

**Queen Elizabeth Grammar School Penrith  
(A Company Limited by Guarantee)  
Annual Report and Financial Statements  
Period 1 September, 2023 to 31 October, 2023**

Company Registration Number: 07584063 (England and Wales)



Queen Elizabeth Grammar School  
Penrith



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## Reference and Administrative Details

<b>Members</b>	M Robson M Fenton R Gall (Resigned 19.12.2023) N Page (Appointed 19.12.2023)
<b>Trustees</b>	S L McGrath N Page (Resigned 02.11.2023) M Pannone O Price-Jones (Resigned 05.11.2023) C Pyle M Robson (Chair of Governors) D G Sargent (Resigned 02.11.2023) N Ruddick D Marchant (Head Teacher & Accounting officer)
<b>Company Secretary</b>	J Grindrod
<b>Senior Leadership Team</b>	
<b>Head Teacher</b>	D Marchant
<b>Deputy Head</b>	RM Dawson
<b>Assistant Head</b>	S Nohavicka
<b>Assistant Head</b>	J Leech (Appointed 01.09.2023)
<b>Assistant Head</b>	N Marshall
<b>Senior Teaching</b>	
<b>– Safeguarding (temporary)</b>	C Munro (Appointed 01.09.2023)
<b>Acting School Business Manager</b>	R Rourke
<b>Company Name</b>	Queen Elizabeth Grammar School Penrith
<b>Principal and Registered Office</b>	Ullswater Road Penrith CA11 7EG
<b>Company Registration Number</b>	07584063 (England and Wales)
<b>Independent Auditor</b>	Saint & Co Old Police Station Church Street Ambleside LA22 0ST
<b>Bankers</b>	HSBC Bank plc Market Square Penrith CA11 7SN



## Trustees' Report

### Introduction

The Trustees present their report together with the financial statements and auditor's report of the charitable company for the period 1 September 2023 to 31 October 2023. The 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 1037 in the school census in October 2022 but the capacity has now been reviewed and updated to 1065.

### 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. 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. Due to ongoing discussions with the ESFA the DFE was not willing for the trust to update the Articles of Association. 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 can be. 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.



## Trustees' Report (Continued)

### 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.

The trust board resigned in full (with the exception of one parent Trustee) in December 2022. The Members subsequently appointed new trustees and an election was held to find an addition parent trustee and a staff trustee.

### Policies and Procedures Adopted for the Induction and Training of Trustees

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.

In September 2022, the Board of Trustees had two sub committees. The first was the finance and pay committee. This committee existed to allocate and monitor financial resources effectively and efficiently in line with the Academies Accounts Direction 2022/23 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.

Subsequent to the new trustees being appointed in December 2022, a temporary structure was adopted of a single board which oversaw all areas of the school collectively. It was envisaged that this board would remain in place until the school transferred into a multi-academy trust.

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.



## Trustees' Report (Continued)

All Trustees are appointed for a period of four years. The Board of Trustees has a Chair. The Chair of the Board of Trustees and 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 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 1<sup>st</sup> September of each year.

### Trade Union Facility Time

#### Relevant union officials

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1% - 50%	2
51% - 99%	-
100%	-

#### Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	£857,420
% of total pay bill spent on facility time	-

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours -%



## Trustees' Report (Continued)

### 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 Carlisle Secondary Learning Consortium (CSLC), Cumbria Association Of Secondary Head teachers (CASH) 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. Since Local Government Re-organisation, we have stopped participating in the Carlisle group of schools (CSLC) as this is based in Cumberland and therefore has separate policies and practices to us, based in Westmorland and Furness.

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

### Objectives and Activities

#### Objects and Aims

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

#### Objectives, Strategies and Activities

Our overall vision and strategy was updated at the Board of Trustees in January 2023, and the updated version is reflected below.

#### Aiming High

Students are encouraged to be independent, inquisitive learners and to explore ideas beyond and across their subject areas. A highly relevant, varied and challenging academic curriculum has been designed to meet the needs of our academically able student population. We passionately believe that the world our students will enter when they leave school will require them to be flexible and use their skills and expertise from a range of disciplines in order to be successful in their chosen career path.



## Trustees' Report (Continued)

### Thinking Beyond

We encourage students to be open-minded and engage critically with the world around them; educating them about both the opportunities and dangers that lie ahead of them. Students are offered a vast array of opportunities outside of the classroom; both curriculum linked and super-curricular. The opportunity to experience new places and cultures is an essential part of life at QEGS.

### Striving Together

Since QEGS was founded in 1564, the school has always sought to be active in the community it so proudly serves. QEGS is also a community in itself, founded on mutual respect and personal responsibility. The student population work collaboratively alongside staff, to support each other and ensure each individual is able to be as successful as possible. Success is widely celebrated at QEGS whether it be academic, sporting, creative, cultural personal or collective.

### 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.

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+ 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.



## Trustees' Report (Continued)

### **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 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

### **Notice to Improve**

Due to historic financial irregularities and the publication of a report by the Education and Skills Funding Agency in November 2022, the school was issued with a Notice to Improve (NTI) which placed a small amount of restriction on how the school conducted its financial operations and ordered the school to join a Multi Academy Trust. The NTI was lifted post year end when the academy joined Changing Lives Learning Trust.



## Trustees' Report (Continued)

### Strategic Report

#### Achievements and Performance

The Academy continues its excellent reputation for academic achievement combined with strong pastoral care. Our usual extensive range of curriculum enrichment and extra-curricular activities has now been restored, post pandemic. Key indicators of academic achievement are available in the report below based on 2022/23 and our headline progress score in that year was +0.45 at GCSE. At A Level the DfE are not using progress measures, this will return in 2023-24 although this is not available for the two month period. The trust continues to work on ensuring there are no attainment gaps between groups of students.

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 2023 entry with 289 children taking the entrance test. Trustees have agreed a new Admissions policy for September 2024 which prioritise students from disadvantaged backgrounds and those who live locally, while also cementing our PAN at 160 for each year group.

#### Curriculum

The school has embarked on a period of change, adopting a new school day of 5, 1 hour lessons and a revised curriculum model. This also places Personal Development at the heart of what we do by the introduction of a PSHE period every week for all students.

Entry into Year 12 for 2023/24 increased on previous years with entry of 126.

In the two month period a full programme of sporting fixtures was once again undertaken, with matches and competitions throughout.

Academic enrichment has continued again with the following activities having taken place in the period:

#### September 2023

Sponsored Walk

English trip to Macbeth

#### October 2023

Y12 London Drama trip

In extra-curricular activities the school has a wide range of sports and performing arts. Rugby, football, hockey, tennis and netball have been strong in all year groups and cross-country running attracts a large number of runners. The school acts as Badminton England's base in the North West providing our sports hall for weekly badminton coaching. There are plans to further develop the partnership between the school and Badminton England.

The school has a large orchestra, band, choirs and instrumental groups. A large number of students were involved in some way or another with the upcoming annual school stage production of Grease the Musical and in a variety of musical concerts coming up. There has also been continued enthusiastic participation in student voice activities including School Council meetings in the period.



## Trustees' Report (Continued)

Pupils have a strong moral conscience and have engaged in fund-raising activities even in this short period with the annual whole school sponsored walk.

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. Special Educational Needs provision has been given meticulous attention by our exceptional SENCo and pupils have received first class careers advice and guidance.

### Key Performance Indicators

#### Key Stage 4

	2019	2020*	2021*	2022	2023
	<i>Public Exams</i>	<i>Centre Assessed Grades</i>	<i>Teacher Assessed Grades</i>	<i>Public Exams</i>	<i>Public Exams</i>
Progress 8	0.24	0.23 <i>Estimated</i>	0.69 <i>Estimated</i>	0.35	0.45
Attainment 8	63.99	68.29	69.34	68.23	63.89
% age of students who achieved grade 4 or above in English & Maths	96.8	100	99.2	98.4	99.4
% age of students who achieved grade 5 or above in English & Maths	86.5	92.9	89.1	95.2	90
% age of students entering for the English Baccalaureate	82.5	67.7	64.8	56.8	60.1
% age of students who've achieved the English Baccalaureate	65.9	63.8	62.5	54.4	50.6
% age of students staying in education or employment after key Stage 4 (destinations)	99	100	100	100	99



## Trustees' Report (Continued)

### Key Performance Indicators

#### Key Stage 5

	2019	2020*	2021*	2022	2023
	<i>Public Exams</i>	<i>Centre Assessed Grades</i>	<i>Teacher Assessed Grades</i>	<i>Public Exams</i>	<i>Public Exams</i>
Progress QEGS students have made compared with students across the country - All level 3 Qualifications	0.24	0.37	0.57	0.27	Not being used by DfE in 2022-23
Progress QEGS students have made compared with students across the country - A Level Qualifications	0.28	0.41	0.58	0.32	Not being used by DfE in 2022-23
The average grade QEGS students achieve at KS5	B-	B+	B+	B+	B+
Retention – the proportion of students who get to the end of their study programme	99%	96.4%	96.2%	95%	97.5%
<b>Destinations at End of Year 13</b>					
University		77%	71%	73%	80%
Apprenticeship / Employment		2%	2%	3.5%	3%
Gap Year / Deferred Place		20.5	26%	19%	10%
College		0.5%	1%	3.5%	4%
Study Abroad		0	0	1%	3%



## Trustees' Report (Continued)

### Going Concern

The Academy successfully bid for monies as part of the Government's Condition Improvement Fund (CIF) in 2016/17 and 2017/18. The projects were to upgrade boilers and heating, windows and roofing and life safety, and the replacement of the 1950's temporary timber mobiles in a defective condition.

In November 2022 the ESFA issued a report making the school liable for £1,502,393, being £269,194 overclaimed for the boilers and heating, £1,204,779 overclaimed for the replacement of timber mobiles and £28,420 overclaimed for life safety and statutory compliance. Although the repayment terms have yet to be agreed, this liability has been included as a creditor falling due within 1 year, therefore the balance sheet reflects a net current liabilities position as at 31 October 2023. The Academy has received assurance from the ESFA that the repayment plan will not be to the detriment of current children.

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.

Also in November 2022, the ESFA issued the school with a Notice to Improve, which included that by the end of the next financial year, and no later than 31<sup>st</sup> May 2023, the school was expected to join a Multi Academy Trust and that the current company would no longer exist.

The transfer to a Multi Academy Trust will include all educational operations including staff members via TUPE rules, fixed assets, local government pension scheme liabilities and the liability to repay the CIF monies to the ESFA. A repayment profile of the CIF monies is also a requirement of the Notice to Improve and will be agreed as part of the future transfer plans to a Multi Academy Trust.

The transfer to a Multi Academy Trust has taken place post year end on 1<sup>st</sup> November 2023. The Notice to Improve was lifted post year end as part of this and a repayment plan was agreed with Changing Lives Learning Trust.

At the 31<sup>st</sup> October 2023, the Board of Trustees had a reasonable expectation that the academy trust had adequate resources to continue in operational existence until the transfer to a Multi Academy Trust took place and that the academy is a going concern in terms of its operations.



## Trustees' Report (Continued)

### 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 October 2023 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 period ending 31 October 2023, the total income was £1,142,737 and the total expenditure was £1,141,267 resulting in a surplus before transfers and other gains and losses of £1,470.

At 31 October 2023, the net book value of tangible fixed assets was £7,557,216 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

At 31 October 2023, the Academy had total funds of £6,726,232. This comprised of the following:

Restricted general funds	(£1,172,247)
Restricted asset funds	£7,557,313
Pension fund deficit	£0
Unrestricted funds	£341,166

Over the past three years the Trustees of the Academy have worked in good faith to prepare and present evidence to the ESFA to ensure that the investigation into the spending of the CIF monies has been conducted using all available accurate information. It is the recognition of the assessment raised by the ESFA which has been classified as a creditor due in under one year which has resulted in a net current liability position as at 31 October 2023.

### 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.

The value of free reserves held at 31 October 2023 was £329,772, being the unrestricted funds of £341,167 less designated funds of £11,395. This is an increase of £26,085 on unrestricted funds. The value of other general reserves was a deficit of £1,172,248.

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 particularly with the need to repay the monies to the ESFA.

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 October 2023.



## Trustees' Report (Continued)

The Academy holds a surplus on the local government pension scheme. In the event of the closure of the Academy, the DfE would meet any deficit.

Total funds amounted to £6,726,232 at 31 October 2023, representing the free reserves, the restricted general reserve, pension reserve and restricted fixed asset funds of £7,557,313. This last category represents the value of tangible fixed assets and the balance of unutilised DFC funding, and third party 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 repayment plan for £1,502,393. 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 to meet repayment requirements.
3. Consideration to the estate of the school to ensure that it is well maintained but also that it is safe for everyone who is on the site and that compliance with relevant regulations is ensured.

### Fundraising

The School receives donations from a number of other parties, including but not limited to Friends of QEGS, parents and local businesses. These donations, whilst very welcome, are not the result of active fundraising.

The school does raise some funds through a sponsored walk every September, although until recently this money was raised solely for charities chosen by the students. In the period, the money raised was split. The academy trust does not use any external fundraisers. The Trustees monitored all fundraising undertaken during the year.



## Trustees' Report (Continued)

### Plans for Future Periods

Queen Elizabeth Grammar School is a fantastic school and a wonderful place to work and learn. We have a strong culture of continuous improvement at the school and want to share with parents, students and the wider community what our current plans are for the coming year and beyond. Below is a summary of our School Development Plan. We know that there is excellent practise across the school, but it will only continue to be so if we seek to always improve.

The school development plan remains the same post period end once the school has joined a MAT, but the increased knowledge and expertise that the MAT will bring to the school will only enhance what can be achieved whilst maintaining QEGS' unique identity and heritage.

### Long term security of the school

After being issued with a financial Notice to Improve in November 2022, the Trustees and the Headteacher are working with the Department for Education to ensure we fulfil our statutory obligations and secure the long-term future of the school. The Notice to Improve was lifted post year following the transfer to Changing Live Learning Trust.

### Understanding the world around us

Students are increasingly struggling with how to use Social Media in particular and more widely with their relationships with others. We therefore are focusing on our Citizenship and Assembly programmes as well as our wider approaches throughout school, to ensure students are making the right choices.

### Consistency of approach

There are high expectations across the school but these are often expressed in different ways. By focusing on the areas above we want to also ensure there is a shared language leading to a consistency of expectation across the school. Enabling students to better understand the expectations as they move from one class to another and therefore better supported to meet these high expectations.

### Keeping parents and students' informed

We have started to review how we conduct parent's evenings meeting and we are looking in detail at our assessment and reporting systems to ensure that parents and students understand the information school reports home and what it means for each student. The key objective is that students and parents have a clear understanding of how well they are doing at each feedback point and how they can continue to make improvements.

### Attendance

Ensuring students attend school regularly is a priority and the vast majority of students have excellent attendance. For a small number, attendance at school is a concern and we will continue to refine our policies and work with the Local Authority to ensure all students are accessing the education they deserve.



## Trustees' Report (Continued)

### Enrichment

QEGS has always prided itself of the range of enrichment opportunities on offer and COVID has led to a number of regular visits not taking place over the last 3 years and now parents face financial pressures which we must also take into account. We want to ensure we have a planned programme of visits, comparable to what we used to have pre-COVID and that we are able to communicate this, along with anticipated costs, well in advance so parents can plan financially, where appropriate.

### Continuing Professional Development

A programme of in-house CPD is being developed alongside the current offer. We are prioritising curriculum development and supporting students with additional needs.

### Sites, buildings and facilities.

The school is aware of significant building works to the Roof for the main building and the electrical systems to ensure leaks do not develop and get worse. We are currently working on developing bids for the funding of this work.

### 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.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 10/07/2024..... and signed on the board's behalf by:

Mrs M Robson  
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.

The trust board resigned in full (with the exception of one parent Trustee) in December 2022. The Members subsequently appointed new trustees and an election was held to find an addition parent trustee and a staff trustee.

Subsequent to the new trustees being appointed in December 2022, a temporary structure was adopted of a single board which oversaw all areas of the school collectively. It was envisaged that this board would remain in place until the school transferred into a multi-academy trust.

### 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 formally met twice during the two month period. Attendance during this period at meetings was as follows:

<u>Trustees</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
M Robson (Chair)	2	2
D S Marchant (Head teacher/Accounting Officer)	2	2
O Price-Jones (Staff Trustee)	2	2
S L McGrath	1	2
N Page	0	2
M Pannone	2	2
C Pyle	0	2
D Sargent	1	2
N Ruddick	2	2

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.



## Governance Statement (Continued)

### Conflicts of Interest

The Board of Trustees manage any conflicts of interest by maintaining an up-to-date and complete register of business interests. The senior leadership team are aware of the register of interests and what their obligations are with regard to this. Any declarations of interest are also asked for and recorded at the outset of the Trustee's meetings.

### Governance Reviews

As part of the recruitment and appointment of new trustees post December 2022, it was ensured that there was the breadth of the relevant skills and experience within the board to assist the school in its transition to a multi academy trust. Subsequent to the new trustees being appointed in December 2022, and as all trustees (other than one) were new to the board, a temporary structure was adopted of a single board which oversaw all areas of the school collectively. It was envisaged that this board would remain in place until the school transferred into a multi-academy trust.

### 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 period by:

- **Improving educational outcomes with the same resource;** achieving successful outcomes for our students is our top priority. There haven't been any formal public exams in the period, but at Year 11 in 2022/23 we gained a Progress 8 Score of 0.45 placing us well above the national average. We also had substantially more students entered for the EBacc (60.1% compared to 39%) than the national average. 90% of our Year 11 students gained a strong pass or above in Maths and English, again this was above the local and national average. All key performance indicators were above the local and national average in 2023. Disadvantaged pupil numbers are 'suppressed' in the statistics as the disadvantaged cohort at QEGS is so small. We believe that the implementation of the new school day structure will also support the educational outcomes of the school.
- **Estates and safety management;** building a robust ongoing maintenance plan to ensure the estates are well maintained, safe and compliant on a preventative basis, focusing on reducing future running costs where possible. This has continued in the two month period.
- **Maximising income generation;** 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.
- **Prudent use of reserves;** this has prevented the need for cuts to staff or to the curriculum.



## Governance Statement (Continued)

### 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 2023 to 31 October 2023 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 2023 to 31 October 2023 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 board 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

### Internal Scrutiny

The Board of Trustees has considered the need for a specific internal audit function and has decided:

On an annual basis, an external reviewer reports to the Board of Trustees, on the operation of the systems of control and on the discharge of the Board of Trustees' Financial responsibilities and annually prepares an 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 a number of days 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 period, as it was so short, a review was not undertaken and this was agreed and confirmed as acceptable by the ESFA.



## Governance Statement (Continued)

### Review of Effectiveness

As Accounting Officer, the Head teacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the 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

Approved by order of the members of the board of Trustees on 10/07/2024 and signed on its behalf by:

Mrs M Robson  
Chair of Trustees

Mr D Marchant  
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, including for estates safety and management, under the funding agreement 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 2023, including responsibilities for estates safety and management.

I confirm that the ESFA have confirmed their findings that there have been instances of material irregularity, impropriety and funding non-compliance relating to actions between 2016 and 2019. The school is now subject to financial restrictions by the Department for Education until a range of requirements are met including agreeing a repayment plan for £1,502,393 to the ESFA. The trustees have accepted the findings of this report.

I confirm that with the exception of these findings, the academy trust board of trustees are unable 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 2023.

A handwritten signature in black ink, appearing to read 'D Marchant'.

Mr D Marchant  
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 2022/23
- 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 10/07/2024 and signed on it's behalf by

**Mrs M Robson**  
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 period ended 31 October 2023 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 October 2023 and of its incoming resources and application of resources, including its income and expenditure, for the two month period 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 2019 and Academies Accounts Direction 2022/23.

### 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.

### Emphasis of matter – basis of preparation

We draw your attention to note 31 to the financial statements which explains that the Academy has, post year end, moved into Changing Lives Learning Trust, therefore the trustees do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in the accounting policies and note 30.

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



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

### 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.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the 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.



## 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;



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

### 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: 19/7/24



## **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 2022/23, 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 2023 to 31 October 2023 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 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022/23. 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 2023 to 31 October 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 2023 to 31 October 2023 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 ESFA have confirmed their findings that there had been instances of material irregularity, impropriety and funding non-compliance relating to actions between 2016 and 2019. The ESFA have confirmed the liability of £1,502,393 which the trustees have included within current liabilities since the liability will transfer into Changing Lives Learning Trust who will agree terms between themselves and the ESFA. The trustees have accepted the findings of this report.

### 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: 19/7/24



**Statement of Financial Activities  
for the Period 1 September 2023 to 31 October 2023**

**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Oct 2023 £	Total Aug 2023 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	-	-	65,414
Charitable activities:						
Funding for the academy trust's educational operations	4	67,138	1,064,569	-	1,131,707	6,291,690
Other trading activities	5	9,589	959	-	10,548	99,298
Investments	6	482	-	-	482	1,072
<b>Total</b>		<b>77,209</b>	<b>1,065,528</b>	<b>-</b>	<b>1,142,737</b>	<b>6,457,474</b>
<b>Expenditure on:</b>						
Raising funds		(1,968)	(17,799)	-	(19,767)	(84,216)
Charitable activities:						
Academy trust educational operations	7,8	(52,594)	(1,080,075)	11,169	(1,121,500)	(6,320,529)
<b>Total</b>		<b>(54,562)</b>	<b>(1,097,874)</b>	<b>11,169</b>	<b>(1,141,267)</b>	<b>(6,404,745)</b>
Net income / (expenditure)		22,647	(32,346)	11,169	1,470	52,729
Transfer between funds	17	3,438	(3,438)	-	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension scheme	27	-	92,000	-	92,000	752,000
<b>Net movement in funds</b>		<b>26,085</b>	<b>56,216</b>	<b>11,169</b>	<b>93,470</b>	<b>804,729</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		315,081	(1,228,463)	7,546,144	6,632,762	5,828,028
<b>Total funds carried forward</b>		<b>341,166</b>	<b>(1,172,247)</b>	<b>7,557,313</b>	<b>6,726,232</b>	<b>6,632,762</b>



**Statement of Financial Position  
as at 31 October 2023**

Company number: 07584063

	Notes	Oct 2023 £	Oct 2023 £	Aug 2023 £	Aug 2023 £
<b>Fixed assets</b>					
Tangible assets	12		7,557,216		7,546,048
<b>Current assets</b>					
Stock	13	5,244		2,699	
Debtors	14	203,136		238,855	
Cash at bank and in hand		1,236,211		1,109,980	
		<u>1,444,591</u>		<u>1,351,534</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	(2,195,603)		(2,082,765)	
				<u>(751,012)</u>	<u>(731,231)</u>
<b>Net current liabilities</b>					
<b>Total assets less current liabilities</b>			<u>6,806,204</u>		<u>6,814,817</u>
Creditors: Amounts falling due after more than one year	16		(79,972)		(81,055)
<b>Net assets excluding pension liability</b>			<u>6,726,232</u>		<u>6,733,762</u>
Defined benefit pension scheme liability	27		-		(101,000)
<b>Total net assets</b>			<u>6,726,232</u>		<u>6,632,762</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
- Fixed asset funds	17	7,557,313		7,546,144	
- Restricted income fund	17	(1,172,247)		(1,127,463)	
- Pension reserve	17	-		(101,000)	
<b>Total restricted funds</b>			<u>6,385,066</u>		<u>6,317,681</u>
<b>Unrestricted income funds</b>	17		341,166		315,081
<b>Total funds</b>			<u>6,726,232</u>		<u>6,632,762</u>

The financial statements were approved by the Trustees and authorised for issue on 10/7/24 and are signed on their behalf by:-

  
Mrs M Robson  
Chair of Trustees

  
Mr B Marchant  
Head Teacher/Accounting Officer



**Statement of Cash Flows  
for the period ended 31 October 2023**

	Notes	Oct 2023 £	Aug 2023 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	126,832	167,464
Cash flows from financing activities	22	(1,083)	(2,166)
Cash flows from investing activities	23	482	(2,370)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		126,231	162,928
		<hr/>	<hr/>
Cash and cash equivalents at 01 September 2023		1,109,980	947,052
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 October 2023</b>	24	<b>1,236,211</b>	<b>1,109,980</b>



## Notes to the Financial Statements for the period ended 31 October 2023

### 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 2021/22 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.

The financial statements have been prepared for a two month period therefore the comparative 12 month figures are not entirely comparable. The accounting period was shortened due to the Academy Trust joining a Multi Academy Trust on the 1<sup>st</sup> November 2023.

#### 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.

As disclosed in the Trustees' Report and Note 30 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 £751,012 at the year end date. The Trustees have taken the decision to recognize this liability as being fully repayable within one year although a repayment plan was agreed between the ESFA and Changing Lives Learning Trust post transfer.

The transfer to a Multi Academy Trust will include all educational operations including staff members via TUPE rules, fixed assets, local government pension scheme liabilities and the liability to repay the CIF monies to the ESFA. The Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence until the transfer to the Multi Academy Trust takes place and therefore the operations of the trust are a going concern.



## Notes to the Financial Statements for the period ended 31 October 2023 (Continued)

### 1 Statement of accounting policies (Continued)

#### Going Concern (continued)

Due to the intention to move into a Multi-Academy Trust within less than a year of the financial statements being approved, the financial statements are therefore prepared on a basis other than going concern however the values have been calculated on a going concern basis since the academy trust's intention is for the school to remain a going concern but will operate under the Multi Academy Trust.

#### Income

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

#### • Grants

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

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.



## Notes to the Financial Statements for the period ended 31 October 2023 (Continued)

### 1 Statement of accounting policies (Continued)

#### Income (Continued)

- **Donated goods, facilities and services**

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

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

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

#### 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.



## Notes to the Financial Statements for the period ended 31 October 2023 (Continued)

### 1 Statement of accounting policies (Continued)

#### 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.

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    | - overestimated 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 period ended 31 October 2023 (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 period ended 31 October 2023 (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 period ended 31 October 2023 (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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Furthermore this year the pension asset has been restricted to any surplus of scheme assets over 110% of the scheme liabilities, in line with the schemes funding strategy.

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 period ended 31 October 2023 (Continued)

### 2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 October 2023 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 period ended 31 October 2023.

### 3 Donations and capital grants

	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Oct 2023 £	Total Aug 2023 £
Capital grants	-	-	-	63,014
Donated fixed assets	-	-	-	2,400
	-	-	-	65,414

The income from donations and capital grants was £Nil (Aug 2023: £65,414) of which £Nil was restricted (Aug 2023: £Nil) and £Nil was restricted fixed assets (Aug 2023: £65,414).



**Notes to the Financial Statements for the period ended 31 October 2023 (Continued)**

**4 Funding for the academy trust's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total Oct 2023 £	Total Aug 2023 £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	969,145	969,145	5,418,834
Pupil Premium	-	5,702	5,702	32,539
Teachers' Pension grant	-	7,738	7,738	46,603
Schools Supplementary Grant	-	25,059	25,059	187,702
Other DfE / ESFA grants	-	19,032	19,032	52,767
	-	1,026,676	1,026,676	5,738,445
<b>Other government grants</b>				
Local authority grants	-	9,392	9,392	64,378
	-	9,392	9,392	64,378
<b>Other income from the academy trust's educational operations</b>	67,138	28,501	95,639	488,867
	67,138	1,064,569	1,131,707	6,291,690

The funding for the academy trust's educational operations was £1,131,707 (Aug 2023: £6,291,690) of which £67,138 was unrestricted (Aug 2023: £281,212) and £1,064,569 was restricted (Aug 2022: £6,010,478).



**Notes to the Financial Statements for the period ended 31 October 2023 (Continued)**

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total Oct 2023 £	Total Aug 2023 £
Hire of facilities	4,761	-	4,761	25,305
Income from other charitable activities	4,828	959	5,787	73,993
	<b>9,589</b>	<b>959</b>	<b>10,548</b>	<b>99,298</b>

The income from other trading activities was £10,548 (Aug 2023: £99,298) of which £9,589 was unrestricted (Aug 2023: £72,756) and £959 was restricted (Aug 2023: £26,542).

6 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Oct 2023 £	Total Aug 2023 £
Short term deposits	482	-	482	1,072
	<b>482</b>	<b>-</b>	<b>482</b>	<b>1,072</b>

The income from investment income was £482 (Aug 2023: £1,072) all of which was unrestricted.



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

**7 Expenditure**

	Staff Costs £	Premises £	Other £	Total 2023 £	Total 2022 £
<b>Expenditure on raising funds:</b>					
Direct costs	-	-	19,767	19,767	84,216
<b>Academy's educational operations:</b>					
Direct costs	692,078	(11,169)	67,206	748,115	4,566,690
Allocated support costs	165,342	102,274	105,769	373,385	1,753,839
	<b>857,420</b>	<b>91,105</b>	<b>192,742</b>	<b>1,141,267</b>	<b>6,404,745</b>

Net income / (expenditure) for the period includes:

	Total Oct 2023 £	Total Aug 2023 £
Operating lease rentals	1,180	7,080
Depreciation	(11,169)	178,884
Fees payable to auditor for:		
- audit	7,000	9,812
- other services	4,834	7,152

**8 Charitable activities**

	Total Oct 2023 £	Total Aug 2023 £
Direct costs – educational operations	748,115	4,566,690
Support costs – educational operations	373,385	1,753,839
	<b>1,121,500</b>	<b>6,320,529</b>

**Analysis of direct costs**

	Unrestricted £	Restricted £	Total Oct 2023 £	Total Aug 2023 £
Direct staff costs	-	692,078	692,078	3,929,006
Books, Apparatus and Stationery	-	32,174	32,174	66,391
Examination fees	-	11,213	11,213	149,068
Trip costs	-	12,809	12,809	178,631
Other direct costs	-	11,010	11,010	64,710
Depreciation	-	(11,169)	(11,169)	178,884
<b>Total direct costs</b>	<b>-</b>	<b>748,115</b>	<b>748,115</b>	<b>4,566,690</b>



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 8 Charitable activities (Continued)

#### Analysis of support costs

	Unrestricted	Restricted	Total Oct 2023	Total Aug 2023
	£	£	£	£
Support staff costs	19,583	145,759	165,342	699,847
Technology costs	-	32,742	32,742	100,212
Premises costs	-	102,274	102,274	608,289
Legal costs - other	-	4,671	4,671	7,534
Other support costs	33,010	20,803	53,813	286,781
Governance costs	-	14,543	14,543	51,176
<b>Total support costs</b>	<b>52,593</b>	<b>320,792</b>	<b>373,385</b>	<b>1,753,839</b>

The expenditure on the Academy's educational operations was £1,141,267 (Aug 2023: £6,404,745) of which £54,561 was unrestricted (Aug 2023: £294,095), £1,097,875 was restricted (Aug 2023: £5,931,766) and £-11,169 as restricted fixed assets (Aug 2023: £178,884).



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

**9 Staff**

**a. Staff costs**

Staff costs during the period were:

	<b>Total Oct 2023</b>	<b>Total Aug 2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	648,165	3,426,515
Social security costs	63,882	338,578
Operating costs of defined benefit pension schemes	141,532	807,259
	<hr/>	<hr/>
Supply staff costs	853,579	4,572,352
Agency staff	3,841	56,501
	<hr/>	<hr/>
	857,420	4,628,853

**b. Staff numbers**

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

	<b>Total Oct 2023</b>	<b>Total Aug 2023</b>
	<b>£</b>	<b>£</b>
Teachers	83	83
Administration and support	72	81
Management	5	6
	<hr/>	<hr/>
	160	170



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 9 Staff (Continued)

#### c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs and employer national insurance contributions) exceeded the annualised amount of £60,000 was:

	Total Oct 2023	Total Aug 2023
	£	£
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

#### d. 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 £59,648 (Aug 2023: £483,207).

### 10 Related party transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff 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:

#### D Marchant (Head Teacher and trustee):

- Remuneration £15,000 - £19,999 (Aug 2023: £90,000 - £94,999)
- Employer’s pension contributions paid £0 - £4,999 Aug 2023: £20,000 - £24,999

#### O Price-Jones (staff trustee) (Appointed 13 March 2023):

- Remuneration £5,000 - £9,999 (Aug 2023: £15,000 - £19,999)
- Employer’s pension contributions paid £0 - £4,999 (Aug 2023: £0 - £4,999)

#### AC Worth (staff trustee) (Resigned 25 November 2022):

- Remuneration £Nil (Aug 2023: £10,000 - £14,999)
- Employer’s pension contributions paid £Nil (Aug 2023: £0 - £4,999)

During the period ended 31 October 2023 travel and subsistence expenses totaling £Nil were reimbursed or paid directly to trustees (Aug 2023: £Nil).



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

**11 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 period ended 31 October 2023 provides cover up to £10,000,000 (Aug 2023: £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.

**12 Tangible fixed assets**

	Leasehold Land and Buildings £	Freehold Land and Buildings £	Furniture and Equipment £	Computer Hardware £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 September 2023	8,896,111	32,000	332,066	390,767	49,066	9,700,010
Additions	-	-	-	-	-	-
Disposals	-	-	(54,974)	(161,147)	-	(216,121)
<b>At 31 October 2023</b>	<b>8,896,111</b>	<b>32,000</b>	<b>277,092</b>	<b>229,620</b>	<b>49,066</b>	<b>9,483,889</b>
<b>Depreciation</b>						
At 1 September 2023	1,416,340	32,000	266,136	390,420	49,066	2,153,962
Charged in year	(15,417)	-	4,219	29	-	(11,169)
Disposals	-	-	(54,974)	(161,147)	-	(216,121)
<b>At 31 October 2023</b>	<b>1,400,923</b>	<b>32,000</b>	<b>215,381</b>	<b>229,303</b>	<b>49,066</b>	<b>1,926,672</b>
<b>Net book values</b>						
At 31 August 2023	7,479,771	-	65,930	347	-	7,546,048
<b>At 31 October 2023</b>	<b>7,495,188</b>	<b>-</b>	<b>61,711</b>	<b>317</b>	<b>-</b>	<b>7,557,216</b>
<b>Leasehold property includes:</b>					<b>Total</b>	<b>Total</b>
					<b>Oct 2023</b>	<b>Aug 2023</b>
					<b>£</b>	<b>£</b>
Buildings					6,696,111	6,696,111
Land					2,200,000	2,200,000
					<b>8,896,111</b>	<b>8,896,111</b>

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 October 2023. The leasehold land and buildings are on a 125 year lease with the legal owners being the Official Custodian for Charities on behalf of the Trustees of Queen Elizabeth Grammar School.



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

12 Tangible fixed assets (continued)

Source of funding for assets acquired

	Total Oct 2023 £	Total Aug 2023 £
Devolved formulae capital	-	65,185
Restricted general funds	-	1,271
Donated assets	-	2,400
	<hr/>	<hr/>
	-	68,856
	<hr/>	<hr/>

13 Stock

	Total Oct 2023 £	Total Aug 2023 £
Stationery, catering and other stock	5,244	2,699
	<hr/>	<hr/>

14 Debtors

	Total Oct 2023 £	Total Aug 2023 £
Trade debtors	1,948	520
VAT recoverable	37,151	60,196
Other debtors	61,320	18,692
Prepayments and accrued income	102,717	159,447
	<hr/>	<hr/>
	203,136	238,855
	<hr/>	<hr/>



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

**15 Creditors: amounts falling due within one year**

	<b>Total Oct 2023</b>	<b>Total Aug 2023</b>
	<b>£</b>	<b>£</b>
Trade creditors	143,972	178,395
Other taxation and social security	87,547	78,646
Public benefit concessionary loans	2,166	2,166
Other creditors	246,213	181,451
ESFA creditor – repayment of CIF monies	1,502,393	1,502,393
Accruals and deferred income	213,312	139,714
	<b>2,195,603</b>	<b>2,082,765</b>

	<b>Total Oct 2023</b>	<b>Total Aug 2023</b>
	<b>£</b>	<b>£</b>
<b>Deferred income</b>		
Deferred income at 01 September 2023	3,974	14,261
Released from previous years	(1,987)	(14,261)
Resources deferred in the year	24,737	3,974
Deferred income at 31 October 2023	<b>26,724</b>	<b>3,974</b>

At the balance sheet date the academy trust was holding funds received in advance for support funding of £1,987, for Higher Needs of £23,479 and for National Tutoring and Recovery Premium of £1,258 (Aug 2023: £3,974 for support funding).

Public benefit concessionary loans represent three Salix loans totaling £2,166 (Aug 2023: £2,166). The Salix loans are repayable over 8 years and are interest free.

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

	<b>Total Oct 2023</b>	<b>Total Aug 2023</b>
	<b>£</b>	<b>£</b>
Public benefit concessionary loans	79,972	81,055
	<b>79,972</b>	<b>81,055</b>

Public benefit concessionary loans represent three Salix loans totaling £11,187 (Aug 2023: £12,270) and an ESFA loan of £68,785 (Aug 2023: £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 (Aug 2023: £5,052) and other ESFA loans totaling £42,000 (Aug 2023: £42,000).



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

17 Funds

Analysis of movements in restricted funds

	Balance at 01 September 2023 £	Incoming £	Outgoing £	Gains, Losses and Transfers £	Balance at 31 October 2023 £
<b>Restricted general funds</b>					
General annual grant (GAG)	349,779	969,145	(1,008,280)	8,382	319,026
CIF monies to be repaid	(1,502,393)	-	-	-	(1,502,393)
Pupil Premium	-	5,702	(5,702)	-	-
Teachers' Pension grant	-	7,738	(7,738)	-	-
FSM Supplementary Fund	-	25,059	(25,059)	-	-
Other DfE/ESFA	3,438	19,032	(19,108)	(3,362)	-
Other grants	-	9,392	(9,392)	-	-
Elliot-Lees fund	1,999	-	-	-	1,999
Other income	19,714	29,459	(31,593)	(8,460)	9,120
Pension reserve	(101,000)	-	9,000	92,000	-
	<b>(1,228,463)</b>	<b>1,065,526</b>	<b>(1,097,872)</b>	<b>88,562</b>	<b>(1,172,247)</b>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Assets	7,546,048	-	11,169	-	7,557,217
DfE/ESFA capital grants	-	-	-	-	-
CIF projects 20/21	97	-	-	-	97
	<b>7,546,144</b>	<b>-</b>	<b>11,169</b>	<b>-</b>	<b>7,557,313</b>
<b>Total restricted funds</b>	<b>6,317,681</b>	<b>1,065,526</b>	<b>(1,086,703)</b>	<b>88,562</b>	<b>6,385,066</b>

The academy trust is carrying a net deficit of £1,168,810 (Aug 2023 £1,127,464) 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 30 to the financial statements.



Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

17 Funds (Continued)

Analysis of movements in restricted funds – previous year

	Balance at 01 September 2022 £	Incoming £	Outgoing £	Gains, Losses and Transfers £	Balance at 31 August 2023 £
<b>Restricted general funds</b>					
General annual grant (GAG)	239,456	5,418,834	(5,298,026)	(10,485)	349,779
CIF monies to be repaid	(1,502,393)	-	-	-	(1,502,393)
Pupil Premium	-	32,539	(32,539)	-	-
Teachers' Pension grant	-	46,603	(46,603)	-	-
FSM Supplementary Fund	-	187,702	(187,702)	-	-
Other DfE/ESFA	3,659	52,768	(52,989)	-	3,438
Other grants	-	64,377	(64,377)	-	-
Elliot-Lees fund	1,999	-	-	-	1,999
Other income	20,834	234,197	(244,531)	9,213	19,713
Pension reserve	(848,000)	-	(5,000)	752,000	(101,000)
	<b>(2,084,445)</b>	<b>6,037,020</b>	<b>(5,931,767)</b>	<b>750,728</b>	<b>(1,228,463)</b>
<b>Restricted fixed asset funds</b>					
Restricted Fixed Assets	7,656,076	-	(178,884)	68,856	7,546,048
DfE/ESFA capital grants	2,171	63,014	-	(65,185)	-
CIF projects 20/21	97	-	-	-	97
Donated assets	-	2,400	-	(2,400)	-
	<b>7,658,344</b>	<b>65,414</b>	<b>(178,884)</b>	<b>1,272</b>	<b>7,546,144</b>
<b>Total restricted funds</b>	<b>5,573,899</b>	<b>6,102,434</b>	<b>(6,110,650)</b>	<b>752,000</b>	<b>6,317,681</b>

Analysis of movements in unrestricted funds

	Balance at 01 September 2023 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 October 2023 £
Total unrestricted funds	315,081	77,209	(54,562)	3,438	341,166

Analysis of movements in unrestricted funds - previous year

	Balance at 01 September 2022 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2023 £
Total unrestricted funds	254,136	355,040	(294,095)	-	315,081



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 17 Funds (Continued)

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

- a. General Annual Grant (GAG) must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 October 2023. Note 2 discloses whether the limit was exceeded.
- b. The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme.
- c. 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.
- d. The academy trust is carrying a net deficit of £831,082 on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds. The Academy successfully bid for monies as part of the Government's Condition Improvement Fund (CIF) in 2016/17 and 2017/18. The projects were to upgrade boilers and heating, windows and roofing and life safety, and the replacement of the 1950's temporary timber mobiles in a defective condition.

Post year end in November 2022 the ESFA issued a report making the school liable for a repayment of £1,502,393 to the ESFA, being £269,194 over-claimed for the boilers and heating, £1,204,779 overclaimed for the replacement of timber mobiles and £28,420 overclaimed for life safety and statutory compliance. Although the repayment terms have yet to be agreed, this liability has been included as a creditor falling due within 1 year, therefore the balance sheet reflects a net current liabilities position as at 31 October 2023. The Academy has received assurance from the ESFA that the repayment plan will not be to the detriment of current children.

Transfers have been made for the following:

- a. The transfer out of the restricted funds of £3,438 represents the balance of money received for a poverty grant which had been incorrectly classified as restricted income previously.
- b. The transfer of £968 between funds within Restricted General funds relates to the contributions towards trips.
- c. The transfer of £9,350 between funds within Restricted General funds relates to contributions made from other educational income to the general running school costs.

Comparative transfer details:

- a. The transfer out of the restricted general funds of £1,272 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 of £9,213 between funds within Restricted General funds relates to the contributions towards trips and running the 16-19 transport.



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

**18 Analysis of net assets between funds**

Fund balances at 31 October 2023 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,557,216	7,557,216
Current assets	423,304	1,021,190	97	1,444,591
Current liabilities	(2,166)	(2,193,437)	-	(2,195,603)
Non-current liabilities	(79,972)	-	-	(79,972)
Pension scheme liability	-	-	-	-
<b>Total net assets</b>	<b>341,166</b>	<b>(1,172,247)</b>	<b>7,557,313</b>	<b>6,726,232</b>

Analysis of net assets between funds – previous year

Fund balances at 31 August 2023 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	7,546,048	7,546,048
Current assets	398,302	953,136	96	1,351,534
Current liabilities	(2,166)	(2,080,599)	-	(2,082,765)
Non-current liabilities	(81,055)	-	-	(81,055)
Pension scheme liability	-	(101,000)	-	(101,000)
<b>Total net assets</b>	<b>315,081</b>	<b>(1,228,463)</b>	<b>7,546,144</b>	<b>6,632,762</b>

**19 Capital commitments**

	Total Oct 2023 £	Total Aug 2023 £
Contracted for, but not provided in the financial statements	-	-
	-	-



## Queen Elizabeth Grammar School Penrith

### Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

#### 20 Commitments under operating leases

At 31 October 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	Total Oct 2023 £	Total Aug 2023 £
Amounts due within one year	7,080	7,080
Amounts due between one and five years	12,390	14,160
	<u>19,470</u>	<u>21,240</u>

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

	Total Oct 2023 £	Total Aug 2023 £
Net income/(expenditure for the reporting period (as per the statement of financial activities))	1,470	52,729
Adjusted for:		
Donated fixed assets	-	(2,400)
Depreciation	(11,169)	178,884
Capital grants from DfE and other capital income	-	(63,014)
Interest receivable	(482)	(1,072)
Defined benefit pension scheme cost less contributions payable	(12,000)	(32,000)
Defined benefit pension scheme finance cost	2,000	31,000
Defined benefit pension administration expenses	1,000	6,000
(Increase)/decrease in stocks	(2,545)	1,245
(Increase)/decrease in debtors	35,719	(92,122)
Increase/(decrease) in creditors	112,839	88,214
<b>Net cash provided by/(used in) operating activities</b>	<u>126,832</u>	<u>167,464</u>

#### 22 Cash flows from financing activities

	Total Oct 2023 £	Total Aug 2023 £
Repayments of borrowing	(1,083)	(2,166)
Cash inflow from new borrowing	-	-
<b>Net cash provided by/(used in) financing activities</b>	<u>(1,083)</u>	<u>(2,166)</u>



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 23 Cash flows from investing activities

	Total Oct 2023	Total Aug 2023
	£	£
Dividends, interest and rents from investments	482	1,072
Purchase of tangible fixed assets	-	(66,456)
Capital grants from DfE/ESFA	-	63,014
Capital funding received from others	-	-
<b>Net cash provided by/(used in) investing activities</b>	<b>482</b>	<b>(2,370)</b>

### 24 Analysis of cash and cash equivalents

	At 31 October 2023	At 31 August 2023
	£	£
Cash in hand and at bank	1,236,211	1,109,980
<b>Total cash and cash equivalents</b>	<b>1,236,211</b>	<b>1,109,980</b>

### 25 Analysis of changes in net debt

	At 01 September 2023	Cash Flows	At 31 October 2023
	£	£	£
Cash at bank and in hand	1,109,980	126,231	1,236,211
Loans falling due:			
Loans falling due within one year	(2,166)	-	(2,166)
Loans falling due after more than one year	(81,055)	1,083	(79,972)
<b>Total cash and cash equivalents</b>	<b>1,026,759</b>	<b>127,314</b>	<b>1,154,073</b>

### 26 Members liability

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



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 27 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cumbria County Council. Both are multi-employer defined benefit schemes

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022.

Contributions amounting to £73,485 (Aug 2023: £73,485) were payable to the schemes at 31 October 2023 and are included within other creditors.

#### 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 period ended 31 August 2023 (Continued)

### 27 Pension and similar obligations (Continued)

#### Scheme Changes

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

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

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

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £111,287 (Aug 2023: £650,305)

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 October 2023 was £39,000 (Aug 2023: £234,000), of which employer's contributions totalled £32,000 (Aug 2023: £193,000) and employees' contributions totalled £7,000 (Aug 2023: £41,000). The agreed contribution rates for future years are 19.8 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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 27 Pension and similar obligations (Continued)

At the balance sheet date the scheme is in surplus, (at August 2023 the scheme was 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 £34,800 in the year ended 31 March 2024, £35,900 in 2024-25 and £37,000 in 2025-26.

#### Principal actuarial assumptions

	At 31 October 2023	At 31 August 2022
Rate of increase in salaries	4.2%	4.3%
Rate of increase for pensions in payment/inflation	2.8%	2.9%
Discount rate for scheme liabilities	5.7%	5.4%
Inflation assumption (CPI)	2.7%	2.8%

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

	At 31 October 2023	At 31 August 2023
Retiring today:		
Males	21.4	21.4
Females	23.8	23.8
Retiring in 20 years:		
Males	22.7	22.7
Females	25.6	25.6

#### Sensitivity analysis – (reduction)/increase in deficit

	At 31 October 2023 £	At 31 August 2023 £
Discount rate +0.1%	*	(47,000)
Discount rate -0.1%	*	48,000
Mortality assumption – 1 year increase	*	63,000
Mortality assumption – 1 year decrease	*	(62,000)
CPI rate +0.1%	*	48,000
CPI rate -0.1%	*	(47,000)

\* Information not provided by Mercer



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

27 Pension and similar obligations (Continued)

	At 31 October 2023 £	At 31 August 2023 £
Scheme Assets	2,899,000	2,883,000
Scheme obligations	(2,843,000)	(2,984,000)
Net asset/(liability) before restriction	56,000	(101,000)
Surplus restriction	(56,000)	-
<b>Net asset /(liability)</b>	<b>-</b>	<b>(101,000)</b>

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

	Fair Value At 31 October 2023 £	Fair Value At 31 August 2023 £
Equity instruments	1,087,000	1,096,000
Government bonds	351,000	366,000
Other bonds	-	-
Property	229,000	228,000
Cash/liquidity	61,000	63,000
Other	1,171,000	1,130,000
<b>Total cash and cash equivalents</b>	<b>2,899,000</b>	<b>2,883,000</b>

The actual return on scheme assets was £-11,000 (Aug 2023: £123,000).

Amount recognised in the statement of financial activities:

	At 31 October 2023 £	At 31 August 2023 £
Current service cost	(20,000)	(161,000)
Net interest cost	(2,000)	(31,000)
Administration expenses	(1,000)	(6,000)
<b>Total operating charge</b>	<b>(23,000)</b>	<b>(198,000)</b>



**Notes to the Financial Statements for the period ended 31 August 2023 (Continued)**

27 Pension and similar obligations (Continued)

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

	At 31 October 2023 £	At 31 August 2023 £
<b>At 1 September</b>	2,984,000	3,393,000
Current service cost	20,000	161,000
Interest cost	28,000	144,000
Employee contributions	7,000	41,000
Actuarial (gain)/loss	(184,000)	(702,000)
Benefits paid	(12,000)	(53,000)
<b>At 31 October/August</b>	<u>2,843,000</u>	<u>2,984,000</u>

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

	At 31 October 2023 £	At 31 August 2023 £
<b>At 1 September</b>	2,883,000	2,545,000
Interest income	26,000	113,000
Actuarial gain/(loss)	(36,000)	50,000
Administration expenses	(1,000)	(6,000)
Employer contributions	32,000	193,000
Employee contributions	7,000	41,000
Benefits paid	(12,000)	(53,000)
<b>At 31 October/August</b>	<u>2,899,000</u>	<u>2,883,000</u>

**Surplus Restriction**

As noted above the actuary has valued the academy's share of the Cumbria LGPS to be a surplus of £56,000. The trust has not recognised this surplus as an asset, as FR5102 states that a surplus can only be recognised to the extent that it reduces future contributions. The rate of future contributions are set at the triennial reviews of the LGPS, the last one was at 31 March 2022. In the supporting valuation reports, this stated that only surpluses over 110% of liabilities are able to be returned to scheme participants through reduced future contributions. In the academy's case the assets do not exceed 110% of the liabilities, therefore, under the scheme's current funding strategy the academy cannot reduce its future contributions.



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 28 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. Following related party transactions took place in the financial period.

#### Expenditure Related Party Transactions

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

All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

### 29 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 October 2023 the trust received £29,907 (Aug 2023: £39,555) and disbursed £5,528 (Aug 2023: £14,067) from the fund. An amount of £72,314 (Aug 2023: £47,935) is included in other creditors relating to undistributed funds that is repayable to ESFA including £10,358 to be repaid in relation to unspent monies from 2021/22.



## Notes to the Financial Statements for the period ended 31 August 2023 (Continued)

### 30 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 few years in respect of projects undertaken under the Condition Improvement Funding programme. This assessment had indicated a potential repayment of £1,502,393 to the ESFA for ineligible costs over a number of projects.

After the 31 August 2022 year end the ESFA published a report which confirmed the repayment due to the ESFA of £1,502,393. The ESFA also issued a Notice to Improve to the school which directs the school to join a Multi Academy Trust by no later than the 31st May 2023. The transfer to a Multi Academy Trust will include all educational operations including staff members via TUPE rules, fixed assets, local government pension scheme liabilities and the liability to repay the CIF monies to the ESFA.

A repayment profile of the CIF monies is also a requirement of the Notice to Improve and will be agreed as part of the future transfer plans to a Multi Academy Trust. 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. A repayment plan was agreed between the ESFA and Changing Lives Learning Trust post transfer.

The school did join a Multi Academy Trust as directed by the Notice to Improve post period end on 1<sup>st</sup> November 2023. The Notice to Improve was therefore lifted post year end.

Due to the intention to move into a Multi Academy Trust within less than a year of the financial statements being approved, the financial statements are therefore prepared on a basis other than going concern however the values have been calculated on a going concern basis since the academy trust's intention is for the school to remain a going concern but will operate under the Multi Academy Trust.

### 31 Post Balance Sheet Events

#### **Transfer to a Multi Academy Trust**

On the 1<sup>st</sup> November 2023, the academy transferred to Changing Lives Learning Trust as a going concern.