

Queen Elizabeth School, Kirkby Lonsdale
(Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2016

Company Registration Number: 07438425 (England & Wales)



**QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2016

CONTENTS	PAGES
Reference and Administrative Details	3 to 4
Governors' Annual Report	5 to 15
Governance Statement	16 to 19
Statement on Regularity, Propriety & Compliance	20
Statement of Governors' Responsibilities	21
Independent Auditor's Report on the Financial Statements	22 to 23
Independent Reporting Accountant's Report on Regularity	24 to 25
Statement of Financial Activities incorporating Income and Expenditure Account	26
Balance Sheet	27
Cash Flow Statement	28
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	29 to 33
Other Notes to the Financial Statements	33 to 56

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2016

THE MEMBERS

F Pearson
M Cunningham
P Gregson
T Power
W S Lawrenson
R Shepherd
O Clarke

THE TRUSTEES

The governors (trustees) at the date of signing were as follows:

F Pearson* (chairman)
T Barker (appointed 04/01/2016)
R Bingham
C Clarke*
M Cunningham
S Dent (resigned 13/11/2015)
T Felix (resigned 03/10/2016)
T Fell Williams* (appointed 04/01/2016)
S Holmes*
P Howden
S Lawrenson
D McGregor (resigned 15/11/2015)
S Nelson*
T Power*
R Shepherd*
E Shuttleworth
D Tomlinson
P Weston
M Day*
D Harkness*

* indicates member of the Finance Committee

Company Secretary

A Johnson

Leadership Team

Head Teacher	C Clarke
Head of School	A Wilkinson
Deputy Head	C O'Neill
Assistant Head	A Hooper
Assistant Head	A Hall
Assistant Head	P Hooper
Assistant Head	P Houghton
Assistant Head	L Longley
Assistant Head	H Gray
Director of Business & Finance	S Holmes
Company Secretary	A Johnson

**QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE
COMPANY LIMITED BY GUARANTEE**

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2016

Principal & Registered office	Queen Elizabeth School, Kirkby Lonsdale, Cumbria, LA6 2HJ
Company Registration Number	07438425 (England and Wales)
Independent Auditor	Saint & Co, Chartered Accountants & Statutory Auditors The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT
Bankers	HSBC Bank plc, 1 Forest Green, Caxton Road, Fullwood, Preston, PR2 9LJ
Solicitors	Schofield Sweeny, 76 Wellington Street, Springfield House, Leeds, West Yorkshire, LS1 2AY

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a director's report under company law.

The trust operates an academy for pupils aged 11 to 18 for Kirkby Lonsdale and the surrounding area. It had a roll of 1,388 in the 2016 autumn school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Members' liability

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

Trustees' Indemnities

The Governors / Directors of the Academy are covered by indemnity insurance paid for by the trust.

Method of Recruitment and Appointment or Election of Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The governors who were in office at 31 August 2016 except where shown are listed on page 3.

During the year under review the governors held 5 Full Governor meetings.

Arrangements to appoint new trustees are detailed in the articles of association.

- The Members may appoint up to 8 Governors.
- Staff Governors are elected by staff employed by the Academy Trust at the time of the election from amongst their number, provided that the total number of Governors (including the Head) who are employees of the Academy Trust does not exceed one third of the total number of Governors. The Governing Body shall take all steps as are reasonably practical to ensure that all staff employed at the Academy at the time are informed of the vacancy, informed they are entitled to stand as a candidate and vote at the election and given the opportunity to do so.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- The LA may appoint the LA Governor
- The Head Teacher shall be treated for all purposes as being an ex officio Governor.
- The Finance Director shall be treated for all purposes as being an ex officio Governor.
- Parent Governors are elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot. The Governing Body shall take all steps as are reasonably practical to ensure that all parents of a registered pupil at the Academy is informed of the vacancy, informed they are entitled to stand as a candidate and vote at the election and given the opportunity to do so.
- The Governors may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees joining the academy trust complete an induction programme, including receipt of company documentation and a meeting with the Chair of Governors and Head Teacher.

Organisational Structure

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

The Senior Managers are the Head Teacher, Head of School, Deputy Head, Assistant Heads and Director of Business and Finance. These senior managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Head Teacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The trustees have formed a Pay Committee that meets annually to review all staff salaries, including key management personnel.

Connected Organisations including Related Party Relationships

The Academy Trust is part of the South Lakes Federation of Schools and the South Lakes Rural Partnership.

The South Lakes Federation of Schools consists of 10 secondary schools, one special school and one further education college who work collaboratively both strategically and operationally. Together they focus on

- professional development for teachers
- creating subject expertise
- broadening and improving 14 – 19 provision

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- broadening and enriching experience for pupils
- improving the experience of specific pupil groups

The federation has impacted on teachers' professional development and support through such initiatives as: the formation of an enhanced federation CPD group of senior leaders; coordinated CPD programmes based on specialist schools; project based inter-school CPD at department/team level and; a co-ordinated system of school self-evaluation and peer review.

The federation has enhanced links between the schools and the local community through the establishment of strategic partnerships involving education business partnerships, the local business education consortium, Aim Higher, the LA, HE and FE institutions and work based providers.

The South Lakes Rural Partnership consists of 30 primary schools and 6 secondary schools across the South Lakes area. The partnership exists to work collaboratively to the benefit of all those within its member organisations, to meet this end in a sustainable way and to deliver those objects in a positive and proactive way, taking affirmative actions.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of Queen Elizabeth School to provide education for pupils of mixed abilities between the ages of 11 and 19. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education.

The Academy commenced its charitable activities on 1 December 2010.

Queen Elizabeth School's main strategy is to continue its 400 year tradition of providing the highest possible level of 'scholarship and care' to the school community.

To this end the aims of the school are:

- Equal opportunities for every child to develop their full potential enabling them to leave our school well prepared for the next stage of their educational, social and spiritual development,
- A curriculum which is broad and well balanced, responsive to the needs of the individual child and relevant to the wider world,
- A staff who are committed, motivated, caring and able to meet the school curriculum requirements,
- Resources that match the needs of the children and the school as fully as possible, Communications with parents which are open, effective and timely.

Objectives, strategies and activities

Main objectives for the year 2015-2016:

Ethos

The priorities for 2015-16 are:

- To maintain the essential nature of QES based on the principles of 'scholarship and care', the QES core values and a commitment to the highest standards in all regards.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- To continue to function actively in all areas of operation at the centre of the SLF/Teaching School/National Support School/South Lakes Rural Partnership alliances.
- To continue to be outward-looking and responsive to the needs of the system, at the same time within QES to work relentlessly to improve standards, to consolidate the budget, maintain admissions numbers and to plan the further development of the school site.
- To ensure specifically that the effects of budget cuts are not deleterious to the ethos and sense of wellbeing of the school and its people

To achieve this we intend to:

Essence

- Continue to promote the understanding of core values and what makes a successful learner in assemblies and in lessons
- Consolidate the principle that a 'successful' learner is a 'literate' learner through the promulgation of Literacy definitions, policy and practice

Leadership

- Maintain the QES leadership succession plan to ensure continuity and success into the foreseeable future
- Achieve and maintain a balance between the concentration of resources on internal development and the drive to support system improvement
- Review leadership roles across the structure to ensure effective curriculum, pastoral and leadership teams
- Plan and structure the development of key younger staff

Governance

- Continue to review the constitution and operation of the Governing Body

Strategic

- Consider the opportunities presented by new Governance structures such as MATs

Budget

- Work to achieve an in-year balanced budget for 2016-17 which includes the cost of staffing as near to possible to < 85% of the income
- Continue to maintain QES generated income at > £200,000
- Continue to work for increases in the income provided to run the school

Communication

- Review the approach to marketing and publicity, the relationship with the media, the relationship with primary schools and the nature of Information Evenings and Tours of School to ensure Year 7 admissions total 220 and the number of external Post 16 students entering the 6th Form is > 30
- Continue to develop the website as a main communicator of the 'image' of QES with an effective navigation map

Site

- Ensure that the new Design Technology building exemplifies a commitment to the development of designing and practical skills and the concept of Engineering excellence

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

Curriculum

- Ensure that future curriculum design exemplifies a commitment to professional/technical learning as well as academic

Care

- Continue to build a culture centred on promoting wellbeing, resilience and mindfulness
- Continue to develop the culture of 'safeguarding' in its four manifestations and to guard against complacency
- Continue to focus specifically on the mental health needs of our young people

Community

- Rehearse, articulate and reinforce the elements of QES which make it a robust community
- Continue to promote a research orientated community committed to the concept of a 'professionalism' based on reflective practice
- Explore ways to develop further the concept of the Kirkby Lonsdale Development Trust and to progress work on the development of the site as encapsulated in the local development framework.

Standards

To continue to raise the standard of learning by promoting in students a better understanding of how they learn, of the progress they are expected to make and of how they can take more responsibility for their own learning:

- Review the operation of the new KS3 monitoring regime which clearly identifies achievement and under performance in each subject
- Introduce academic reviews in Year 8 which synchronize with exams and academic reviews for Year 7 which synchronise with setting
- Explore the implications of the new 'levels' system
- Monitor as distinctive groups pupils receiving the pupil premium and ensure staff responsibility for their progress
- Ensure those on Year 7 'catch-up', achieve as required by October half-term
- As the new AS system develops, continue to review the KS5 monitoring regime including WAGs/TAGs
- Reinforce as required the expectation of upper-quartile performance in all areas and at all levels
- Develop still further the effort grade system, considering, for example, subject specific definitions, pupil generated effort grades and improving the quality and accuracy of written comments
- Review the quality of all internal exams to ensure the system and timescales promotes good learning habits
- To introduce and develop an assessment and monitoring system to reflect new specifications at KS4 and integrate across KS3

To review Literacy across school and to implement a far-reaching action plan to improve standards, challenge perceptions and re-energise approaches:

- Embed the QES definition into the fabric of the school
- Develop the access 'strand'

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- Establish the literacy group as an on-going working party
- Implement the key points of the action plan
- Explore ways of sharing good practice and ensuring consistency of approach
- To review all areas of operation on a consistent basis to ensure nothing is less than 'outstanding':
- Continue to develop the 'Insted' model according to the published schedule
- Introduce a system of work scrutiny to ensure standards of learning and quality of feedback
- Have regard to the Ofsted definitions of 'outstanding'
- Ensure a full risk analysis of any potential budget cuts
- Review the QES SEF in line with revised Ofsted headings to ensure it promotes and encapsulates standards of excellence
- Ensure the QES website reflects the quality and ethos of the School
- To improve the standards of our landscaping and site signage:
- Review the cleaning and maintenance operation

Teaching and Learning

Using the principles and practice inherent in the Teaching and Learning Policy, create the context within which the focus on teaching and learning is inevitable and relentless:

- Focus on improving continuous assessment and feedback including a review of the uses of 'marking' as a means of promoting a dialogue about learning with pupils
- Promote the quality and use of homework
- To consider ways of improving Teaching and Learning through the use of reflective practice
- To promote good practice in teaching and assessment regimes to prepare pupils for terminal assessment
- Develop a system whereby HOYs shadow pupils in their year
- To undertake a review of the curriculum to ensure an appropriate context within which to balance exciting teaching and learning on individualised programmes with assessment and accountability pressures:
- Through the Curriculum Development Group generate a series of principles to frame the development of an innovative curriculum
- In the light of changes to the KS4 curriculum and assessment regimes, create innovative 5 year teaching programmes in all subjects which are exciting, inspirational and challenging
- Monitor the structure of the KS4 curriculum particularly with regard to time allocations and the number of option blocks
- Review and further develop the transition curriculum for children needing catch-up and/or social/emotional development
- Develop the confidence and expertise of staff in promoting the progress and development of those with Special Needs and Learning difficulties
- Enhance the status and ensure the quality of professional and technical learning
- Ensure courses offer academic rigour to prepare students for the most prestigious universities

Structure and Systems

To use IT effectively to develop systems which enhance the quality of teaching and learning:

- Improve for staff and pupils electronic access to data and ensure its effective use
- Improve the use of IT as a means of 'flipping the classroom' to develop the skills of e.g. information retrieval, searching techniques, independent study and better preparation for lessons

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- Prepare for the introduction of the electronic classroom in 2016
- Improve the creation, storage and use of resources
- Introduce Windows 10 and the Microsoft Office update
- To review systems of leadership and their effectiveness at all levels:
- Review and restructure the leadership team to ensure the effectiveness of Scholarship and Care
- Review Cluster groupings
- Explore ways to empower HODs to create the energy, excitement, enthusiasm and enjoyment required of their teams by planning meetings to become training and development opportunities

To review aspects of the pastoral system

- Monitor the development and effectiveness of the new Pastoral teams especially at KS3
- Clarify the systems for data sharing and supervision
- Review and develop a strategy for transition into Year 7
- Monitor the ICAG provision in the light of staff changes, the new assessment regime and increased apprenticeship opportunities
- Develop junior colleagues as pastoral interns
- Continue to review the revised systems and calendar for the monitoring, assessment and reporting of student progress and for involving parents and carers more effectively in the 'scholarship' process:
- Monitor and review the assessment calendar
- Monitor and review the new diagnostic testing: PASS, CAT4, NGRT
- To develop further the use of 'Pupil Voice' to review, research and signpost improvements in our 'scholarship and care' particularly with regard to teaching and learning:
- To develop structures whereby we can share and respond to research outcomes
- Encourage academic writing in liaison with University of Cumbria (e.g. transition curriculum review)
- Complete EBT research to identify elements of effective practice
- Work with Lancaster University to create an R&D / Outreach network of Teaching Schools
- Use existing opportunities (HoDs, HoYs, staff meetings, INSET) to disseminate learning through research or discuss evidence as a natural part of development work
- To review admin systems to improve communications:
- Develop better systems for passing on everyday messages
- Reduce the amount of paper-based communication and data storage
- Improve the capture of transition data (especially URNs)

Partnerships

To continue the development of the 'partnership with parents' initiative to involve parents more effectively in the QES offer of 'scholarship and care':

- Continue to develop academic review days with Years 7 & 8
- Improve the quality of focussed and specific comments with effort grades

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

- Continue to deal with problems by meeting parents in person where appropriate
- Continue to request courtesy from some parents and to clarify a policy on vexatious complaints
- Continue the development of the website
- Conduct various parental questionnaires
- Engage parents in work on literacy, homework, routines and gadget advice
- Design a range of information pamphlets for parents
- To develop further the South Lakes Federation and within it, the QES/South Lakes Teaching School in collaboration with the South Lakes Rural Partnership and in conjunction with the emerging wider system:
- Ensure the compatibility of the three local Teaching Schools
- Consider the relationship with strategic partners and alliance members and be responsive to system-wide development especially with regard to MATs and Umbrella trusts
- Review the system evolved with SLF partners to offer greater challenge and demand greater accountability across institutions
- Review the financial model of partnership work
- Explore ways of bringing QES and St Mary's closer together
- Contribute to the development of CASL and LASL
- Continue to work with Appleby and to support Kirkby Stephen GS, and The Lakes
- Contribute to the evolution of SLRP
- Continue to play a leading role in school-to-school support through the training and deployment of SLEs and through the NSS
- Contribute to the development of the South Lakes SCITT
- Explore developing and running leadership training courses at all levels
- Contribute to the year 3 consultancy SLICE role
- Continue to support the business needs of local schools
- Develop the "information architecture" needed to promote evidence informed practice and research in school through work on key projects: EBT with Manchester Metropolitan University, RCUK-SUPI and Knowledge Exchange with Lancaster University and develop partnership working with the UoC

Public Benefit

In setting objectives and planning activities the governors have given consideration to the Charity Commission's general guidance on public benefit. The public benefit is providing education in accordance with the Principal Activities detailed above, and additionally in providing access to school facilities to local community groups and adult education

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE AND KEY PERFORMANCE INDICATORS

The school has completed its sixth year of operation as an Academy, and continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2016 numbered 1,373 and the Academy has a full complement in all year groups.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

Examination results for 2016 were very pleasing.

At A level, the average point score per student was 328. 55.9% of pupils achieved A* to B.

At GCSE 79.4% of pupils obtained 5 or more grades A*-C including English and Maths.

Pupil's attendance is very high with an overall absence rate of 4.61%.

Reserves management produced investment return of £9,890

Our continued participation in system leadership and collaborative activities offset the cost of skilled operational staff, generating a total contribution of £123,118

Through the continued diligence of the finance committee and executive team, our outturn in year 2015/16 bettered budget by £141,174

Our Catering operation, through expansion and continued support of other local schools, continued to cover costs.

GOING CONCERN

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

FINANCIAL REVIEW

Financial report for the period

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2016, total restricted general expenditure of £7,635,378 was more than the grant funding from the DfE together with other incoming resources totalling £7,506,376. The excess of restricted general expenditure over income for the year after transfers (excluding the pension deficit transferred and the pension fund movements) was £59,303.

At 31 August 2016 the net book value of fixed assets was £13,929,991 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

Financial position

The academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £859,497. Included in these reserves there are designated School Funds of £76,427 leaving £783,070 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £15,854,439 and a restricted general funds deficit of £3,784,884. This deficit is a result of the Local Government Pension Scheme liability acquired on conversion to an Academy of £1,264,000 and together with movements since conversion amounting to £2,730,000 the total pension provision of £3,994,000 has been offset against the restricted General Annual Grant.

Reserves Policy

The governors, via the work of their Finance Committee, regularly monitor on-going and projected levels of reserve, ensuring these are adequate for the continued operation of the academy. This monitoring process takes into account shifts in local and national funding policies and developments as well as material expenditure requirements.

The free reserves held are £859,497 being the unrestricted funds. These are made up of the COIF investments of £38,510, various school funds totalling £76,427 and general funds of £744,560

The fund in deficit is the LGPS pension scheme, details of which are given in note 21.

The total funds at 31st August 2016 are £12,929,053, including restricted funds not available for general purposes of £209,117.

Tangible fixed assets of £13,929,991 are held for use by the academy and can only be realised by the disposal of these assets.

Investment Policy

Governors maintain a policy of judicious investment, assessing all available opportunities to maximise return on public assets, whilst minimising exposure to risk. Funds are placed in ethical investments wherever possible.

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement with EFA guidance. Details of restricted funds are shown in note 20 and 21 of the accounts.

Plans for Future Periods

The Academy will continue to strive to improve the provision of 'quality experiences' to all members of the school community and at all levels.

The Trust has been approved to become a Multi Academy Trust and sponsor of a new Studio School and is in the pre-opening phase of the governments' free school programme.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2016

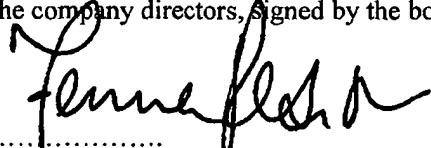
AUDITOR

In so far as the governors are aware:

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

The auditors, Saint & Co, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, signed by the board's behalf by:


.....
Mr Fenner Pearson (Chair)

Date ..20/12/16.....

Registered office:
Queen Elizabeth School
Kirkby Lonsdale
Cumbria
LA6 2HJ

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, Mr Clarke, 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 School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 5 times during the year. Attendance at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
F Pearson (Chair)	4	5
T Barker**	3	3
R Bingham	5	5
C Clarke (Headteacher and Accounting Officer)	5	5
M Cunningham	5	5
S Dent*	2	2
T Fell-Williams**	3	3
T Felix	2	5
S Holmes	5	5
P Howden	4	5
S Lawrenson	5	5
D McGregor*	0	2
S Nelson	4	5
T Power	5	5
R Shepherd	4	5
E Shuttleworth	3	5
D Tomlinson	4	5
P Weston	3	5
D Harkness	5	5
M Day	2	5

* S Dent resigned 13th November 2015, D McGregor resigned 15th November 2015, T Felix resigned 3rd October 2016

** T Barker appointed 4th January 2016, T Fell-Williams appointed 4th January 2016

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Governance review

During the 2015/16 year a review of governance was undertaken. Whilst no shortcomings were identified in the skillset of the governing body, a programme of succession planning was implemented as a result. Directors of the Trust are now supported by a number of Associate Governors. These associates have been recruited with specialisms in Health, Education and Finance. Their extended induction programme will eventually serve to ensure continuity of governance, as co-opted and Board positions arise. During the year two Associates with Financial Management expertise were appointed to the Board and serve on the Finance Committee.

It is intended that this process will be ongoing

The Finance Committee is a sub-committee of the main governing body. Its purpose is to review the School's financial statements, closely monitor budget performance and ensure the effectiveness of internal finance and control systems.

Governor	Meetings attended	Out of a possible
T Power	6	7
C Clarke (Headteacher and Accounting Officer)	7	7
F Pearson	7	7
S Holmes	7	7
R Shepherd	7	7
S Nelson	6	7
D Harkness	7	7
T Fell-Williams	3	3

Review of Value for Money

As accounting officer the Headteacher 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 the academic year, and reports to the board of trustees where value for money can be improved, including benchmarking where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Seeking continuous improvement in standards, progress and outcomes within the confines of existing budgets. This has been achieved through punctilious monitoring and management of pupils, staff and data by the Executive team.
- Active pursuit of Best Value. Ensuring that all procurement and service provision is aligned at every level to our stated aims and strategies

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

- A continued commitment to collaborative working. Ensuring optimised utilisation of skilled staff by allowing other schools to access their expertise on a cost reimbursement basis.

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 ongoing process designed to identify and prioritise the risks to the achievement of School 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 School, Kirkby Lonsdale from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governing Body have appointed Saint & Co the external auditor, to perform additional checks. In particular the checks carried out in the period included:

- Testing of payroll systems
- Testing purchase systems
- Testing of Bank Reconciliations

In addition to the above the Chair of Finance Committee reviews the detailed working of accounts and budget preparation on a monthly basis.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

The committee's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period include:

- A thorough review of the collation of budget information for the Academy and the composition of forecast information. This detailed analysis has led to an improved schedule for adoption of annual budgets by the governing body.
- A review of systems and procedures for provision of financial management information to internal budget holders. This has resulted in a more stringent monitoring schedule and improved definition of internal recharges.
- A detailed analysis of the segregation of funds for governor's management accounting purposes. This has resulted in revised and improved reporting papers.

The Finance Committee reports to the Board of Trustees via the Chair of Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

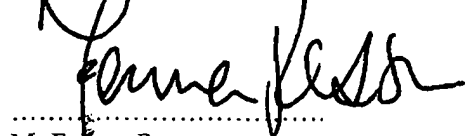
Review of Effectiveness

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

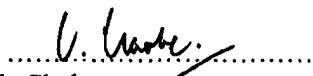
- the work of the Financial review Committee
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Finance Director at Queen Elizabeth School, Kirkby Lonsdale

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body and signed on its behalf by:



Mr Ferner Pearson
Chair



Mr Chris Clarke
Accounting Officer

Date 20.12.16

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

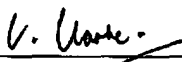
YEAR ENDED 31 AUGUST 2016

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

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

I confirm that the following instance of irregularity has been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

- Due to restricted supply chain in our rural locality, after analysis of a limited range of options, the governing body elected to appoint Thomas Consulting as our structural engineers and Approved Inspectors as our Building Inspectors. A director of this firm – Philip Howden - is a member of our governing body. This relationship is on a clearly defined basis at lower than commercial rates and is monitored within agreed parameters by governors committees. A declaration of this interest is made at each meeting of the governing body and is thereby transparent to the Board



Mr Christopher Clarke

Accounting Officer

Date: 20.12.16.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 AUGUST 2016

Statement of Trustees' Responsibilities

The trustees (who act as governors of Queen Elizabeth School, Kirkby Lonsdale and 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 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:

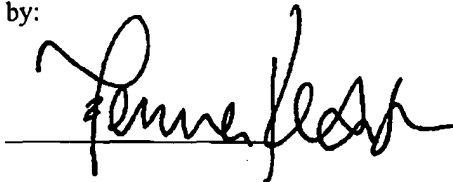
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 26/12/16 and signed on its behalf by:



Mr Fenner Pearson

Chair of the Governors

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE

YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Queen Elizabeth School, Kirkby Lonsdale for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. 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".

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 governors 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 governors as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Governors' Responsibilities Statement, the governors (who are also the directors of Queen Elizabeth School, Kirkby Lonsdale 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE (continued)

YEAR ENDED 31 AUGUST 2016

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors Annual Report (which includes the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



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: 21/12/16

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE AND THE EDUCATION FUNDING AGENCY

YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 2 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy Trust during the period 01 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Queen Elizabeth School, Kirkby Lonsdale's funding agreement with the Secretary of State for Education dated 1 December 2010 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies: Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE AND THE EDUCATION FUNDING AGENCY *(continued)*

YEAR ENDED 31 AUGUST 2016

The work undertaken to draw our conclusion includes:

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

CONCLUSION

During the year transactions were entered into with Thomas Consulting and Approved Inspectors in contravention of the "at cost" guidance contained in the EFA handbook. We are aware that the academy have now disclosed the details of these transactions to the EFA.

Subject to the above, in the course of our work, nothing else has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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: 21/12/16

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds Year to 31.8.16	Total Funds Year to 31.8.15
Income And Endowments from:						
Donations and capital grants	3	35,558	6,774	2,467,116	2,509,448	841,561
Charitable activities:						
Funding for the academy trust's educational operations	4	464,258	7,499,602		7,963,860	7,929,732
Other trading activities	5	166,864			166,864	129,360
Investments	6	9,890			9,890	6,210
Total		676,570	7,506,376	2,467,116	10,650,062	8,906,863
Expenditure on:						
Raising Funds	7	27,000			27,000	26,000
Charitable activities:						
Academy trust educational operations	8	520,921	7,635,378	426,140	8,582,439	9,017,238
Other	9			1,250	1,250	1,250
Total		547,921	7,635,378	427,390	8,610,689	9,044,488
Unrealised Gains on Investments		3,019			3,019	912
Net Income / (expenditure)	10	131,668	(129,002)	2,039,726	2,042,392	(136,713)
Transfer between Funds	11	(61,916)	69,699	(7,783)	-	-
		69,752	(59,303)	2,031,943	2,042,392	(136,713)
Other Recognised Gains and Losses						
Actuarial gain / (losses) in respect of defined benefit pension schemes			(1,817,000)		(1,817,000)	7,000
Net Movement in Funds		69,752	(1,876,303)	2,031,943	225,392	(129,713)
Reconciliation of Funds						
Total funds brought forward		789,745	(1,908,581)	13,822,496	12,703,660	12,833,373
Total Funds carried Forward		859,497	(3,784,884)	15,854,439	12,929,052	12,703,660

All income and expenditure derive from continuing activities

The statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 29 to 56 form part of these financial statements.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

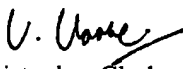
BALANCE SHEET AS AT 31 AUGUST 2016

Company number 07438425

	Note	£	2016 £	2015 £
Fixed Assets				
Tangible assets	13		13,929,991	13,028,665
Investments	14		<u>38,510</u>	<u>35,437</u>
			13,968,501	13,064,102
Current assets				
Stocks	15	6,471		7,411
Debtors	16	793,269		145,777
Cash at Bank		<u>2,781,751</u>		<u>2,129,690</u>
		3,581,491		2,282,878
Creditors: Amounts Falling due within one year	17	(626,939)		(548,320)
Net Current Assets			2,954,552	1,734,558
Total Assets less Current Liabilities			<u>16,923,053</u>	<u>14,798,660</u>
Provision for Liabilities				
Pension scheme liability	18		(3,994,000)	(2,095,000)
Net Assets			<u>12,929,053</u>	<u>12,703,660</u>
Funds of the Academy Trust:				
Restricted Fixed Asset Funds	20		15,854,439	13,822,496
Restricted General Funds:				
Restricted General Funds	21	209,117		186,419
Pension Deficit	21	(3,994,000)		(2,095,000)
Total Restricted General funds			(3,784,883)	(1,908,581)
Unrestricted Funds	22		859,497	789,745
Total Funds			<u>12,929,053</u>	<u>12,703,660</u>

The notes on pages 29 to 56 form part of these financial statements.

The Financial Statements were approved by the trustees, and authorised for issue on 20th Dec 2016
and are signed on their behalf by


Mr Christopher Clarke

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

CASH FLOW STATEMENT YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
Reconciliation of Net Incoming Resources before Transfers to Net cash Inflow from Operating Activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	2,042,392	(136,713)
Adjusted for :		
Income from Investments	(335)	(334)
Interest receivable	(9,555)	(5,876)
Unrealised gains on Investments	(3,019)	(912)
Loss on disposal of tangible fixed assets	1250	1250
Depreciation charges	418358	424740
Capital Grants from DofE and other capital income	(2,467,116)	(824,021)
FRS102 pension cost less contributions payable	(18,000)	10000
Defined benefit pension scheme finance cost	80000	76000
Defined benefit pension scheme administration expenses	6000	6000
Defined benefit pension scheme effects on curtailment	14000	
Decrease in stocks	940	4691
(Increase)/Decrease in debtors	(647,492)	34585
(Decrease)/Increase in creditors	78619	25984
Net cash inflow / (outflow) from operating activities	(503,958)	(384,606)
Cash Flows from Investing Activities		
Dividends, interest and rents from investments	9,836	6,157
Purchase of tangible fixed assets	(1,320,933)	(25,946)
Capital grants from DfE/EFA	2,417,116	824,021
Capital funding received from sponsors and others	50,000	
Net cash provided by investing activities	1,156,019	804,232
Decrease (Increase) in cash in the year	<u>652,061</u>	<u>419,626</u>
Reconciliation of Net cash Flow to Movement in Net Funds		
	2016 £	2015 £
(Decrease) / Increase in cash in the period	<u>652,061</u>	<u>419,626</u>
Change in net funds	652,061	419,626
Net funds at 1 September 2015	<u>2,129,690</u>	<u>1,710,064</u>
Net funds at 31 August 2016	<u><u>2,781,751</u></u>	<u><u>2,129,690</u></u>
Analysis of Changes in Net Funds	01-Sep-15 Cash Flows £	31-Aug-16 £
Cash in hand and at bank	<u>2,129,690</u>	<u>652,061</u> <u>2,781,751</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

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

Basis of Preparation and 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 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Queen Elizabeth School, Kirkby Lonsdale meets the definition of a public benefit entity under FRS 102.

First Time Adoption of FRS 102

These financial statements are the first financial statements of the academy prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in notes.

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 of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (*continued*)

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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (*continued*)

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 the 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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. If items are individually less than £250 they are expensed in the year of purchase.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Plant and Machinery – straight line over economic life (ranging from 6 to 27 years)

Information communications and technology equipment – 25% straight line

Freehold Buildings – straight line over economic life (ranging from 6 to 56 years)

Furniture and Equipment – 10% straight line

No depreciation is provided on Land

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees

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

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

Liabilities

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

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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

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 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 depreciated straight line over the lease term.

Stock

Unsold uniforms and catering 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 chapter 3 part 11 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.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefits charges, 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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

Investment assets and Income

Investment income is accounted for in the period in which the charity is entitled to receipt.

Investments are stated at market value. Income from investment is recognised on an accruals basis.

Unrealised gains and losses are recognised in the statement of financial activities as they arise.

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.

1. Statement of Accounting Policies (continued)

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 Funding Agency.

Critical accounting estimates and areas of judgment

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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

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 19, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy trust has not exceeded these limits during the year ended 31 August 2016

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

3 Donations and Capital grants

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2016 £	Total Funds 2015 £
Capital Grants			2,467,116	2,467,116	824,021
Other Donations	35,558	6,774	-	42,332	17,540
	<u>35,558</u>	<u>6,774</u>	<u>2,467,116</u>	<u>2,509,448</u>	<u>841,561</u>
2015 total	<u>13,406</u>	<u>4,134</u>	<u>824,021</u>	<u>841,561</u>	

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
DfE / EFA grants					
General Annual Grant (GAG)		6,595,639		6,595,639	6,647,668
Pupil Premium		98,378		98,378	93,547
	<u>0</u>	<u>6,694,017</u>	<u>0</u>	<u>6,694,017</u>	<u>6,741,215</u>
Other Government grants					
Pupil Premium		3,066		3,066	5,356
Local Authority Funded Statements		75,287		75,287	102,702
Other Governments Grants		32,334		32,334	31,805
Special Educational projects		109,732		109,732	185,476
	<u>0</u>	<u>220,419</u>	<u>0</u>	<u>220,419</u>	<u>325,339</u>
Other income from the academy trust's educational operations:					
School Funds	44,890	29,966		74,856	88,725
Catering	419,368			419,368	415,602
Trips Income		487,626		487,626	286,608
Other Educational Income		67,574		67,574	72,243
	<u>464,258</u>	<u>585,166</u>	<u>0</u>	<u>1,049,424</u>	<u>863,178</u>
Total	<u>464,258</u>	<u>7,499,602</u>	<u>0</u>	<u>7,963,860</u>	<u>7,929,732</u>
2015 total	<u>515,273</u>	<u>7,445,359</u>	<u>0</u>	<u>7,960,632</u>	

5 Other trading activities

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Consultancy	123,118			123,118	92,991
Hire of facilities	7,379			7,379	5,469
External catering	36,367			36,367	30,900
	<u>166,864</u>	<u>0</u>	<u>0</u>	<u>166,864</u>	<u>129,360</u>
2015 total	<u>98,460</u>	<u>0</u>	<u>0</u>	<u>98,460</u>	

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
6 Investment Income					
Bank Interest	9,555			9,555	5,876
COIF Revaluation	54			54	53
COIF Interest	281			281	281
	<u>9,890</u>	<u>0</u>		<u>9,890</u>	<u>6,210</u>
2015 total	<u>6,210</u>	<u>0</u>	<u>0</u>	<u>6,210</u>	
	676,570	7,506,376	2,467,116	10,650,062	8,906,863
7 Expenditure					
	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Consultancy and Other Services					
Staff costs	21,000	-	-	21,000	21,000
Other consultancy and services costs	-	-	-	-	-
	<u>21,000</u>	<u>-</u>	<u>-</u>	<u>21,000</u>	<u>21,000</u>
Lettings					
Staff Costs	6,000	-	-	6,000	5,000
Other Lettings costs	-	-	-	-	-
	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>5,000</u>
	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>26,000</u>
2015 total	<u>26,000</u>	<u>0</u>	<u>0</u>	<u>26,000</u>	

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

8 Costs of Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Educational Activities	-	5,682,071	285,212	5,967,283	6,549,512
Trips	-	497,460	-	497,460	300,028
School Fund	92,573	28,035	-	120,608	104,644
Allocated Support Costs	-	1,409,515	140,928	1,550,443	1,588,893
	<u>92,573</u>	<u>7,617,081</u>	<u>426,140</u>	<u>8,135,794</u>	<u>8,543,077</u>
Catering					
Purchases	231,630	9,894	-	241,524	266,328
Depreciation	-	-	-	-	-
Staff costs	167,154	7,140	-	174,294	179,827
Equipment Maintenance	9,151	391	-	9,542	7,916
Other Catering costs	<u>20,413</u>	<u>872</u>	<u>-</u>	<u>21,285</u>	<u>20,090</u>
	<u>428,348</u>	<u>18,297</u>	<u>-</u>	<u>446,645</u>	<u>474,161</u>
Total	520,921	7,635,378	426,140	8,582,439	9,017,238
2015 total	<u>500,475</u>	<u>8,092,023</u>	<u>424,740</u>	<u>9,017,238</u>	

Detailed Cost of Charitable Activities

	2016	2015
Direct Costs - educational operations		
Teaching and educational support staff costs	5,212,478	5,556,032
Depreciation	285,212	298,031
Educational supplies	95,559	111,359
Examination fees	146,452	162,146
Staff Development	16,954	20,982
Educational consultancy	23,972	25,471
External course costs	25,905	39,549
Other direct costs	<u>59,386</u>	<u>206,267</u>
	<u>5,865,918</u>	<u>6,419,837</u>
Teaching School and special educational projects		
Direct staff costs	52,095	61,921
External services	49,270	67,754
Other teaching school and educational project costs	<u>0</u>	<u>0</u>
	<u>101,365</u>	<u>129,675</u>
Allocated support costs		
Depreciation	133,146	126,709
Staff costs	777,939	821,908
Staff Development	0	1,377
Counselling	0	0
Maintenance of premises and equipment	94,550	125,431
Information communications and technology	85,995	80,972
Rates and Water	71,876	73,804
Heat, Light and Power	87,996	90,487
Insurance	45,934	43,714
Transport	23,469	25,063
Legal and Professional	7,723	2,517
South Lakes Federation Charges	22,208	23,631
Other support costs	<u>87,867</u>	<u>91,330</u>
Governance Costs:		
Accountancy and assurance services	3570	1,750
Audit fees	8170	4,200
Net Finance Costs in respect of defined benefit pension schemes	100000	76,000
	<u>1,550,443</u>	<u>1,588,893</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

Trips

Direct Costs

Staff costs

Transport, accommodation and other expenses

25,426	15,507
472,034	284,521
<u>497,460</u>	<u>300,028</u>

School Fund

Direct Costs

Staff costs

Gifts and Donations

Miscellaneous

0	0
16,763	11,076
103,845	93,568
<u>120,608</u>	<u>104,644</u>

8,135,794 8,543,077

9 Other Resources Expended

Losses on disposal of tangible fixed assets for
charity's own use

Total Funds 2016	Total Funds 2015
£	£

1,250 1,250

10 Net Outgoing/Incoming Resources for the Year

This is stated after charging:

Depreciation

Loss on disposal of fixed assets

Operating Leases:

Plant & Machinery

Other Leases

Auditors Remuneration:

audit of the financial statements

Internal audit

accountancy

assurance services

Total Funds 2016	Total Funds 2015
£	£
418,358	424,740
1,250	1,250
10,735	10,286
5,753	1,438
8,170	4,200
1,900	
1,135	1,230
<u>535</u>	<u>520</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

11 Fund transfers	Total Funds 2016 £
Unrestricted funds	
Catering to GAG to cover overheads not allocated in resources expended	(27,387)
Consultancy and other services to GAG to cover costs not allocated in resources expended	(30,328)
Designated school fund	
Contributions to trips	(4,201)
Purchases of fixed assets	0
	(4,201)
Bank interest to letting to cover deficit	(840)
Lettings from bank interest to cover deficit	840
	<u>(61,916)</u>
Restricted general funds	
EFA grants - GAG	
From designated catering to cover overheads not allocated	25,991
From consultancy and other services to cover overheads not allocated	30,328
To restricted Catering to cover the catering deficit for the year	(18,325)
From 6th form bursary	(3,517)
From 6th form bus passes	9,880
From summer school to cover costs not allocated in resources expended	4,850
From access fund	237
From teaching school ledger	(11,213)
Contributions to trips	(237)
From special educational projects - per below	0
From other educational income - Summer school	0
Contributions to purchases of fixed assets	7,783
Contributions from restricted school funds	(6,363)
	39,414
Catering from GAG to cover the excess of catering expenditure over income	19,721
Trips	0
Contributions from restricted school funds	(5,396)
	(5,396)
Restricted school funds	
Contributions to trips	9,834
Contributions to GAG	0
	9,834
Other educational income - Summer school charges to GAG	0
Other restricted fund - donation to special educational project	6,126
	<u>69,699</u>
Restricted Fixed Asset Funds	
Fixed Assets used for Charitable purposes	
Purchases from DofE/EFA formula grant	1,320,934
Purchases from designated school fund	0
Purchases from SEN funding	0
Purchases from GAG	0
	1,320,934
DofE/EFA formula grant to fixed asset fund	<u>(1,328,716)</u>
	<u>(7,782)</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

12 Staff Costs and Emoluments

a) Staff costs

Staff costs during the year were:

	Total Funds 2016 £	Total Funds 2015 £
Wages and salaries	4,992,987	5,406,157
Social security costs	409,212	392,390
Pension costs	840,532	814,864
	<hr/> 6,242,731	<hr/> 6,613,411
Supply staff costs	16,877	37,307
Staff restructuring costs	9,446	168,736
	<hr/> 6,269,054	<hr/> 6,819,454

Included in staff restructuring are early retirement payments totalling £9446

b) Staff numbers

The numbers of Employees during the period was as follows:

	2016	2015
Teaching	126	126
Catering	10	12
Administration and Support	120	123
	<hr/> 256	<hr/> 261

c) Higher paid staff

The number of employees whose remuneration fell within the following bands were:

	2016	2015
£60,000 to £69,999 (annual equivalent)	1	1
£80,000 to £89,999 (annual equivalent)	1	1
£90,000 to £99,999 (annual equivalent)	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 employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £747,322 (2015 : £751,562)

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible Fixed Assets

	Freehold Land and Buildings £	Assets under Construction £	Furniture & Equipment £	Plant & machinery £	IT & technology £	Total £
Cost b/fwd	11,985,151	21,398	93,097	2,669,003	244,007	15,012,656
Additions		1,252,314	39,435	1,512	27,673	1,320,934
Disposals			(2,000)			(2,000)
at 31.8.16	11,985,151	1,273,712	130,532	2,670,515	271,680	16,331,590
Depreciation b/fwd	1,066,202		32,028	680,034	205,727	1,983,991
Charge for the period	229,950		13,053	144,778	30,577	418,358
Depreciation on Disposal			(750)			(750)
at 31.8.16	1,296,152	0	44,331	824,812	236,304	2,401,599
NBV at 31.8.16	10,688,999	1,273,712	86,201	1,845,703	35,376	13,929,991
NBV at 31.8.15	10,918,949	21,398	61,069	1,988,969	38,280	13,028,665

Valuation

The Freehold land and buildings and the plant and machinery integral to the buildings include valuations of £11,431,130 and £2,609,929 respectively made in 2010 by AT Snape RICS Registered Valuer, who was independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a depreciated Replacement Cost approach in accordance with FRS 102 section 17 Property, Plant and Equipment

Capital commitments

	2016 £	2015 £
Contracted for, but not provided for in the financial statements	1,924,448	100,000

This relates to the DT block and Sports Hall as shown in Restricted Fixed Asset Funds in note 20

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

14 Investments	2016	2015
	£	£
Movement in Market Value		
Market value at 1 Sep 2015	35,437	34,472
Interest Retained	54	53
Net gains on revaluations in the year ended 31 August 2016	3,019	912
	<u>38,510</u>	<u>35,437</u>
 Historical cost at 31 Aug 2016	 31,190	 31,190
 Analysis of unrestricted Investments at 31 August 2016		
	Total Funds 2016	Total Funds 2015
	£	£
COIF Investment income units	18,992	16,730
COIF Fixed Interest Income units	7,592	6,835
COIF Deposit Fund	11,926	11,872
	<u>38,510</u>	<u>35,437</u>
 15 Stocks	 Total Funds 2016	 Total Funds 2015
	£	£
Catering	2,500	2,500
Stationery	1,426	158
Clothing	0	4,753
Chas Jacobs Painting	2,545	0
	<u>6,471</u>	<u>7,411</u>
 16 Debtors	 Total Funds 2016	 Total Funds 2015
	£	£
Trade Debtors	126,484	27,838
Other Debtors	586,946	55,952
Prepayments	79,839	61,987
	<u>793,269</u>	<u>145,777</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

17 Creditors : Amounts falling due within one year:	Total Funds 2016 £	Total Funds 2015 £
Trade creditors	100,900	73,223
Taxation and social security	117,053	116,734
EFA creditor	20,599	20,673
Deferred income	80,241	179,159
Other creditors	126,882	123,482
Accruals	181,264	35,049
	626,939	548,320

Deferred Income

Balance brought forward	179,159	69,610
Amounts released from previous years	(179,159)	(69,610)
Resources deferred in the year	80,241	179,159
Balance carried forward	80,241	179,159

Deferred Income at 31 August 2016 comprises:

Local Authority funded grant statements grant (section 215) for the period September 2014 to March 2015	0	33,756
Rates receipt from EFS for September 2016 to March 2017	18,950	0
South Lakes Rural Partnership payroll invoice	21,555	9,604
Deposits in advance for trips in the following academic year	39,736	135,779
	80,241	179,139

Funds held by the Academy as principal:

Balance brought forward	14,236	13,506
Amounts received in the year	59,559	25,756
Charitable Expenditure applied during the year	(53,196)	(25,026)
Transfer from/(to) restricted funds	0	0
	20,599	14,236

Other creditors includes £20599 where the Academy acts as principal and comprises:

£5354 6th Form Bursaries - funding issued by the Department for Education for distribution to disadvantaged 6th form students.

£15245 6th form bus passes - monies received by the students for distribution to the bus companies.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £98,682 (2015: £99,094) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 31st March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9th June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The pension costs paid to TPS in the period amounted to £606,970 (2015: £571,965)

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

Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £226,670 (2015: £235,551) of which employers contributions totalled £158,987 (2015 £165,568) and employees contributions totalled £67,683 (2015 £69,983). The agreed contribution rates for future years are 13.9% for employers and between 5.5% and 12.5% for employees.

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

During the year the academy entered into an agreement effective from 1 April 2014 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 19 years from 1 April 2014.

Principal Actuarial Assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.40%	3.70%
Rate of increase for pensions in payment/inflation	2.00%	2.20%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	1.90%	2.20%

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.1	23.0
Females	25.7	25.6
<i>Retiring in 20 years</i>		
Males	25.9	25.8
Females	28.9	28.8

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows:

	Fair Value at 31st August 2016 £000	Fair Value at 31st August 2015 £000
Equity instruments	1192	822
Government Bonds	464	286
Other Bonds	173	112
Property	249	173
Cash / Liquidity	71	44
Other	218	125
Total Market value of Assets	2,367	1,562

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations (continued)

None of the fair values of the assets shown above include any of the Charitable Company's own financial instruments or any property occupied by, or other assets used by, the Charitable Company.

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

The actual return on scheme assets was £360,000 (2015: £61,000).

Amounts recognised in the statement of Financial Activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	240	250
Net Interest cost	80	76
Administration Expenses	6	6
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	14	0
Total operating charge	340	332

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar obligations (continued)

Movements in the present value of defined benefit obligations were as follows

	2016 £000	2015 £000
At 1st September 2015	3,657	3,226
Current Service cost	240	250
Interest Cost	151	130
Employee contributions	75	70
Actuarial (gain) / loss	2,107	0
Curtailments	14	
Benefits paid	117	(19)
Plan introductions, benefit changes, curtailments and settlements		
At 31st August 2016	6,361	3,657

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

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

	2016 £000	2015 £000
At 1st September 2015	1,562	1,216
Return on plan assets (excluding net interest on the net defined pension liability)	71	54
Remeasurement of assets	290	7
Administration Expenses	(6)	(6)
Employer contributions	258	240
Employee contributions	75	70
Benefits paid	117	(19)
Plan introductions, benefit changes, curtailments and settlements		
At 31st August 2016	<u>2,367</u>	<u>1,562</u>

Note from actuarial report: The value of the assets is being reassessed formally as part of the 2016 actuarial valuation, the results of which will be incorporated into the 31 August 2017 accounting figures. The effect could be a significant change in the reported asset value in next year's figures.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Commitments under Operating Leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Total Funds 2016 £	Total Funds 2015 £
Amounts due within one year	12,900	11,725
Amounts due between one and five years	28,197	21,441
Amounts due after five years	0	0
	41,097	33,166

20 Restricted Fixed Asset funds

	Balance at 31.8.15 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31.8.16 £
Dof E/EFA formula capital	0	29,397		-29,397	0
EFA Building Capital	793,831	2,387,719	-7,783	-1,249,319	1,924,448
Other Donations		50,000		-50,000	0
Fixed Assets used for charitable purposes	13,028,665		-419,608	1,320,934	13,929,991
	13,822,496	2,467,116	-427,391	-7,782	15,854,439

In April 2015 the Academy Trust was awarded a £2,531,048 grant to build a new DT block. The total amount received up to 31.8.16 was £2,404,493. This leaves £126,555 which will be received during 2016/17 but has been included in the accounts to comply with FRS102 that the income be accounted for when it is probable that it will be received.

The Academy Trust also received £50,000 from the Wolfson Foundation, for the DT block new build.

In April 2016 the Academy Trust was awarded £650,499 for a roof renewal. The total amount received up to 31.8.16 was £357,774.

This leaves £292,725 which will be received during 2016/17 but has been included in the accounts to comply with FRS102 that the income be accounted for when it is probable that it will be received.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

21 Restricted General funds

	Balance at 31.8.15 £	Incoming Resources £	Outgoing Resources £	Transfers and gains / losses £	Balance at 31.8.16 £
EFA Grants					
GAG	90,419	6,627,973	(6,634,013)	50,655	135,034
Pupil Premium	-	101,444	(101,444)	-	-
Bursary Grant	-	18,449	(21,966)	3,517	-
6th Form Bus Pass Grant	-	41,110	(31,230)	(9,880)	-
Other Dof E /EFA grants	4,101	750	(4,851)	(4,850)	(4,850)
Defined benefit pension scheme Deficit	(2,095,000)	-	(82,000)	(1,817,000)	(3,994,000)
Other government grants					
Pupil premium	-	0	0	-	-
LA Funded Statements	-	75,287	(75,287)	-	-
Special Educational Projects	82,513	50,578	(74,861)	6,126	64,356
Other government grants	-	-	-	-	-
Catering	-	-	(19,692)	19,692	-
Trips	-	487,626	(497,460)	9,834	-
Restricted School Funds	9,386	35,584	(24,999)	(5,395)	14,576
Other educational income	-	67,575	(67,575)	-	-
Other restricted Funds	-	0	0	0	-
	(1,908,581)	7,506,376	(7,635,378)	(1,747,301)	(3,784,884)

Transfers and gains and losses

Transfers - see note 12 for detail

Gain / (Loss) on the defined benefit pension scheme

69,699
<u>(1,817,000)</u>
<u>(1,747,301)</u>

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

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

Defined benefit pension scheme deficit fund:

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end

General Annual Grant (GAG) fund:

This represents the core funding for the Educational Activities of the school that has been provided to the academy via the Education Funding Agency (EFA)

Pupil Premium Fund

This represents funding paid by the DofE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with the more advantaged students

Local Authority funded statements

This represents funding from the Local Authority to pay for Learning Support Assistants who support the 'statemented' special needs students.

Special Educational projects fund

This includes grants received for the Teaching School and National college grants

Restricted catering fund

This relates to the provision of free school meals and hospitality

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

22 Unrestricted Funds

	Balance at 31.8.15 £	Incoming Resources £	Outgoing Resources £	Transfers and gains/losses £	Balance at 31.8.16 £
Designated catering	-	455,735	(428,348)	(27,387)	-
Designated school funds	92,472	80,729	(92,573)	(4,201)	76,427
COIF investments	35,437	54	-	3,019	38,510
General Funds	661,836	140,052	(27,000)	(30,328)	744,560
	789,745	676,570	(547,921)	(58,897)	859,497

Transfers and gains and losses

Transfers - see note 12 for detail

Gains on COIF investments

(61,916)

3,019

(58,897)

The designated catering fund is in respect of the provision of meals that are charged to diners in Queen Elizabeth School and St Mary's Church of England Primary School, Kirkby Lonsdale

Unrestricted general funds includes consultancy and lettings

23 Analysis of Net Assets between Funds

	Tangible Fixed assets £	Investments £	Net Current Assets £	Defined benefit pension £	Total £
Restricted General Funds					
GAG			130,184		130,184
Defined benefit pension scheme deficit				(3,994,000)	(3,994,000)
Special educational projects			64,356		64,356
Restricted School Funds			14,576		14,576
	-	-	209,116	(3,994,000)	(3,784,884)
Restricted Fixed Asset Funds					
Dof E/EFA Formula Capital grant			1,505,168		1,505,168
Fixed Assets used for charitable purposes	13,929,991				13,929,991
	13,929,991	-	1,505,168	-	15,435,159
Unrestricted Funds					
Designated Funds		38,510	76,428		114,938
General Funds			744,559		744,559
	-	38,510	820,987	-	859,497
Total Funds	13,929,991	38,510	2,535,271	(3,994,000)	12,509,772

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

24 Related Party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arms length and in accordance with the academy's financial regulations and normal procurement procedures, excepting the arrangement with our structural engineers, the details of which are provided on page 21.

Mr P Howden, a director /governor of the academy, has an interest in Approved Inspectors Ltd. During the year the academy paid £2675 (2015: £2000) to Approved Inspectors Ltd for building regulation application fees. There was a balance of £0 (2015: £nil) due at the year end to Approved Inspectors Ltd.

Mr P Howden a director/ governor of the academy, has an interest in Thomas Consulting Ltd. During the year the academy paid £23827 (2015: £3452) to Thomas Consulting Ltd for engineering fees. There was a balance of £1212 (2015: £3693) due at the year end to Thomas Consulting Ltd

Due to restricted supply chain in our rural locality, after analysis of a limited range of options, the governing body elected to appoint Thomas Consulting as our structural engineers and Approved Inspectors as our building inspectors. A director of this firm - Philip Howden - is a member of our governing body. This relationship is on a clearly defined basis lower than commercial rates and is monitored within agreed parameters by governors committees. A declaration of this interest is made at each meeting of the governing body and is thereby transparent to the Board.

The Board benchmarked fee rates for services provided and satisfied itself that the agreed fee structure – which eliminated time cost for activities involving Phil Howden directly in his role as director in the firm in question, essentially providing his own time and expertise free of charge - represented extremely good value for money. This was coupled with regular statements of account, detailing time spent by other staff in the firm, allowing governors to monitor the arrangement on an ongoing basis.

25 Governors Remuneration and Expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their service as trustees. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors remuneration for the year was in the following bands:

C Clarke	Remuneration	£95,000 to £99,999	(2015: £95,000 to £99,999)
	Employer's pension contributions	£15,000 to £19,999	(2015: £10,000 to £14,999)
S Holmes	Remuneration	£55,000 to £59,999	(2015: £55,000 to £59,999)
	Employer's pension contributions	£5,000 to £9,999	(2015: £5,000 to £9,999)
P Weston	Remuneration	£45,000 to £49,999	(2015: £45,000 to £49,999)
	Employer's pension contributions	£5,000 to £9,999	(2015: £5,000 to £9,999)
T Fell Williams	Remuneration	£20,000 to £24,999	(2015: £20,000 to £24,999)
	Employer's pension contributions	£0 to £4,999	(2015: £0 to £4,999)
T Barker	Remuneration	£35,000 to £39,999	(2015: £35,000 to £39,999)
	Employer's pension contributions	£5,000 to £9,999	(2015: £5,000 to £9,999)
S Dent	Remuneration	£20,000 to £24,999	(2015: £20,000 to £24,999)
	Employer's pension contributions	£0 to £4,999	(2015: £0 to £4,999)

During the year ended 31 August 2016 travel accommodation and subsistence expenses totalling £7612 were reimbursed to five governors (2015: £7294 to four governors).

Governors and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions whilst on academy business. The Insurance provides cover up to £1,000,000 (2014: £1,000,000) on any one claim.

The cost of this insurance is included in the total Insurance cost

26 Company Limited by Guarantee

Queen Elizabeth School, Kirkby Lonsdale is a company limited by guarantee. 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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

27 Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply. Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	Notes	01 September 2014	31 August 2015
Total funds under previous UK GAAP		12,833,373	12,703,660
Total funds reported under FRS 102		<u>12,833,373</u>	<u>12,703,660</u>
Reconciliation of net income/(expenditure)			31 August 2015
	Notes		
Net income/(expenditure) previously reported under UK GAAP			(118,625)
Unrealised Gain			912
Change in recognition of LGPS interest cost	A		(19,000)
Net movement in funds reported under FRS 102			<u>(136,713)</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.

The effect of the change has been to increase the debit to pension cost expense by £19,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount as shown below:

	Under FRS 102	As Previously Reported	Change
Current service cost	(250,000)	(245,000)	(5,000)
Administration expenses	(6,000)	-	(6,000)
Net interest cost	(76,000)	(68,000)	(8,000)
Change in pension cost	<u>(332,000)</u>	<u>(313,000)</u>	<u>(19,000)</u>
Actuarial gain/(loss)	7,000	(12,000)	19,000
Change in actuarial gain (loss)	<u>7,000</u>	<u>(12,000)</u>	<u>19,000</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

28 General Note

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 Queen Elizabeth School, Kirkby Lonsdale, Cumbria, LA6 2HJ, United Kingdom. The financial statements are prepared in sterling, which is the functional currency of the entity.