forwards mean we will be experiencing improved funding moving into 2020-21.

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 further 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 in the light of the temporary arrangements during the pandemic from September 2019. Under these the equivalent of four double lessons a day were delivered over a 4 week timetable and further changes were made such as the removal of an afternoon registration slot in favour of class registers taken in each lesson on Edulink.

The decision for the school to teach in Year bubbles will have a negative effect on staff wellbeing throughout the school. Staff are moving to the students in the teaching space rather than the students moving to the staff. This movement around school impacts on the school day for teaching staff, staff have to take their resources with them and they are away from their dedicated teaching space, rooms are affected by the lack of displays and student work and they must remain 2 metres away for students at all time. However, despite the challenges the staff morale around the school remains positive and high.

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 Head Teacher with responsibility for this area and is leading. Behaviour and Teaching and Learning are also key areas and the Assistant Head Teachers are leading on this with the help of the Teaching and Learning Group. We are also prioritising the pastoral system and the role of form tutors and Heads of Year.

Inevitably the pandemic has impacted on the level of progress and number of opportunities provided to staff in this area since March 2019. We have provided valuable in-house sessions on issues relevant to the current context, such as blended learning, Zoom, Teams, Edulink and Schoolcloud, all of which have been well received and have improved the offer for students.

Queen Elizabeth Grammar School Penrith

Governors' Report (Continued)

Sites, buildings and facilities.

During 2019/2020 the school has been able to make a number of improvements to the school buildings and school site.

- Updated the 6th Form toilet blocks for both male and female facilities.
- Repairs to school Bell tower and adjoining roof
- Installation of a food demonstration area for food technology
- undertaking a painted project to enhance the overall external look of the school
- upgrading of garden areas, including the installation of new benching and seating, the building of new pathways and substantial general works to walkways and roads.
- the installation of new bin stores and other Health and Safety measure to keep the site safe for students and staff during the winter months
- Installation of screens into high use parts of the school and offices.
- General annual compliance testing on key services

Due to COVID 19 a number of extra measures have been put in place to ensure that the whole community is safe these detailed in earlier in the report but they include the addition of a further toilet block, wall mounted and table top sanitisation stations, information posters, direction arrows on the floors throughout all of the school buildings, the re-arrangements of classrooms for safer teaching along with the removal of some soft furnishings.

The school has implemented a further robust set of Risk Assessments to manage the control of the virus in school. All staff have been trained on the risk assessments and the risk assessment are available on the school website. The school have adopted the model risk assessment from Cumbria County Council and adapted it for the school. The risk assessment is a standing agenda point on the weekly SLT meeting and is therefore reviewed on a regular basis and updated as appropriate. The whole process has been very moving and dynamic and the school has responded in line with Government guidance.

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 and this is available on the school website. This itemises potential future projects should funding become available through any source.

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.

A resolution to reappoint Saint & Co. as auditors will be proposed at the forthcoming Governors Meeting.

The Governors' report, incorporating a strategic report, was approved by order of the governing body, as the company directors, on10.12/2020..... 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.

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

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 8 times during the year. Attendance during the year at meetings of the governing body was as follows:

<u>Governors</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
T Boving-Foster (Chair of Governors)	8	8
PE Buckland (Head Teacher and Accounting Officer)	8	8
AC Worth (Staff Governor)	7	8
CM Hansford	6	8
J Jenkins	7	8
KA Rae	4	8
R Shephard	4	8
J Mills	5	8
M Bauer	6	8
P Airey	6	8
J Ray	7	8
M Worrall	7	8
E Mawson	8	8
A Martin (Staff Governor)	8	8
G Miller	7	8

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 2020 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. The Governing Body has remained stable in terms of its members and has the required number of governors, but, if possible, a new governor with educational skills will be invited to join. 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 2019/20 in order to meet the short, medium and long term objectives of the Academy. At the start of the year there had been a total of four meetings planned however the meeting on the 24th February 2020 had to be cancelled due to snow. This was not able to be rearranged due to the nation being placed under lockdown on the 23rd March due to the Covid pandemic.

Attendance at meetings in the year was as follows:

<u>Governors</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
KA Rae (Chair of Finance & Pay)	3	3
PE Buckland (Head Teacher and Accounting Officer)	3	3
R Shephard	1	3
J Ray	2	3
P Airey	3	3
E Mawson	2	3
R Dawson	2	3
T Boving-Foster (Chair of Governors)	3	3
M Worrall (Appointed 22.11.18)	3	3
A Martin (Staff Governor – Appointed 08.05.19)	2	3
G Miller (Appointed 24.06.19)	2	3

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. Results from 2020 are not available as explained above. Also 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 for 2019 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. The school has enjoyed great success in attracting a number of clubs and organisations to enjoy using the enhanced sport facilities, however this has been greatly curtailed this year and this is expected to continue throughout 2020/2021
- **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 2019 to 31 August 2020 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 governing body 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 2019 to 31 August 2020 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 governing body
- regular reviews by the finance and pay committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

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

- That due to the current situation a suitably qualified member of the Governing body would undertake the Internal for the current year. The audit was undertaken following the ESFA guidance that the audit could be conducted in September or October but where possible the audit should concentrate where possible on the previous 6 months.

The internal auditor's role included performing a range of checks on the academy trust's financial systems. In particular, the checks carried out over a number of period during the previous 6 months 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
- Locum Business Managers for the first 9 months of the year
- The School Business Manager for the last 3 months of the School Year. This appointment is now permanent.

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 30.12.2020..... and signed on its behalf by:



MRS T BOVING-FOSTER
Chair of Governors



MR PE BUCKLAND
Head Teacher / Accounting Officer

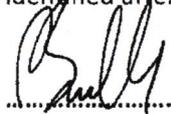
Queen Elizabeth Grammar School Penrith

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 (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2019.

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 2019.

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

..10/12/2020

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:

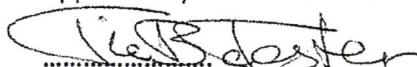
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of governors on 10/12/2020 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 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 have still yet to come to a final decision regarding this issue and are not likely to respond to this before the deadline of 31st January. 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 final 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 on the basis for qualified opinion section of our report, we are 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 required 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: 27/01/2021

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 2019 to 2020, 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 2019 to 31 August 2020 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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:

- 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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: 27/01/2021

Queen Elizabeth Grammar School Penrith

Statement of Financial Activities for the year ended 31 August 2020

(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	-	-	46,987	46,987	3,574
Charitable activities:						
Funding for the academy trust's educational operations	4	157,132	4,459,197	-	4,616,329	4,529,451
Other trading activities	5	49,405	36,685	-	86,090	150,794
Investments	6	1,826	-	-	1,826	2,187
Total		208,363	4,495,882	46,987	4,751,232	4,686,006
Expenditure on:						
Raising funds		(7,247)	(36,539)	-	(43,786)	(50,658)
Charitable activities:						
Academy trust educational operations	7,8	(161,902)	(4,717,580)	(166,325)	(5,045,807)	(4,847,103)
Total		(169,149)	(4,754,119)	(166,325)	(5,089,593)	(4,897,761)
Net income / (expenditure)		39,214	(258,237)	(119,338)	(338,361)	(211,755)
Transfer between funds	17	14,638	(20,281)	5,643	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension scheme	17, 25	-	(176,000)	-	(176,000)	(504,000)
Net movement in funds		53,852	(454,518)	(113,695)	(514,361)	(715,755)
Reconciliation of funds						
Total funds brought forward		148,717	(1,633,934)	8,024,871	6,539,654	7,255,409
Total funds carried forward		202,569	(2,088,452)	7,911,176	6,025,293	6,539,654

Queen Elizabeth Grammar School Penrith

Statement of Financial Position as at 31 August 2020

Company number: 07584063

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		7,880,262		7,994,209
Current assets					
Stock	13	4,595		14,062	
Debtors		201,442		117,161	
Cash at bank and in hand	14	386,630		463,748	
		592,667		594,971	
Liabilities					
Creditors: Amounts falling due within one year	15	(252,714)		(221,224)	
Net current assets			339,953		373,747
Total assets less current liabilities			8,220,215		8,367,956
Creditors: Amounts falling due after more than one year	16		(86,922)		(90,302)
Net assets excluding pension liability			8,133,293		8,277,654
Defined benefit pension scheme liability	25		(2,108,000)		(1,738,000)
Total net assets			6,025,293		6,539,654
Funds of the academy trust:					
Restricted funds					
- Fixed asset funds	17	7,911,176		8,024,871	
- Restricted income fund	17	19,548		104,066	
- Pension reserve	17	(2,108,000)		(1,738,000)	
Total restricted funds			5,822,724		6,390,937
Unrestricted income funds	17		202,569		148,717
Total funds			6,025,293		6,539,654

The financial statements were approved by the governors and authorised for issue on 10/12/2020..... 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 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(90,825)	(254,299)
Cash flows from financing activities	22	(3,380)	(2,166)
Cash flows from investing activities	23	17,087	(23,954)
Change in cash and cash equivalents in the reporting period		<u>(77,118)</u>	<u>(280,419)</u>
Cash and cash equivalents at 01 September 2019		463,748	744,167
Cash and cash equivalents at 31 August 2020	24	<u>386,630</u>	<u>463,748</u>

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020

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.

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.

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

1 Statement of accounting policies (Continued)

Income (Continued)

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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'.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

1 Statement of accounting policies (Continued)

Income (Continued)

- **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.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

These are costs incurred on the academy 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 2020 (Continued)

1 Statement of accounting policies (Continued)

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

- | | | |
|-------------------------------------|---|--------------------------------------|
| • 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 and reclassified to freehold or leasehold land and buildings.

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

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 2020 (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 2020 (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 net income/(expenditure) 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 2020 (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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

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 academy trust does not have control over the charitable application of the funds. The academy 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 2020 (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 2020 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 2020.

3 Donations and capital grants

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Capital grants	-	20,155	20,155	80,694
CIF projects	-	-	-	(78,120)
Other donations	-	26,832	26,832	1,000
	-	46,987	46,987	3,574

The income from donations and capital grants was £46,987 (2019: £3,574) of which £NIL was restricted (2019: £1,000) and £46,987 was restricted fixed assets (2019: £2,574).

4 Funding for the academy trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,122,236	4,122,236	3,971,213
Other DfE / ESFA grants	-	232,430	232,430	68,673
	-	4,354,666	4,354,666	4,039,886
Other government grants				
Local authority grants	-	7,405	7,405	4,070
Exceptional government funding				
Coronavirus Job Retention Scheme grant	-	25,169	25,169	-
Coronavirus exceptional support	-	12,810	12,810	-
	-	45,384	45,384	4,070
Other income from the academy trust's educational operations	157,132	59,147	216,279	485,495
	157,132	4,459,197	4,616,329	4,529,451

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

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

The funding for the academy trust's educational operations was £4,616,329 (2019: £4,529,451) of which £157,133 was unrestricted (2019: £160,961) and £4,459,197 was restricted (2019: £4,368,490).

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £12,810 of additional costs arising directly as a result of Covid-19. These costs are included in notes 7 and 8 below as appropriate.
- The academy furloughed some of its catering and site staff under the government's CJRS. The funding received of £25,169 relates to staff costs in respect of 7 staff which are included within note 9 below as appropriate.

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Hire of facilities	18,615	-	18,615	29,836
Income from other charitable activities	22,214	3,139	25,353	21,444
Income from ancillary trading activities	8,576	33,546	42,122	99,514
	49,405	36,685	86,090	150,794

The income from other trading activities was £86,090 (2019: £150,794) of which £49,405 was unrestricted (2019: £53,019) and £36,685 was restricted (2019: £97,775).

6 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Short term deposits	1,826	-	1,826	2,187
	1,826	-	1,826	2,187

The income from investment income was £1,826 (2019: £2,187) all of which was unrestricted.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

7 Expenditure

	Staff Costs £	Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds:	2,843	-	40,943	43,786	50,658
Academy's educational operations:					
Direct costs	3,332,369	-	338,271	3,670,640	3,584,584
Allocated support costs	753,436	334,490	287,241	1,375,167	1,262,519
	4,088,648	334,490	666,455	5,089,593	4,897,761

Net income / (expenditure) for the period includes:

	Total 2020 £	Total 2019 £
Operating lease rentals	14,823	14,823
Depreciation	145,673	148,571
Fees payable to auditor for:		
- audit	8,800	8,375
- other services	6,150	4,740

8 Charitable activities

	Total 2020 £	Total 2019 £
Direct costs – educational operations	3,670,640	3,635,242
Support costs – educational operations	1,375,167	1,262,519
	5,045,807	4,897,761

Analysis of direct costs

	Unrestricted £	Restricted £	Total 2020 £	Total 2019 £
Direct staff costs	-	3,332,369	3,332,369	2,865,504
Books, Apparatus and Stationery	-	41,650	41,650	47,002
Examination fees	-	87,148	87,148	108,188
Trip costs	-	32,900	32,900	308,017
Other direct costs	-	30,900	30,900	130,680
Depreciation	-	145,673	145,673	175,851
Total direct costs	-	3,670,640	3,670,640	3,635,242

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

8 Charitable activities (Continued)

Analysis of support costs

	Unrestricted	Restricted	Total 2020	Total 2019
	£	£	£	£
Support staff costs	81,363	672,073	753,436	710,389
Technology costs	-	67,579	67,579	54,375
Premises costs	-	334,490	334,490	302,546
Legal costs - other	-	7,210	7,210	-
Other support costs	80,539	105,942	186,481	171,778
Governance costs	-	33,181	33,181	23,431
Total support costs	161,902	1,213,265	1,375,167	1,262,519

The expenditure on the Academy's educational operations was £5,089,593 (2019: £4,897,761) of which £169,149 was unrestricted (2019: £178,569), £4,754,119 was restricted (2019: £4,543,438) and £166,325 as restricted fixed assets (2019: £175,754).

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2020	Total 2019
	£	£
Wages and salaries	2,899,376	2,741,457
Social security costs	285,659	268,024
Operating costs of defined benefit pension schemes	847,307	506,642
	4,032,342	3,516,123
Supply staff costs	30,407	58,983
Agency staff	-	6,390
Staff restructuring costs	25,899	-
	4,088,648	3,581,496
Staff restructuring costs comprise:		
Severance payments	25,899	-

b. Non statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £25,899 (2019: £nil). Individually the payments were £25,899 (2019: £nil).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

9 Staff (Continued)

c. Staff numbers

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

	Total 2020 £	Total 2019 £
Teachers	62	64
Administration and support	44	45
Management	6	4
	<hr/> 112 <hr/>	<hr/> 113 <hr/>

d. Higher paid staff

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

	Total 2020 £	Total 2019 £
£60,001 - £70,000	1	1
£90,001 - £100,000	1	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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £525,124 (2019: £443,386).

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

10 Related party transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

PE Buckland (Head Teacher and governor):

- Remuneration £95,000 - £99,999 (2019: £90,000 - £94,999)
- Employer's pension contributions paid £20,000 - £24,999 (2019: £15,000 - £19,999)

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

- Remuneration (2019: £10,000 - £14,999)
- Employer's pension contributions paid (2019: £0 - £9,999)

AC Worth (staff governor):

- Remuneration £50,000 - £54,999 (2019: £45,000 - £49,999)
- Employer's pension contributions paid £10,000 - £14,999 (2019: £5,000 - £9,999)

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

- Remuneration £45,000 - £49,999 (2019: £10,000 - £14,999)
- Employer's pension contributions paid £10,000 - £14,999 (2019: £0 - £9,999)

During the period ended 31 August 2020 travel and subsistence expenses totaling £nil were reimbursed or paid directly to governors (2019: £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 2020 provides cover up to £10,000,000 (2019: £10,000,000) on any one claim 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 2020 (Continued)

12 Tangible fixed assets

	Leasehold Land and Buildings £	Freehold Land and Buildings £	Furniture and Equipment £	Computer Hardware £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	8,864,463	32,000	234,532	361,929	51,860	9,544,784
Additions	-	-	3,408	28,318	-	31,726
Disposals	-	-	-	-	(2,794)	(2,794)
At 31 August 2020	<u>8,864,463</u>	<u>32,000</u>	<u>237,940</u>	<u>390,247</u>	<u>49,066</u>	<u>9,573,716</u>
Depreciation						
At 1 September 2019	946,731	32,000	198,486	338,724	34,634	1,550,575
Charged in year	107,361	-	14,307	17,338	6,667	145,673
Disposals	-	-	-	-	(2,794)	(2,794)
At 31 August 2020	<u>1,054,092</u>	<u>32,000</u>	<u>212,793</u>	<u>356,062</u>	<u>38,507</u>	<u>1,693,454</u>
Net book values						
At 31 August 2019	7,917,732	-	36,046	23,205	17,226	7,994,209
At 31 August 2020	<u>7,810,371</u>	<u>-</u>	<u>25,147</u>	<u>34,186</u>	<u>10,557</u>	<u>7,880,262</u>

Leasehold property includes:	Total 2020 £	Total 2019 £
Buildings	6,664,463	6,664,463
Land	2,200,000	2,200,000
	<u>8,864,463</u>	<u>8,864,463</u>

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 2020.

Source of funding for assets acquired

	Total 2020 £	Total 2019 £
Devolved formulae capital	9,252	22,849
Restricted general funds	5,643	5,866
Unrestricted general funds	-	-
Third party donations	16,831	-
	<u>31,726</u>	<u>28,715</u>

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

13 Stock

	Total	Total
	2020	2019
	£	£
Stationery, catering and other stock	4,595	14,062

14 Debtors

	Total	Total
	2020	2019
	£	£
Trade debtors	3,149	3,209
VAT recoverable	23,235	26,996
Other debtors	4,839	17,346
Prepayments and accrued income	170,219	69,610
	201,442	117,161

15 Creditors: amounts falling due within one year

	Total	Total
	2020	2019
	£	£
Trade creditors	78,011	75,352
Other taxation and social security	69,080	65,773
Public benefit concessionary loans	2,798	2,798
Other creditors	37,534	38,564
Accruals and deferred income	65,291	38,737
	252,714	221,224

Deferred income

	Total	Total
	2020	2019
	£	£
Deferred income at 01 September 2019	-	24,182
Released from previous years	-	(24,182)
Resources deferred in the year	14,261	-
	14,261	-

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £14,261 (2019: £Nil).

Public benefit concessionary loans represent three Salix loans totaling £2,798 (2019: £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 2020 (Continued)

16 Creditors: amounts falling due in greater than one year

	Total 2020 £	Total 2019 £
Public benefit concessionary loans	86,922	90,302
	<u>86,922</u>	<u>90,302</u>

Public benefit concessionary loans represent three Salix loans totaling £18,137 (2019: £20,302) and an ESFA loan of £68,785 (2019: £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 £4,420 (2019: £5,955) and other ESFA loans totaling £42,000 (2019: £42,000).

17 Funds

Analysis of movements in restricted funds

	Balance at 01 September 2019 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2020 £
Restricted general funds					
General annual grant (GAG)	5,690	4,122,236	(4,184,808)	56,881	-
Other grants	-	311,682	(313,493)	1,811	-
Elliot-Lees fund	1,999	-	-	-	1,999
Other donations/income	96,377	61,964	(161,818)	(78,973)	17,549
Pension reserve	(1,738,000)	-	(194,000)	(176,000)	(2,108,000)
	<u>(1,633,934)</u>	<u>4,495,882</u>	<u>(4,754,119)</u>	<u>(196,281)</u>	<u>(2,088,452)</u>
Restricted fixed asset funds					
Restricted Fixed Assets	7,994,209	-	(145,673)	31,726	7,880,262
DfE/ESFA capital grants	30,565	20,155	(20,651)	(9,252)	20,817
CIF projects 17/18	97	-	-	-	97
Third party donations	-	26,832	-	(16,832)	10,000
	<u>8,024,871</u>	<u>46,987</u>	<u>(166,324)</u>	<u>5,642</u>	<u>7,911,176</u>
Total restricted funds	<u>6,390,937</u>	<u>4,542,869</u>	<u>(4,920,441)</u>	<u>(190,638)</u>	<u>5,822,724</u>

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

17 Funds (Continued)

Analysis of movements in restricted funds – previous year

	Balance at 01 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					
Restricted Fixed Assets	8,114,065	-	(148,571)	28,715	7,994,209
DfE/ESFA capital grants	-	80,694	(27,280)	(22,849)	30,565
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	(4,719,192)	(472,165)	6,390,937

Analysis of movements in unrestricted funds

	Balance at 01 September 2019 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2020 £
Total unrestricted funds	148,717	208,363	(169,150)	14,638	202,569

Analysis of movements in unrestricted funds - previous year

	Balance at 01 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

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (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 2020. Note 2 discloses whether the limit was exceeded.
- b. Other donations brought forward included the transfer of sundry net assets of £120,223 on conversion to an academy trust.
- c. The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme.
- d. Closing balances on lines within Restricted Fixed Asset Fund reflect the Net Book Value of the assets held by the academy together with unspent DFC monies.

Transfers have been made for the following:

- a. The transfer out of the Restricted general funds of £5,642 represents the balance of expenditure on fixed assets not funded by Devolved Formula Capital, transferred to the Restricted fixed asset fund.
- b. The transfer from Restricted General funds to Unrestricted of £14,638 represents £14,310 contribution towards the catering costs of the school and £327 which has been reassessed as Unrestricted funds due to the nature of the income source.
- c. The transfer of £1,811 to other grants and/donations relates to the contributions towards trips.
- d. The transfer of £78,973 from other donations/income is to cover the overspend on the General Annual Grant fund.

Comparative transfer details:

- 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.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,880,262	7,880,262
Current assets	292,289	269,464	30,914	592,667
Current liabilities	(2,798)	(249,916)	-	(252,714)
Non-current liabilities	(86,922)	-	-	(86,922)
Pension scheme liability	-	(2,108,000)	-	(2,108,000)
Total net assets	202,569	(2,088,452)	7,911,176	6,025,293

Analysis of net assets between funds – previous year

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

19 Capital commitments

	Total 2020 £	Total 2019 £
Contracted for, but not provided in the financial statements	-	-
	-	-

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

20 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2020	Total 2019
	£	£
Amounts due within one year	8,814	13,422
Amounts due between one and five years	-	8,713
	8,814	22,135

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

	Total 2020	Total 2019
	£	£
Net income/(expenditure for the reporting period (as per the statement of financial activities))	(338,361)	(211,755)
Adjusted for:		
Depreciation	145,673	148,571
Capital grants from DfE and other capital income	(46,987)	(2,574)
Interest receivable	(1,826)	(2,187)
Defined benefit pension scheme cost less contributions payable (note 25)	158,000	10,000
Defined benefit pension scheme finance cost	32,000	32,000
Defined benefit pension administration expenses	4,000	3,000
(Increase)/decrease in stocks	9,467	1,234
(Increase)/decrease in debtors	(84,281)	183,774
Increase/(decrease) in creditors	31,490	(416,362)
Net cash provided by/(used in) operating activities	(90,825)	(254,299)

22 Cash flows from financing activities

	Total 2020	Total 2019
	£	£
Repayments of borrowing	(3,380)	(2,166)
Cash inflow from new borrowing	-	-
Net cash provided by/(used in) financing activities	(3,380)	(2,166)

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

23 Cash flows from investing activities

	Total 2020 £	Total 2019 £
Dividends, interest and rents from investments	1,826	2,187
Purchase of tangible fixed assets	(31,726)	(28,715)
Capital grants from DfE/ESFA	20,155	2,574
Capital funding received from others	26,832	-
Net cash provided by/(used in) investing activities	17,087	(23,954)

24 Analysis of cash and cash equivalents

	At 31 August 2020 £	At 31 August 2019 £
Cash in hand and at bank	386,630	463,748
Total cash and cash equivalents	386,630	463,748

25 Analysis of changes in net debt

	At 01 September 2019 £	Cash Flows £	At 31 August 2020 £
Loans falling due:			
Cash at bank and in hand	463,748	(77,118)	386,630
Debt due within one year	(2,798)	-	(2,798)
Loans falling due after more than one year	(90,302)	(3,380)	(86,922)
Total cash and cash equivalents	370,648	(80,498)	296,911

26 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.

27 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

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

27 Pension and similar obligations (Continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

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

Valuation of the Teachers' Pension Scheme

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

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

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

27 Pension and similar obligations (Continued)

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 next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £543,113 (2019: £362,990)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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 2020 was £182,000 (2019: £168,000), of which employer's contributions totalled £153,000 (2019: £140,000) and employees' contributions totalled £29,000 (2019: £28,000). 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.

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

27 Pension and similar obligations (Continued)

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 £59,000 in the year ended 31 March 2021, £60,400 in 2021-22 and £61,800 in 2022-23.

Principal actuarial assumptions

	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.9%	3.6%
Rate of increase for pensions in payment/inflation	2.5%	2.2%
Discount rate for scheme liabilities	1.8%	1.8%
Inflation assumption (CPI)	2.4%	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 2020	At 31 August 2019
Retiring today:		
Males	22.6	23.3
Females	25.2	25.9
Retiring in 20 years:		
Males	24.2	25.6
Females	27.1	28.6

Sensitivity analysis – (reduction)/increase in deficit

	At 31 August 2020 £	At 31 August 2019 £
Discount rate +0.1%	(78,000)	(63,000)
Discount rate -0.1%	123,000	64,000
Mortality assumption – 1 year increase	(79,000)	65,000
Mortality assumption – 1 year decrease	79,000	(64,000)
CPI rate +0.1%	(119,000)	65,000
CPI rate -0.1%	(78,000)	(64,000)

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

27 Pension and similar obligations (Continued)

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

	Fair Value At 31 August 2020 £	Fair Value At 31 August 2019 £
Equity instruments	705,000	826,000
Government bonds	395,000	308,000
Other bonds	4,000	104,000
Property	112,000	97,000
Cash/liquidity	197,000	79,000
Other	623,000	296,000
Total cash and cash equivalents	2,036,000	1,710,000

The actual return on scheme assets was £-5,000 (2019: £123,000).

Amount recognised in the statement of financial activities:

	At 31 August 2020 £	At 31 August 2019 £
Current service cost	(198,000)	(150,000)
Past service costs *	(113,000)	-
Net interest cost	(32,000)	(32,000)
Administration expenses	(4,000)	(3,000)
Total operating charge	(347,000)	(185,000)

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

	At 31 August 2020 £	At 31 August 2019 £
At 1 September	3,448,000	2,676,000
Current service cost	198,000	150,000
Interest cost	64,000	75,000
Employee contributions	29,000	28,000
Actuarial (gain)/loss	345,000	584,000
Benefits paid	(53,000)	(65,000)
Past service cost *	113,000	-
At 31 August	4,144,000	3,448,000

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

27 Pension and similar obligations (Continued)

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

	At 31 August 2020 £	At 31 August 2019 £
At 1 September	1,710,000	1,487,000
Interest income	32,000	43,000
Actuarial gain/(loss)	169,000	80,000
Administration expenses	(4,000)	(3,000)
Employer contributions	153,000	140,000
Employee contributions	29,000	28,000
Benefits paid	(53,000)	(65,000)
At 31 August	2,036,000	1,710,000

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).

The impact of McCloud was taken into account in the FRS102 actuarial valuation and included for disclosure in the trust's 2019/20 financial statements. The impact is included in the past service cost figure as disclosed below.

* Past service costs includes:

McCloud impact	£99,000
GMP indexation	£15,000

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2020 (Continued)

28 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 Handbook 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.

Expenditure Related Party Transactions

Mrs C Buckland, spouse of Mr P Buckland, Head Teacher and Governor, is employed by the academy trust as a teacher. Mrs C Buckland's appointment was made in open competition and Mr P Buckland was not involved in the decision making process regarding appointment. Mrs C Buckland is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a governor.

Mr H Mawson, spouse of Dr E Mawson, Deputy Head, is employed by the academy trust as a supply-teacher. Mr H Mawson's appointment was made in open competition and Dr E Mawson was not involved in the decision making process regarding appointment. Mr H Mawson is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a governor. In addition Mr H Mawson invoiced the academy for timetable consultancy work totaling £nil (2019: £540).

Mrs C Dawson, spouse of Mr R Dawson, Assistant Head, is employed by the academy trust as a supply-teacher. Mrs C Dawson's appointment was made in open competition and Mr R Dawson was not involved in the decision making process regarding appointment. Mrs C Dawson is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a governor.

29 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £15,752 (2019: £16,887) and disbursed £3,347 (2019: £16,887) from the fund. An amount of £12,404 (2019:£nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.