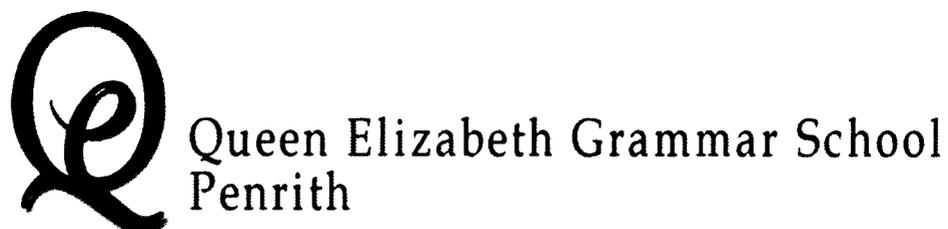


**Queen Elizabeth Grammar School Penrith
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2021**

Company Registration Number: 07584063 (England and Wales)





Contents	Page
Reference and Administrative Details	3
Trustees' Report	5
Governance Statement	19
Statement on Regularity, Propriety and Compliance	23
Statement of Trustees' Responsibilities	24
Independent Auditor's Report on the Financial Statements	25
Independent Reporting Accountant's Report on Regularity	29
Statement of Financial Activities incorporating Income & Expenditure Account	31
Statement of Financial Position	32
Statement of Cash Flows	33
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	34
Other Notes to the Financial Statements	41



Reference and Administrative Details

Members

T Boving-Foster
PE Buckland (Resigned 10.12.20)
G Gravett (Appointed 18.1.21)
CM Hansford (Chair of Education and Standards Committee) (Resigned 10.12.20)
KA Rae (Chair of Finance and Pay Committee) (Resigned 10.12.20)
J Venus (Appointed 18.01.21)
M Worrall (Vice Chair of Governors) (Resigned 10.12.20)

Trustees

P Airey #
M Bauer *
T Boving-Foster (Chair of Governors) *#
PE Buckland (Head Teacher and Accounting Officer) *#
CM Hansford *
J Jenkins *
A Martin (Staff Governor) (Resigned 01.09.20)
G Miller #
J Mills *
KA Rae (Resigned 03.03.22) #
J Ray #
RJ Shepherd (Resigned 31.08.21) #
M Worrall * #
AC Worth (Staff Governor) *
N Ruddick (Appointed 03.03.2022)

Finance & Pay Committee

* Education & Standards Committee

Company Secretary

R McMann

Senior Leadership Team:

- | | |
|---------------------------|-------------|
| • Head Teacher | PE Buckland |
| • Deputy Head | EK Mawson |
| • Assistant Head | RM Dawson |
| • Assistant Head | AP Martin |
| • School Business Manager | JM Scott |

Company Name

Queen Elizabeth Grammar School Penrith

Principal and Registered Office

Ullswater Road Penrith CA11 7EG

Company Registration Number

07584063 (England and Wales)



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



Trustees' Report

Introduction

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

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 999 in the school census in October 2021.

Structure, Governance and Management

Naming convention and Articles of Association

The Governing Board filed a request for an update to the Articles of Association on 14 Dec 2020. As of 14 October 2021, the latest update is that they are waiting for a review by the Governance Team in DfE. The purpose is to bring them up to date with the current model articles and to change our terminology to be in line with use by GIAS and other government papers. For that purpose, Trustees will from now on be referred to as trustees in this document, which will be reflected in our Articles as soon as it is approved. On our website, the term Governors is still used.

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of 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 Trustees who served during the year, and to the date these accounts are approved and 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.

Trustees' 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

All parent and staff Trustees (with the exception of the Headteacher who is an Ex-Officio Trustee) are elected. As per the Academy's Articles of Association and DfE guidance, there is always a minimum of two parent Trustees serving the Academy. In accordance with the current Articles of Association, the number of staff Trustees does not comprise more than one third of the total number of serving Trustees and currently there is one staff Trustee. Any positions arising for either a parent / staff Trustee will be advertised for a reasonable period and those who are eligible as parents / staff are invited to submit an application form. Where there is more than one candidate, an election is held by a secret ballot paper.



Trustees' Report (Continued)

Concerning Co-Opting Trustees onto the board, a skills survey taken from the NGA is normally done on an annual basis to look for specific gaps in the skill-set of Trustees. This is analysed in the final full board meeting in July and any gaps identified forms a basis for a search in the wider community for person(s) obtaining the desired skills to enhance the performance of the Board of Trustees. Anyone identified will make a written application / statement to the Board of Trustees as well as having an informal interview with both the Chair and Vice Chair of Trustees. A vote will be taken at a full board meeting with a majority in favour needed for the appointment to take place. Due to Covid-19 and no changes to the Board of Trustees in this time, there was not a need to conduct a survey in July 2021 (last survey conducted in July 2020) but the intention is to conduct one in the summer term of 2022.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

The Board of Trustees consists of the Trustees of the Academy and the other appointed Trustees. All Trustees are also directors of the company.

The Board of Trustees 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 2020/21 in order to meet the short, medium and long-term objectives of the Academy. Moving forward there will be a third committee, Risk and Audit committee. 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 'Board of Trustees' whose member are

- Up to 5 members appointed Trustees;
- The Headteacher;
- A minimum of 2 parent Trustees;
- Staff Trustees employed by the Academy as long as the total (including the Head Teacher) does not exceed 1/3 of the total number of Trustees;
- Up to three co-opted additional Trustees to be appointed by the Board of Trustees.

All Trustees are appointed for a period of four years. The Board of Trustees has a Chair and vice Chair. The Chair of the Board of Trustees and the vice Chair are appointed by the Board of Trustees annually. The parent members and the staff members are elected in accordance with a process determined by the Trustees. The Board of Trustees also appoints from its members a Chair and vice Chair for each of the sub committees.



Trustees' Report (Continued)

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

The Board of Trustees holds regular meetings, at least one every term.

Arrangements for setting pay and remuneration of key management personnel

When Queen Elizabeth Grammar School became an academy, Trustees 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.

Trustees 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. The Trustees will approve pay progression for other members of the Senior Leadership Team in April and November as applicable. 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), Cumbria Association Of Secondary Head teachers (CASH) 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. QEGS also works closely with One Cumbria to provide Initial Teacher Training (ITT) and Early Career Framework (ECF) support and guidance to teaching staff as they begin their training and in the first two years in post. QEGS also contributes to and encourages staff participation in One Cumbria's offer of National Professional Qualifications (NPQs) at all relevant levels. 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.



Trustees' Report (Continued)

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

Our overall vision and strategy was updated at the Board of Trustees in July, and the updated version is reflected below.

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. Our students will demonstrate and encourage respect for everyone within our community and globally, treating all people equally irrespective of their characteristics and celebrate diversity.

Aims

1. The Academy 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.
2. The Academy 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.
3. We will educate and develop tolerance and respect for all, paying particular regard to protected characteristics
4. The Academy 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.
5. The Academy 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 foster self-esteem and respect for each person as an individual; by creating a positive and inclusive atmosphere and encouraging a shared commitment to respect diversity and difference; by challenging discrimination and promoting good relations between people, irrespective of their characteristics. 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.
4. To improve its effectiveness by continual review of the curriculum and organisational structure;
5. To provide value for money for the funds expended;
6. To comply with all appropriate statutory and curriculum requirements;



Trustees' Report (Continued)

7. To maintain close links with institutions of higher education, business, industry and commerce;
8. To conduct its business with the highest standards of integrity, probity and openness.

Significant Activities

The Academy 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. Inevitably the impact of Covid-19 in terms of closure and challenges in staffing and student attendance have affected the ability for the academy to maintain the normal levels of many of our activities during the year 2020-2021. Having said this, the academy has continued to provide full academic and pastoral provision through a blend of online and face-to-face engagement. Extracurricular activities have been offered where possible and there has been much success in this area since the start of the academic year 2021-22. All comments that follow need to be taken in the context of the Covid-19 environment, as it has changed over the last year.

The Academy's most significant activity is the provision of a seven-year academic programme to 160 (PAN 120) academically selected children each year at 11+, with the exception of Year 11 only for 2020-21 (125), 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 normally 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.

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 circus skills. The Academy also encourages its students in raising funds for local, national and international charities.

The Academy reaches out to the wider community by contributing to the training of student teachers, in partnership with, amongst others, 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 Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy will not discriminate directly, indirectly, harass, 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



Trustees' Report (Continued)

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 Trustees, 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.

Strategic Report

Achievements and Performance

In the face of the COVID -19 pandemic, the Academy continues its excellent reputation for academic achievement combined with strong pastoral care. The impact of the covid-19 pandemic has affected our usual extensive range of curriculum enrichment and extra- curricular activities. Details of what has been provided are below. Key indicators of academic achievement are not available for the year 2020-21 as a result of GCSE and A level results being based on teacher assessment grades (TAGS). 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 lessons delivered through Zoom and Teams. The Academy rapidly developed its capacity for online delivery of resources and maintained this until the end of the year. Staff are now confident in delivering lessons in the Academy and online so that students isolating but well enough to study are able to attend their normal curriculum remotely. Staff who are also absent due to Covid-19 but well enough to deliver lessons can do so via Teams to the students in school. The academy is also starting a programme of introducing ipads for learning into the school, initially with a pioneer group of staff so that within 2 years the first two cohorts of students and all staff will be using ipads in lessons and at home. This will greatly strengthen our capacity to provide blended or fully remote learning more efficiently.

All members of the teaching staff are highly qualified specialists in their subjects and an outstanding team of support staff who are exceptionally loyal complements their work. The Academy was over-subscribed again this year for September 2020 entry with 307 children taking the entrance test and 207 nominating us as their first preference for 160 places. Trustees had taken the decision to admit an additional 32 students into Year 7 several years ago, on a temporary basis raising the PAN to 160. This was agreed again so the total number of places offered for September entry 2020 was 160. Most of our sixth form students gained places at



Trustees' Report (Continued)

Universities in August 2021 with four students going to Oxford and one to Cambridge. Many of the other places were at Russell Group universities. Entry into Year 12 was in line with previous years at 114.

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 foreseeable future. Lockdown from March 2019 obviously affected all aspects of school life. Having said this the following activities did take place from September 2020 to August 2021.

October 2020

Charity Bake Sale (Y8 Bubble)

November 2020

University Interview Evening (Online Event – ZOOM)

Children in Need (Within Bubbles)

December 2020

Food Bank Appeal (All Years – Non-uniform to purchase vouchers)

Carol Service (Virtual)

January 2021

No activities

February 2021

Primary Reading Project (Online)

March 2021

Return to School

April 2021

Sexual Harassment Assemblies

Easter Service (Virtual)

May 2021

Some sports fixtures (Athletics, Cricket, and Rounder's)

June 2021

Year 11 Duke of Edinburgh (No Camp) 4 days

Year 12 Earth Sciences Fieldwork

Year 9 Geography Fieldwork

Year 10 Geography Fieldwork

July 2021

Drama Practical Assessments Year 10

Medieval Day for Year 7

Y13 Gold Duke of Edinburgh (External provider but arranged by school)

Virtual Discovery Day

Summer Service (Virtual)



Trustees' Report (Continued)

Sporting activity was also restricted and effectively stopped. Music and school performances were also stopped. Many students were able to perform at the Carlisle Music Festival prior to lockdown and some produced excellent results. There has also been enthusiastic participation in student voice activities including School Council meetings when possible during the year.

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.

We have taken a very proactive role over the last few 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. Last 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. Much of this work was carried out remotely but where possible visits to catchment primaries were made and links strengthened. The Head Teacher visits our catchment primary schools as far as is possible 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 and Discovery Day were cancelled with virtual tours posted on the school website, with an increase in applications and numbers taking the entrance test. Parents' Evenings have been moved to online events with great success. It is intended to continue with online Parents' Evenings into 2021-22.

Key Performance Indicators

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

The latest available attendance figures are from autumn 2020:

This data relates to absences during the coronavirus (COVID-19) pandemic and should not be compared directly to previous years. There were 3,059 sessions missed by pupils not attending in circumstances related to coronavirus (COVID-19) – these did not count as absence within the data.

- Overall absence in autumn 2020 (2.9%) was in the lowest 20% of all schools.
- Persistent absence in autumn 2020 (4.8%) was in the lowest 20% of all schools.
- The rates of overall absence (2.9%) and persistent absence (4.8%) in autumn 2020 were in the lowest 20% of schools with a similar level of deprivation.

Going Concern

After making appropriate enquiries the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. Post year end the ESFA issued an initial assessment based on an investigation which has been conducted over the past two years and is still ongoing as at the date of signing the financial statements. This assessment provided for a potential repayment of Condition Improvement Funding amounting to £1,502,393 to the ESFA. This amount is still disputed by the Trustees however the Trustees believe it is prudent to recognise this liability within the accounts for the year ended 31 August 2021.



Trustees' Report (Continued)

The Academy successfully bid for monies as part of the Government's Condition Improvement Fund (CIF). The first projects in 2016/2017 were to upgrade boilers and heating, windows and roofing and life safety. The value of these three projects was £1,434,603. The amounts classified as ineligible costs by the ESFA to be repaid are £313,823 under these three projects. A further bid in 2017/2018 was to replace the 1950's temporary timber mobiles in a defective condition. The value of the project was £1,241,894 and the build cost was £1,188,570 with £16,422 held on retention and £35,900 already returned to the ESFA. This full project being classified as ineligible by the ESFA.

The ongoing discussions with the ESFA are for a total liability of £1,502,393 (being £313,823 and £1,188,570). Although the final amount of the payment or the repayment terms have yet to be agreed, this liability has been included as a creditors falling due within 1 year, therefore the balance sheet reflecting a net current liabilities position as at 31 August 2021. The Academy continues to discuss whether this liability is valid with the ESFA.

The student population of the Academy continues to grow with a further year of growth in year 7 and continued interest in 6th Form. The costs of the Academy are well managed and with a sustainable repayment schedule for the disputed debt the Trustees are confident that the Academy is able to meet its financial obligations. During the past two years the Governance and the Management of the Academy has been strengthened and these changes have been reflected in the School Resource Management Self-Assessment Tool Checklist. The Trustees are fully up to date with the financial aspects of the Academy taking a keen and watching eye through regular meetings and updates over and above those already undertaken as part of the governing cycle.

The result of the decision by the ESFA has raised concerns surrounding the going concern assessment made by the Trustees however the Trustees are committed to monitoring costs and to working with the ESFA on a solution that will ensure the future provision of the Academy. 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 for 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 2021 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 2019), 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 2021, the total income was £3,629,132 and the total expenditure was £5,248,856 resulting in a deficit before transfers and other gains and losses of £1,619,724.

At 31 August 2021, the net book value of tangible fixed assets was £7,769,129 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.



Trustees' Report (Continued)

At 31 August 2021, the Academy had total funds of £4,455,569. This comprised of the following:

Restricted general funds	£(1,398,995)
Restricted asset funds	£7,800,336
Pension fund deficit	£(2,162,000)
Unrestricted funds	£216,228

The Academy continues to look closely at budget areas in order to monitor this going forward.

Over the past two years the Trustees of the Academy have worked in good faith to prepare and present evidence to the ESFA to ensure that the ongoing investigation into the spending of the CIF monies has been conducted using all available accurate information. It is the view of the Trustees that the monies for the new building were appropriately and correctly awarded and expended in line with guidelines of the CIF bid. The Academy engaged specialist consultants to provide professional guidance and advise the Academy at all points in the process and the Trustees relied on this specialist advice. It is the recognition of the assessment raised by the ESFA which has been classified as an in-year expenditure which has resulted in restricted general funds being shown as a deficit as at 31 August 2021.

Built into the budget for 2020/21 was a substantial amount of expenditure to cover the extra costs associated with COVID-19. However, the budget was balanced to include the extra costs and the reduction in income. To keep the school community safe the school invested in the following areas:

- Two temporary toilet blocks to ensure that year group bubbles do not mix and this expenditure has included into 2021/22
- Extra cleaning provision was implemented with the introduction of a daytime cleaner and the fogging of all school buildings each weekend.
- Extra provision of cleaning materials to keep the school safe and to allow students to access a broad, balanced and ambitious curriculum, as signaled 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 resources were not shared. The school is following the guidance from CLEAPSS.
- Extra costs were also incurred in setting up the school for lateral flow testing and PCR testing. School staff with the support of Trustees and Cumbria Fire and Rescue Service completed the testing in-house.

The pandemic also impacted income for a number of other areas including catering, the renting of school facilities and pupil performances, but the loss of income has overall been offset by a comparable reduction in cost. However, 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 £200,000, 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.



Trustees' Report (Continued)

The value of free reserves held at 31 August 2021 was £203,172, being the unrestricted funds of £216,228 less designated funds of £13,056. This is an increase of £13,659 on unrestricted funds. The value of other general reserves was a deficit of £1,398,995.

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

As noted above the deficit of restricted general funds is solely as a result of the recognition of the CIF repayment assessment raised by the ESFA which Trustees have included within the financial statements to the year ended 31 August 2021 on a prudent basis.

The Academy holds a deficit on the local government pension scheme of £2,162,000. In the event of the closure of the Academy, the DfE would meet this deficit.

Total funds amounted to £4,455,569 at 31 August 2021, representing the free reserves, the restricted general reserve, pension reserve and restricted fixed asset funds of £7,769,129. 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 Memorandum and Articles of Association govern the Trustees investment powers. 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 Trustees to invest, in the name of the Academy, such part of the funds of the Academy as they may see fit and to direct

The sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the objects specified in the Academy's Memorandum of Association.

Principal Risks and Uncertainties

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

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 Trustees 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'.
4. The result of the decision of the ESFA over the potential liability of £1,502,393 presents a risk to the Academy. The dialogue with the ESFA is ongoing and further evidence has recently been presented to the ESFA. If the validity of the liability cannot be overturned the Academy will look to secure an affordable payment plan over the lifetime of the building.



Trustees' Report (Continued)

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. The academy trust does not use any external fundraisers. The Trustees monitored all fundraising undertaken during the year.

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 2019-20 and 2020-21. Even allowing for the introduction of Teacher Assessed Grades (TAGS) 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 two full years 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. At A level we will also aim to improve upon our value added from 2019 of 0.0, which placed us within the average of Sixth Form Providers nationally. 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 has become an Ofsted Inspector in preparation for this change and has a greater insight into what is expected during an inspection.

In order to maintain close contact with parents the academy has purchased Schoolcloud, a web-based parents' evening tool that facilitates video appointments. This has been used for all Parents' Evening throughout 2020-21 with great success and will become routine for future parents evenings with or without lockdown as the events were much more efficient and effective than face-to-face meetings.

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. Ofsted figures confirm that QEGS, in 2018/19 (latest date for which figures are available) received £1,213,672 less than the national average for secondary schools.

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



Trustees' Report (Continued)

The Leadership Team and an increase of staff contact time from 85% to 87% has affected the efficiency of the school's delivery and this will be closely monitored. Given the increasing student roll, it was decided that the capacity of the leadership group required expansion. To this end, an extra Assistant Head teacher was recruited to start in September 2021. 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 did have a negative effect on student and staff wellbeing throughout the school. Staff were moving to the students in the teaching space rather than the students moving to the staff. This movement around school impacted on the school day for teaching staff, staff had to take their resources with them and they were away from their dedicated teaching space, apart from those in laboratories, DT workshops, Food and Nutrition rooms and Art. Many rooms were affected by the lack of displays and student work. However, despite the challenges the staff morale around the school remained positive.

Continuing Professional Development

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

Sites, buildings and facilities.

During 2020/2021, the school has been able to make a number of improvements to the school buildings and school site

- The roof above the history rooms were repaired and new hoppers, down pipes and drains were fitted
- Pavilion roof repairs were started
- New opening to the boundary wall
- Complete redesign and refurbishment of IT3
- Collapsed pipe in the playing fields
- General painting and decorating around the school both inside and outside
- Ongoing processes of fitting LED lights
- Demolition of the two temporary buildings.



Trustees' Report (Continued)

Due to COVID 19 a number of extra measures have been put in place to ensure that the whole community remained safe. These are detailed in earlier in the report. They include the addition of a further toilet blocks, wall mounted and tabletop 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 continues have the majority of measures in place.

The Academy has implemented various robust risk assessments to manage the control of the virus in school. All staff were trained and updated on the risk assessments and the risk assessment are available on the school website. The school 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 reviewed on a regular basis and updated as appropriate. The process has been very fast moving and dynamic, as the school has responded in line with both Government and local authority 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 Trustees are aware:

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

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 26/5/22..... and signed on the board's behalf by:

MRS T BOVING-FOSTER
Chair of Trustees



Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees’ Report and in the Statement of Trustees’ Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<u>Trustees</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
T Boving-Foster (Chair of Trustees)	7	7
PE Buckland (Head teacher and Accounting Officer)	7	7
AC Worth (Staff Trustee)	5	7
CM Hansford	7	7
J Jenkins	7	7
KA Rae	6	7
R Shephard (Resigned 31.08.21)	4	7
J Mills	7	7
M Bauer	5	7
P Airey	6	7
J Ray	7	7
M Worrall	7	7
G Miller	5	7

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

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

The Board of Trustees completed a formal review recommended by the National Governance Association (NGA) in June 2020 to identify skills needed by Trustees during the financial year. The results of this were analysed in a Full Board of Trustees meeting to ensure that any future recruitment would address any skill gaps. The Board of Trustees has remained stable in terms of its members and has the required number of



Governance Statement (Continued)

Trustees, but, if possible, a new Trustee 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 Trustees are encouraged to undertake modules via a Governor's E-Learning online system, which introduces governance and 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 Board of Trustees. Its purpose is to allocate and monitor financial resources effectively and efficiently in line with the Academies Accounts Direction 2020/21 in order to meet the short, medium and long term objectives of the Academy.

Attendance at meetings in the year was as follows:

<u>Trustees</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
KA Rae (Chair of Finance & Pay)	6	6
PE Buckland (Head teacher and Accounting Officer)	5	6
R Shephard	1	6
J Ray	6	6
P Airey	5	6
T Boving-Foster (Chair of Trustees)	6	6
M Worrall	5	6
G Miller	6	6

Over the past few years the Trustees have continued to strengthen the breadth of knowledge and expertise amongst the Trustees. This expertise has helped the Academy work closely with the leadership in the school and act as a critical friend to ensure compliance and this is reflected in the School Resource Management Self-Assessment Tool Check list and also the rewriting of the Financial Procedures Manual (learning lessons from the dealings with the ESFA) together with systematic and regular reviews by the Finance and pay Committee (including regular Internal Audits) and also the Full Trustees Body.

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 Board of Trustees where value for money can be improved, including the use of benchmarking data or by using a framework 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 7-9, including English and Maths. This figure was 97% in 2019. Results from 2020 or 2021 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. No further data is available due to the pandemic.



Governance Statement (Continued)

- **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 the past in attracting a number of clubs and organisations to enjoy using the enhanced sport facilities; however, this has been greatly curtailed this year.
- **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 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. The governing body regularly reviews this process.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and 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 Board of Trustees has considered the need for a specific internal audit function and has decided:

On a six monthly basis, the reviewer reports to the Board of Trustees, through the Finance & Pay Committee on the operation of the systems of control and on the discharge of the Board of Trustees' Financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. As part of each audit, the reviewer spends the day in school with the Finance team and carries out deep dive reviews of specific areas. The areas for review are randomly selected and includes reviews of income, expenditure and reporting. During the current year, the review areas have specifically included salaries and payroll, the processes for obtaining quotes for work and also reviewing and



Governance Statement (Continued)

amending where appropriate the financial procedures. From 1st September 2021 the reviewer will report to the Risk and Audit Committee.

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
- The School Business Manager

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 Trustees on 26/5/22..... and signed on its behalf by:

MRS T BOVING-FOSTER
Chair of Trustees

MR PE BUCKLAND
HeadTeacher / Accounting Officer



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 2020

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 2020.

I confirm that no instances of material irregularity have occurred but would draw your attention to the details below.

After the 31 August 2021 year end the ESFA issued an initial assessment based on the investigation which has been conducted over the past two years which resulted in the Academy's accounts being modified for that two year period as the potential liability was not known. This has now resulted in a potential repayment of £1,502,393 to the ESFA which is still disputed but the Trustees believe it is prudent to recognise this liability in the accounts to 31 August 2021. The Trustees continue to question of the validity of this liability and are in dialogue with the ESFA.

.....
MR PE BUCKLAND
HeadTeacher / Accounting Officer



Statement of Trustees' Responsibilities

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020/21
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 26/5/22.....and signed on it's behalf by

MRS T BOVING-FOSTER
Chair of Trustees



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

Opinion

We have audited the financial statements of Queen Elizabeth Grammar School Penrith for the year ended 31 August 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 opinion.



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

Material uncertainty related to going concern

We draw your attention to note 31 in the financial statements, regarding the repayment of CIF monies to the ESFA. As yet the ESFA have not confirmed the repayment terms of the £1,502,393 however the Trustees have prudently included the full amount as a creditor being owed within one year. As stated in note 31, these events and availability of the necessary cashflow to make this repayment indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The trustees 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 Trustees 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (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 trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which the audit was considered capable of detecting irregularities including fraud

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with trustees and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- To address the risk of fraud through management bias and override of controls, we:
 - performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
 - investigated the rationale behind significant or unusual transactions

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;

Queen Elizabeth Grammar School Penrith

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

- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators including the Charities Commission, ESFA and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

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

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: 30/5/22.....



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 2020/21, 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 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020/21. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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



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, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

As referred to within the Accounting Officer's Statement on Regularity, Propriety and Compliance the school has been in discussions with the ESFA following an initial assessment of a potential liability of £1,502,393 based on an investigation that is still ongoing, regarding the spending of the Condition Improvement Funding. The trustees have included this potential liability to be prudent but are still in discussions with the ESFA regarding the validity of the findings from their investigation.

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: 30/5/22.....



**Statement of Financial Activities
for the year ended 31 August 2021**

(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and capital grants	3	-	3,360	30,262	33,622	46,987
Charitable activities:						
Funding for the academy trust's educational operations	4	130,242	4,933,605	-	5,063,847	4,616,329
Other trading activities	5	17,219	16,386	-	33,605	86,090
Investments	6	451	-	-	451	1,826
Total		147,912	4,953,351	30,262	5,131,525	4,751,232
Expenditure on:						
Raising funds		(5,902)	(32,888)	-	(38,790)	(43,786)
Charitable activities:						
Academy trust educational operations	7,8	(144,062)	(4,899,782)	(166,222)	(5,210,066)	(5,045,807)
Total		149,964	4,932,670	166,222	5,248,856	(5,089,593)
Net income / (expenditure)		(2,052)	20,681	(135,960)	(117,331)	(338,361)
Extraordinary items	9		(1,502,393)	-	(1,502,393)	-
Transfer between funds	18	15,711	(40,830)	25,119	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension scheme	18, 28	-	50,000	-	50,000	(176,000)
Net movement in funds		13,659	(1,472,542)	(110,841)	(1,569,724)	(514,361)
Reconciliation of funds						
Total funds brought forward		202,569	(2,088,452)	7,911,176	6,025,293	6,539,654
Total funds carried forward		216,228	(3,560,994)	7,800,335	4,455,569	6,025,293



**Statement of Financial Position
as at 31 August 2021**

Company number: 07584063

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	13		7,769,129		7,880,262
Current assets					
Stock	14	4,429		4,595	
Debtors		141,170		201,442	
Cash at bank and in hand	15	602,983		386,630	
		<u>748,582</u>		<u>592,667</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	(1,814,755)		(252,714)	
		<u></u>		<u></u>	
Net current assets			(1,066,173)		339,953
Total assets less current liabilities			<u>6,702,956</u>		<u>8,220,215</u>
Creditors: Amounts falling due after more than one year	17		(85,387)		(86,922)
			<u></u>		<u></u>
Net assets excluding pension liability			6,617,569		8,133,293
Defined benefit pension scheme liability	28		(2,162,000)		(2,108,000)
			<u></u>		<u></u>
Total net assets			<u>4,455,569</u>		<u>6,025,293</u>
Funds of the academy trust:					
Restricted funds					
- Fixed asset funds	18	7,800,335		7,911,176	
- Restricted income fund	18	(1,398,994)		19,548	
- Pension reserve	18	(2,162,000)		(2,108,000)	
		<u></u>		<u></u>	
Total restricted funds			5,741,734		5,822,724
Unrestricted income funds	18		216,228		202,569
			<u></u>		<u></u>
Total funds			<u>4,455,569</u>		<u>6,025,293</u>

The financial statements were approved by the Trustees and authorised for issue on 20/5/22 and are signed on their behalf by:-

MRS T BOVING-FOSTER
Chair of Trustees

MR PE BUCKLAND
Head Teacher/Accounting Officer



**Statement of Cash Flows
for the year ended 31 August 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	219,115	(90,825)
Cash flows from financing activities	23	(2,166)	(3,380)
Cash flows from investing activities	24	(596)	17,087
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		216,353	(77,118)
		<hr/>	<hr/>
Cash and cash equivalents at 01 September 2020		386,630	463,748
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2021	25	602,983	386,630



Notes to the Financial Statements for the year ended 31 August 2021

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 2020/21 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. As disclosed in the Trustees' Report and Note 31 to these financial statements, the ESFA assessment raised in respect of the Condition Improvement Funding grants has been included within liabilities falling due within one year at the year end. This has resulted in a net current liability position of £1,066,173 at the year end date. The Trustees have taken the decision to recognize this liability as being fully repayable within one year due to the lack of a formal agreement of repayment terms with the ESFA as well as the continuity of discussions regarding the validity of the liability. The Trustees are confident if the full amount is ultimately repayable that with reasonable repayment terms being agreed with the ESFA they will have sufficient funds available to meet those liabilities as they fall due. The operational forecasts for the next 12 months shows that a sufficient surplus will be generated to meet any reasonable repayments requested. Due to these circumstances the Trustees believe it is appropriate to consider the Academy Trust a going concern for the period of 12 months from the date of signing these 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.



Notes to the Financial Statements for the year ended 31 August 2021 (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'.



Notes to the Financial Statements for the year ended 31 August 2021 (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, individually, 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 Statement of Financial Position 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 Statement of Financial Position. 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.



Notes to the Financial Statements for the year ended 31 August 2021 (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.



Notes to the Financial Statements for the year ended 31 August 2021 (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.



Notes to the Financial Statements for the year ended 31 August 2021 (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 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.



Notes to the Financial Statements for the year ended 31 August 2021 (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 27, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 valuation 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 29.



Notes to the Financial Statements for the year ended 31 August 2021 (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 2021 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 2021.

3 Donations and capital grants

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 £
Capital grants	-	20,594	20,594	20,155
Other donations	3,360	9,668	13,028	26,832
	3,360	30,262	33,622	46,987

The income from donations and capital grants was £33,622 (2020: £46,987) of which £3,360 was restricted (2020: £NIL) and £30,262 was restricted fixed assets (2020: £46,987)

Queen Elizabeth Grammar School Penrith

Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

4 Funding for the academy trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020* £
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,489,468	4,489,468	4,122,236
Pupil Premium	-	28,637	28,637	29,555
Teachers' Pension grant	-	180,772	180,772	175,222
Other DfE / ESFA grants	-	65,298	65,298	27,653
	-	4,764,175	4,764,175	4,354,666
Other government grants				
Local authority grants	-	25,019	25,019	7,405
COVID-19 additional funding (DfE / ESFA)				
Catch-up premium	-	58,320	58,320	-
Other DfE/ESFA COVID-19 funding	-	(1,633)	(1,633)	12,810
COVID-19 additional funding (non DfE / ESFA)				
Coronavirus Job Retention Scheme grant	-	9,441	9,441	25,169
Other COVID-19 funding	-	43,240	43,240	-
	-	134,387	134,387	45,384
Other income from the academy trust's educational operations	130,242	35,043	165,285	216,279
	130,242	4,933,605	5,063,847	4,616,329

The funding for the academy trust's educational operations was £5,063,847 (2020: £4,616,329) of which £130,247 was unrestricted (2020: £157,133) and £4,933,605 was restricted (2020: £4,459,197).

- The academy received £58,320 of funding for catch-up premium and costs incurred in respect of this funding totalled £45,284 with the remaining £13,036 to be spent in 2021/22.
- The academy furloughed some of its catering and site staff under the government's CJRS. The funding received of £9,441 (2020: £25,169) relates to staff costs in respect of 7 staff (2020: 7 staff) which are included within note 9 below as appropriate.

*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium and Teachers Pension grant is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Hire of facilities	5,688	-	5,688	18,615
Income from other charitable activities	8,056	420	8,476	25,353
Income from ancillary trading activities	3,475	15,966	19,441	42,122
	<hr/> 17,219	<hr/> 16,386	<hr/> 33,605	<hr/> 86,090

The income from other trading activities was £33,605 (2020: £86,090) of which £17,219 was unrestricted (2020: £49,405) and £16,386 was restricted (2020: £36,685).

6 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Short term deposits	451	-	451	1,826
	<hr/> 451	<hr/> -	<hr/> 451	<hr/> 1,826

The income from investment income was £451 (2020: £1,826) all of which was unrestricted.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

7 Expenditure

	Staff Costs £	Premises £	Other £	Total 2021 £	Total 2020 £
Expenditure on raising funds:					
Direct costs	3,502	-	35,288	38,790	43,786
Academy's educational operations:					
Direct costs	3,481,743	-	337,311	3,819,054	3,670,640
Allocated support costs	707,349	387,598	296,065	1,391,012	1,375,167
	<u>4,192,594</u>	<u>387,598</u>	<u>668,664</u>	<u>5,248,856</u>	<u>5,089,593</u>

Net income / (expenditure) for the period includes:

	Total 2021 £	Total 2020 £
Operating lease rentals	10,120	14,823
Depreciation	142,441	145,673
Fees payable to auditor for:		
- audit	8,850	8,800
- other services	4,913	6,150
	<u>156,324</u>	<u>275,446</u>

8 Charitable activities

	Total 2021 £	Total 2020 £
Direct costs – educational operations	3,819,054	3,670,640
Support costs – educational operations	1,391,012	1,375,167
	<u>5,210,066</u>	<u>5,045,807</u>

Analysis of direct costs

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Direct staff costs	-	3,481,743	3,481,743	3,332,369
Books, Apparatus and Stationery	-	64,620	64,620	41,650
Examination fees	-	80,080	80,080	87,148
Trip costs	-	15,764	15,764	32,900
Other direct costs	-	34,406	34,406	30,900
Depreciation	-	142,441	142,441	145,673
Total direct costs	<u>-</u>	<u>3,819,054</u>	<u>3,819,054</u>	<u>3,670,640</u>



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

8 Charitable activities (Continued)

Analysis of support costs

	Unrestricted £	Restricted £	Total 2021 £	Total 2020 £
Support staff costs	71,367	635,982	707,349	759,084
Technology costs	-	83,985	83,985	67,579
Premises costs	-	387,598	387,598	334,490
Legal costs - other	-	7,582	7,582	7,210
Other support costs	72,695	112,120	184,815	186,481
Governance costs	-	19,683	19,683	20,323
Total support costs	144,062	1,246,950	1,391,012	1,375,167

The expenditure on the Academy's educational operations was £5,248,856 (2020: £5,089,593) of which £149,964 was unrestricted (2020: £169,149), £4,932,670 was restricted (2020: £4,754,119) and £166,222 as restricted fixed assets (2020: £166,325).

9 Extraordinary items

	Total 2021 £	Total 2020 £
Repayment of CIF monies	1,502,393	-
	1,502,393	-

After the 31 August 2021 year end the ESFA issued an initial assessment based on an investigation which has been conducted over the past two years. This has resulted in a potential repayment of £1,502,393 to the ESFA which is still part of an ongoing discussion but the Trustees believe it is prudent to recognise this liability in the accounts as at 31 August 2021. Currently a repayment schedule has not yet been agreed and therefore this liability has been included as a creditor falling due within 1 year as at the year-end date.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

10 Staff

a. Staff costs

Staff costs during the period were:

	Total 2021	Total 2020
	£	£
Wages and salaries	3,044,263	2,905,024
Social security costs	300,079	285,659
Operating costs of defined benefit pension schemes	811,093	847,307
	<hr/>	<hr/>
Supply staff costs	4,155,435	4,037,990
Agency staff	37,159	30,407
Staff restructuring costs	-	-
	<hr/>	<hr/>
	4,192,594	4,094,296
	<hr/>	<hr/>
Staff restructuring costs comprise:		
Severance payments	-	25,899
	<hr/>	<hr/>

b. Non statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £Nil (2020: £25,899). Individually the payments were £Nil (2020: £25,899).

c. Staff numbers

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

	Total 2021	Total 2020
	£	£
Teachers	62	62
Administration and support	45	44
Management	5	6
	<hr/>	<hr/>
	112	112
	<hr/>	<hr/>



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

10 Staff (Continued)

d. Higher paid staff

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

	Total 2021	Total 2020
	£	£
£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 trustees and the senior leadership team as listed on page 3. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £437,853 (2020: £525,124).

11 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 trustees 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 trustees' remuneration and other benefits was as follows:

PE Buckland (Head Teacher and trustee):

- Remuneration £95,000 - £99,999 (2020: £95,000 - £99,999)
- Employer's pension contributions paid £20,000 - £24,999 (2020: £20,000 - £24,999)

AC Worth (staff trustee):

- Remuneration £50,000 - £54,999 (2020: £50,000 - £54,999)
- Employer's pension contributions paid £10,000 - £14,999 (2020: £10,000 - £14,999)

A Martin (staff trustee, resigned 1 September 2020):

- Remuneration £0 (2020: £45,000 - £49,999)
- Employer's pension contributions paid £0 (2020: £10,000 - £14,999)

During the period ended 31 August 2021 travel and subsistence expenses totaling £Nil were reimbursed or paid directly to trustees (2020: £Nil).



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

12 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2021 provides cover up to £10,000,000 (2020: £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.

13 Tangible fixed assets

	Leasehold Land and Buildings £	Freehold Land and Buildings £	Furniture and Equipment £	Computer Hardware £	Motor Vehicles £	Total £
Cost						
At 1 September 2020	8,864,463	32,000	237,940	390,247	49,066	9,573,716
Additions	25,119		6,190	-	-	31,309
Disposals			(3,720)	-	-	(3,720)
At 31 August 2021	8,889,582	32,000	240,410	390,247	49,066	9,601,305
Depreciation						
At 1 September 2020	1,054,092	32,000	212,793	356,062	38,507	1,693,454
Charged in year	107,360	-	13,038	15,375	6,668	142,441
Disposals	-	-	(3,720)	-	-	(3,720)
At 31 August 2021	1,161,452	32,000	222,111	371,437	45,175	1,832,175
Net book values						
At 31 August 2020	7,810,371	-	25,147	34,186	10,557	7,880,262
At 31 August 2021	7,745,730	-	18,299	18,810	3,891	7,769,129
Leasehold property includes:					Total	Total
					2021	2020
					£	£
Buildings					6,689,582	6,664,463
Land					2,200,000	2,200,000
					8,889,582	8,864,463

The leasehold land and buildings were valued in November 2011 by Penrith Farmers' and Kidds' PLC, Chartered Surveyors, on the basis of depreciated replacement cost for existing use. In the Trustees' opinion this valuation is still appropriate at 31 August 2021.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

13 Tangible fixed assets (continued)

Source of funding for assets acquired

	Total 2021 £	Total 2020 £
Devolved formulae capital	-	9,252
Restricted general funds	25,119	5,643
Unrestricted general funds	-	-
Third party donations	6,190	16,831
	<hr/> 31,309	<hr/> 31,726

14 Stock

	Total 2021 £	Total 2020 £
Stationery, catering and other stock	4,429	4,595
	<hr/> 4,429	<hr/> 4,595

15 Debtors

	Total 2021 £	Total 2020 £
Trade debtors	5,482	3,149
VAT recoverable	30,069	23,235
Other debtors	4,680	4,839
Prepayments and accrued income	100,939	170,219
	<hr/> 141,170	<hr/> 201,442



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

16 Creditors: amounts falling due within one year

	Total 2021	Total 2020
	£	£
Trade creditors	84,502	78,011
Other taxation and social security	75,657	69,080
Public benefit concessionary loans	2,166	2,798
Other creditors	48,579	37,534
ESFA creditor – repayment of CIF monies	1,502,393	-
Accruals and deferred income	101,458	65,291
	<u>1,814,755</u>	<u>252,714</u>

Deferred income	Total 2021	Total 2020
	£	£
Deferred income at 01 September 2020	14,261	-
Released from previous years	(14,261)	-
Resources deferred in the year	14,261	14,261
	<u>14,261</u>	<u>14,261</u>
Deferred income at 31 August 2021	<u>14,261</u>	<u>14,261</u>

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £14,261 (2020: £14,261).

Public benefit concessionary loans represent three Salix loans totaling £2,166 (2020: £2,798). The Salix loans are repayable over 8 years and are interest free.

17 Creditors: amounts falling due in greater than one year

	Total 2021	Total 2020
	£	£
Public benefit concessionary loans	85,387	86,922
	<u>85,387</u>	<u>86,922</u>

Public benefit concessionary loans represent three Salix loans totaling £16,602 (2020: £18,137) and an ESFA loan of £68,785 (2020: £68,785). The Salix loans are repayable over 8 years and are interest free. The other ESFA loan is repayable over 10 years with an annual interest rate of 2.21%.

Included within the above are amounts not wholly repayable within 5 years and are repayable by instalments. Salix Loans totaling £5,052 (2020: £4,420) and other ESFA loans totaling £42,000 (2020: £42,000).



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

18 Funds

Analysis of movements in restricted funds

	Balance at 01 September 2020 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2021 £
Restricted general funds					
General annual grant (GAG)	-	4,489,468	(4,377,650)	(40,569)	71,249
CIF monies to be repaid	-	(1,502,393)	-	-	(1,502,393)
Pupil Premium	-	28,637	(28,637)	-	-
Teachers' Pension grant	-	180,772	(180,772)	-	-
Catch-up premium	-	58,320	(45,284)	-	13,036
Other DfE/ESFA COVID-19 funding	-	(1,633)	(144)	1,777	-
Coronavirus Job Retention Scheme grant	-	9,441	(9,441)	-	-
Other COVID-19 funding	-	43,240	(43,240)	-	-
Other grants	-	90,317	(90,317)	-	-
Elliot-Lees fund	1,999	-	-	-	1,999
Other donations/income	17,549	54,789	(53,185)	(2,038)	17,115
Pension reserve	(2,108,000)	-	(104,000)	50,000	(2,162,000)
	(2,088,452)	3,450,958	(4,932,670)	9,170	(3,560,995)
Restricted fixed asset funds					
Restricted Fixed Assets	7,880,262	-	(142,441)	31,309	7,769,129
DfE/ESFA capital grants	20,817	20,594	(14,510)	-	26,902
CIF projects 20/21	97	-	-	-	97
Third party donations	10,000	9,668	(9,272)	(6,190)	4,207
	7,911,176	3,481,220	(166,222)	25,119	7,800,335
Total restricted funds	5,822,724	4,983,613	(5,098,892)	34,289	4,239,340

The academy trust is carrying a net deficit of £1,182,767 on restricted general funds (excluding pension reserve) due to the inclusion of the ESFA assessment on the repayment of CIF monies. Additional information is included in the Trustees Report and Note 31 to the financial statements.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

18 Funds (Continued)

Analysis of movements in restricted funds – previous year

	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	-
Pupil Premium	-	29,555	(29,555)	-	-
Teachers' Pension grant	-	175,222	175,222	-	-
Catch-up premium	-	-	-	-	-
Other DfE/ESFA COVID-19 funding	-	12,810	(12,810)	-	-
Coronavirus Job Retention Scheme grant	-	25,169	(25,169)	-	-
Other COVID-19 funding					
Other grants	-	311,682	(313,493)	1,811	-
Elliot-Lees fund	1,999	-	-	-	1,999
Other donations/income	96,377	61,964	(61,818)	(78,973)	17,549
Pension reserve	(1,738,000)	-	(194,000)	(176,000)	(2,108,000)
	(1,633,934)	4,495,882	(4,754,119)	(196,281)	(2,088,452)
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 19/20	97	-	-	-	97
Third party donations	-	26,832	-	(16,832)	10,000
	8,024,871	46,987	(166,324)	5,642	7,911,176
Total restricted funds	6,390,937	4,542,869	(4,920,441)	(190,638)	5,822,724

Analysis of movements in unrestricted funds

	Balance at 01 September 2020 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2021 £
Total unrestricted funds	202,569	147,912	(149,964)	15,711	216,228

Analysis of movements in unrestricted funds - previous year

	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



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

18 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 2021. 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.
- e. The Academy successfully bid for monies as part of the Government's Condition Improvement Fund (CIF). The first projects in 2016/2017 were to upgrade the boilers and heating, windows and roofing and life safety. The value of the three projects was £1,434,603. The amounts identified by the ESFA to be returned is £313,823. A further bid in 2017/2018 was to replace 1950's temporary timber mobiles in a defective condition. The value of the project was £1,241,894 and the build cost was £1,188,570 with £16,422 held on retention and £35,900 already returned to the EFSA. The ongoing discussions with the ESFA are for a liability of £1,502,393 (being £313,823 and £1,188,570) to be repaid however this is still in the negotiation stage.

Transfers have been made for the following:

- a. The transfer out of the restricted general funds of £25,119 represents the balance of expenditure on fixed assets not funded by Devolved Formula Capital or third party donations, transferred to the Restricted fixed asset fund.
- b. The transfer from Restricted General funds to Unrestricted of £19,211 represents a contribution towards the catering costs of the school.
- c. The transfer from Unrestricted funds of £3,500 to Restricted General funds represents a contribution from the Mastery Math's designated fund towards staff costs.
- c. The transfer of £2,038 from other donations/income relates to the contributions towards trips running the 16-19 transport and excess income from trips inline with the academy's policy.
- d. The transfer of £1,777 to Other DfE/ESFA Covid-19 funding relates to an over estimate of accrued income in 2019/2020.

Comparative transfer details:

- 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.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

- 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.

19 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,769,129	7,769,129
Current assets	303,781	413,595	31,206	748,582
Current liabilities	(2,166)	(1,812,589)	-	(1,814,755)
Non-current liabilities	(85,387)	-	-	(85,387)
Pension scheme liability	-	(2,162,000)	-	(2,162,000)
Total net assets	216,228	(3,560,995)	7,800,335	4,455,569

Analysis of net assets between funds – previous year

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

20 Capital commitments

	Total 2021 £	Total 2020 £
Contracted for, but not provided in the financial statements	-	-
	-	-



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

21 Commitments under operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total 2021	Total 2020
	£	£
Amounts due within one year	7,080	8,814
Amounts due between one and five years	28,321	-
	35,401	8,814

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

	Total 2021	Total 2020
	£	£
Net income/(expenditure for the reporting period (as per the statement of financial activities))	(117,331)	(338,361)
Adjusted for:		
Extraordinary item	(1,502,393)	-
Depreciation	142,441	145,673
Capital grants from DfE and other capital income	(30,262)	(46,987)
Interest receivable	(451)	(1,826)
Defined benefit pension scheme cost less contributions payable	63,000	158,000
Defined benefit pension scheme finance cost	36,000	32,000
Defined benefit pension administration expenses	5,000	4,000
(Increase)/decrease in stocks	166	9,467
(Increase)/decrease in debtors	60,272	(84,281)
Increase/(decrease) in creditors	1,562,673	31,490
Net cash provided by/(used in) operating activities	219,115	(90,825)

23 Cash flows from financing activities

	Total 2021	Total 2020
	£	£
Repayments of borrowing	(2,166)	(3,380)
Cash inflow from new borrowing	-	-
Net cash provided by/(used in) financing activities	(2,166)	(3,380)



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

24 Cash flows from investing activities

	Total 2021	Total 2020
	£	£
Dividends, interest and rents from investments	451	1,826
Purchase of tangible fixed assets	(31,309)	(31,726)
Capital grants from DfE/ESFA	20,594	20,155
Capital funding received from others	9,668	26,832
Net cash provided by/(used in) investing activities	(596)	17,087

25 Analysis of cash and cash equivalents

	At 31 August 2021	At 31 August 2020
	£	£
Cash in hand and at bank	602,983	386,630
Total cash and cash equivalents	602,983	386,630

26 Analysis of changes in net debt

	At 01 September 2020	Cash Flows	At 31 August 2021
	£	£	£
Cash at bank and in hand	386,630	216,353	602,983
Loans falling due:			
Loans falling due within one year	(2,798)	632	(2,166)
Loans falling due after more than one year	(86,922)	1,535	(85,387)
Total cash and cash equivalents	296,910	218,520	515,430

27 Members liability

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

28 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



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

28 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%.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

28 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 £575,941 (2020: £543,113)

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 2021 was £210,000 (2020: £182,000), of which employer's contributions totalled £176,000 (2020: £153,000) and employees' contributions totalled £34,000 (2020: £29,000). 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.



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

28 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 2021	At 31 August 2020
Rate of increase in salaries	4.2%	3.9%
Rate of increase for pensions in payment/inflation	2.8%	2.5%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.7%	2.4%

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 2021	At 31 August 2020
Retiring today:		
Males	22.7	22.6
Females	25.3	25.2
Retiring in 20 years:		
Males	24.3	24.2
Females	27.2	27.1

Sensitivity analysis – (reduction)/increase in deficit

	At 31 August 2021 £	At 31 August 2020 £
Discount rate +0.1%	(88,000)	(78,000)
Discount rate -0.1%	90,000	123,000
Mortality assumption – 1 year increase	153,000	(79,000)
Mortality assumption – 1 year decrease	(148,000)	79,000
CPI rate +0.1%	90,000	(119,000)
CPI rate -0.1%	(88,000)	(78,000)



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

28 Pension and similar obligations (Continued)

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

	Fair Value At 31 August 2021 £	Fair Value At 31 August 2020 £
Equity instruments	999,000	705,000
Government bonds	438,000	395,000
Other bonds	-	4,000
Property	194,000	112,000
Cash/liquidity	97,000	197,000
Other	820,000	623,000
Total cash and cash equivalents	2,548,000	2,036,000

The actual return on scheme assets was £355,000 (2020: £-5,000).

Amount recognised in the statement of financial activities:

	At 31 August 2021 £	At 31 August 2020 £
Current service cost	(239,000)	(198,000)
Past service costs *	-	(113,000)
Net interest cost	(36,000)	(32,000)
Administration expenses	(5,000)	(4,000)
Total operating charge	(280,000)	(347,000)

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

	At 31 August 2021 £	At 31 August 2020 £
At 1 September	4,144,000	3,448,000
Current service cost	239,000	198,000
Interest cost	74,000	64,000
Employee contributions	34,000	29,000
Actuarial (gain)/loss	267,000	345,000
Benefits paid	(48,000)	(53,000)
Past service cost *	-	113,000
At 31 August	4,710,000	4,144,000



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

28 Pension and similar obligations (Continued)

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

	At 31 August 2021 £	At 31 August 2020 £
At 1 September	2,036,000	1,710,000
Interest income	38,000	32,000
Actuarial gain/(loss)	317,000	169,000
Administration expenses	(5,000)	(4,000)
Employer contributions	176,000	153,000
Employee contributions	34,000	29,000
Benefits paid	(48,000)	(53,000)
At 31 August	2,548,000	2,036,000

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	2021 £Nil (2020: £99,000)
GMP indexation	2021 £Nil (2020: £15,000)



Notes to the Financial Statements for the year ended 31 August 2021 (Continued)

29 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the 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

Mr C Hansford, a Trustee, is a Partner within Brabners LLP. The academy trust purchased legal advice from Brabners LLP totaling £8,482 (2020: £Nil) during the year including £1,768 within accrual at the year end. There were no amounts outstanding as at 31 August 2021. The academy trust made the purchase at arms' length following the academy's scheme of delegation and in accordance with its financial regulations, which Mr Hansford neither participated in, nor influenced. The purchase was undertaken at normal commercial rates since the 'at no more than cost' requirement is not applicable in accordance with section 5.55 of the Academies Financial Handbook since the services were being provided by an independent Partner within Brabners LLP.

30 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021 the trust received £19,690 (2020: £15,752) and disbursed £4,836 (2020: £3,347) from the fund. An amount of £27,258 (2020: £12,404) is included in other creditors relating to undistributed funds that is repayable to ESFA.

31 Going Concern

After the 31 August 2021 year end the ESFA issued an initial assessment based on an investigation which has been conducted over the past two years in respect of projects undertaken under the Condition Improvement Funding programme. This assessment has indicated a potential repayment of £1,502,393 to the ESFA for ineligible costs over a number of projects. This assessment is still part of an ongoing discussion with the ESFA and some of the findings are disputed by the Trustees. The Trustees believe it is prudent to recognise this liability in the accounts as at 31 August 2021. Although a repayment schedule has not yet been agreed, this liability has been included as a creditor falling due within one year.

The reserves of the academy are not sufficient to enable this liability to be settled within one year. However, the Academy continues to communicate with the ESFA and in the event that the payment cannot be overturned will agree a sensible payment schedule in line with the expected lifetime of the building.