

Registration number: 08331789 (England and Wales)

QEGS Blackburn Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

Beever and Struthers  
Chartered Accountants  
Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP



# **QEGS Blackburn Academy Trust**

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## **QEGS Blackburn Academy Trust**

### **Reference and Administrative Details**

#### **Members**

Mr DJ Clark (appointed 6 July 2020)  
Mr MJ Gorick  
Mr I Liddle (appointed 6 July 2020)  
Mr DA Peat  
Mr IDH Hamilton (resigned 12 October 2020)

#### **Governors and Trustees (Directors)**

Mr DA Peat  
Mrs L Baron (resigned 5 July 2020)  
Mr DJ Clark (resigned 9 December 2019)  
Mrs CY Gammon (ex-officio)  
Dr S Gunn  
The Dean of Blackburn, The Very Reverend P Howell-Jones (resigned 6 July 2020)  
Mr IDH Hamilton (resigned 12 October 2020)  
Mr I Liddle (resigned 6 July 2020)  
Mr NRD McMillan  
Mr P Robinson  
Prof I Singh (resigned 6 July 2020)  
Mr G Turner  
Dr KA Whyte  
Mr DMR Edmundson (appointed 6 July 2020)  
Mr MA Norse (appointed 29 June 2020)  
Mr MR Cross (appointed 29 June 2020)

#### **Senior Leadership Team**

Mrs CY Gammon, Head  
Mr N H Vyse, Deputy Head  
Mrs RJ Cox, Deputy Head  
Mrs RM Tattersall, Deputy Head  
Mrs HL Southworth, Head of Primary Phase  
Mr M Hindle, Acting Head of Sixth Form  
Mr P Atkinson, Director of Business & Finance

## **QEGS Blackburn Academy Trust**

### **Reference and Administrative Details**

#### **Academy Name**

QEGS Blackburn Academy Trust

#### **Principal and Registered office**

West Park Road  
Blackburn  
Lancashire BB2 6DF

#### **Company Registration Number**

08331789 (England and Wales)

#### **Auditors**

Beever and Struthers  
Chartered Accountants  
Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

#### **Bankers**

Lloyds TSB  
Church Street  
Blackburn  
BB2 1JQ

#### **Solicitors**

Forbes Solicitors  
73 Northgate  
Blackburn  
BB2 1AA

# **QEGS Blackburn Academy Trust**

## **Trustees' Report for the Year Ended 31 August 2020**

The trustees present their annual report together with the financial statements and auditor's report of QEGS Blackburn Academy Trust (the "Charitable Company") for the year from 1 September 2019 to 31 August 2020.

The annual report serves the purposes of both a trustees' report and a directors' and strategic report under company law.

The trust operates an academy for pupils aged 4-19 serving a catchment area in Blackburn with Darwen and Lancashire.

### **Structure, Governance and Management**

#### **Constitution**

QEGS Blackburn Academy Trust ("The Academy") is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary Trustee documents of the Academy for the purposes of company law.

The trustees act as the trustees for the charitable activities of the Academy and are also the directors of the Charitable Company for the purposes of company law. Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 and 2.

#### **The meaning of "trustee", "director", "governor" and "member"**

In this report there are frequent references to trustees. This is the same body of people as both the directors of the company and the governors of the academy; these words are used interchangeably. The trustees have a different status to the members of the academy trust.

#### **Members' liability**

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

#### **Trustees' indemnities**

The Academy has purchased indemnity insurance to protect trustees and officers from claims arising in connection with Academy business. The insurance provides cover of up to £2,000,000 on any one claim.

#### **Method of recruitment and appointment or election of trustees**

The procedure for the recruitment, appointment and election of trustees is set out in the company's articles of association. The Academy shall have up to 12 trustees appointed in accordance with the articles, 3 of which are to be appointed by Queen Elizabeth's Grammar School Blackburn Limited, along with a minimum of two parent trustees elected by parents/carers of registered pupils/students at the Academy and the Head (ex-officio).

#### **Policies and procedures adopted for the induction and training of trustees**

The Academy maintains an induction handbook for new trustees. The Academy also funds, via an external provider, training opportunities for trustees, including specific induction training.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Organisational structure**

The Academy is governed by its Trustee Body, whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 3 levels: The Trustee Body, the Head, and the Senior Leadership Team.

The Trustee Body is responsible for setting general policies, adopting a school development plan and budget, monitoring the Academy's performance, making major policy decisions, appointing senior staff, and through its various committees, overseeing the general strategic operation of the Academy. Certain elements of these responsibilities are delegated to the following committees which make recommendations to the full Trustee Body:

Education and Standards

Finance, Human Resources and Site

Risk

Policy Audit

Remuneration

The Head is also the Accounting Officer and in addition to the responsibilities associated with this role has responsibility for the strategic direction of the Academy, the day-to-day management of the Academy and its curriculum delivery.

The Senior Leadership Team comprises the:

Head

Deputy Heads

Director of Business and Finance

Head of Sixth Form/Acting Head of Sixth Form

Head of Primary Phase

The Finance, Human Resources and Site Committee of the Trustee Body, together with the Head and Director of Business and Finance, will ensure the effective allocation of resources to appropriate budget holders for staffing, premises, administration, curriculum resources and pupil/student services. An annual budget is presented to the Trustee Body for approval and regular management accounts are reviewed by the Trustee Body, initially via its Finance, Human Resources and Site Committee.

#### **Arrangements for setting pay and remuneration of key management personnel**

The salary of the Head is set by the Remuneration Committee and approved by the Trustee Body. For the remaining members of the senior leadership team, salaries are recommended to the Remuneration Committee by the Head and approved by the Trustee Body.

#### **Trade union facility time**

QEGS Blackburn Academy Trust does not provide facility time for Trade union activities. The Joint Staff Consultative Committee is the Trust's main vehicle for consulting with staff on employment related issues.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Related parties and other connected charities and organisations**

The Academy was formed out of the former Queen Elizabeth's Grammar School. Queen Elizabeth's Grammar School Blackburn Limited continues to exist and it manages the Queen Elizabeth's Nursery School. As the original School was founded in 1509, a number of historic links, particularly to former pupils/students, exist and this may be a source of donations or other financial support to the Academy going forward. One such organisation is the Old Blackburnian Association which is comprised of former pupils/students and whose aim is to support the School and its pupils/students.

#### **Objectives and Activities**

##### **Objects and Aims**

The Academy's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The core aim is to fulfil the potential of each child through the provision of education of the highest quality, characterised by the pursuit of excellence.

##### **Objectives, Strategies and Activities**

The Academy's main aim is encompassed in its school motto which is: Disce Prodesse (Learn to be of Service) and its mission statement:

To discover and develop the potential of pupils and students from all abilities and backgrounds through a programme of academic challenge, leadership development and wider curricular life, within a culture of high aspiration, mutual respect and consistent expectations of behaviour, enabling them to become active learners and committed members of the community.

The main objectives for the year were:

- to implement, review and monitor a detailed school improvement plan to ensure rapid progress following the School's first Ofsted report. Following the second Ofsted report which reflected the school's rapid improvement, the school improvement plans were further adapted to ensure that the school continued to aim for excellence across all of the curriculum.
- to continue to work with the Education and Skills Funding Agency (ESFA) to develop a strategy for the future growth of the Trust.

These are being achieved by working with the ESFA, trustee body, staff, parents, carers and other associated parties.

As a direct result of the School implementing a detailed improvement plan, outcomes for pupils and students increased for a third year in a row. The School received an Ofsted visit in September 2019 and is now judged as Good with Outstanding Personal Development and Outstanding Early Years Provision.

As a direct result of improved financial planning and clear strategy, the School is now in a position of projecting surplus budgets moving forward.

The Covid-19 national pandemic significantly affected the school from March 2020. The school remained open for key worker and vulnerable pupils and students throughout the pandemic including throughout the Easter holidays and May half term. The school became a hub school and hosted a local primary school. The school finances were significantly affected due to the loss of income streams such as external lettings. During this time the academic and pastoral care of pupils and students remained the highest priorities with an excellent remote curriculum provided alongside outstanding pastoral care including a regular system of welfare telephone calls and detailed frequent contact with the most vulnerable.

#### **Public benefit**

In setting objectives and planning activities, the trustee body has paid due regard to the published guidance from the Charity Commission on the operation of the public benefit requirement under the Charities Act 2011.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Strategic Report**

##### **Achievements and Performance**

###### **Key performance indicators**

The Academy has set strategic goals related to achievement, progress, engagement, destinations and its provision. These are set out in the School SEF. These goals are monitored closely by the trustee body.

###### **Applications**

217 (2019: 217) pupils stated QEGS as a preference for a Reception place. 586 (2019: 604) pupils stated QEGS as a preference when applying for a Year 7 place, with 286 (2019: 284) sitting the Fair Banding Assessments in November 2019 and January 2020 with a further 5 in October 2020 (total 291) for admission to Year 7 in September 2020, in line with the funding agreement.

###### **School Roll**

Total school roll in the academic year starting 4<sup>th</sup> September 2019 was 1,191 (2019: 1,120) with this rising to 1,212 (2019: 1,140) by the end of the academic year. The school roll is currently 1,243 (2019: 1,204) as of 3<sup>rd</sup> November 2020.

###### **External Academic Results (A level)**

As with all schools, A level results were awarded using centre assessed grades. This means that the performance of students this year cannot be compared with the performance of previous or future cohorts. The school is extremely proud of how its students dealt with the additional pressures the pandemic brought and released the press statement below.

Students at QEGS have landed places at top UK Universities, including St Andrews, University of Manchester, University of Edinburgh and Imperial College, London. They join staff in celebrating an impressive set of 2019/2020 A level results, despite a very challenging year.

48% of Year 13 students achieved at least one A\* or A grade in their studies, a remarkable achievement given that QEGS only offers a set of the most traditional and rigorous A level subjects.

34% of all A level grades awarded were A\*/A<sup>+</sup> grades, with 59% achieving A\*/B grades. Of those students who took at least three A levels, 20% achieved at least 3 A grades.

All A level subjects saw 75% or more students gaining A\*-C grades in their subject, with 13 out of our 23 A level subjects on offer seeing 100% of students achieving A\* - C grades.

Across the Sixth Form's traditional subject offering, our Year 13 students have impressed with their application and commitment to their challenging and advanced studies. In A level French, Further Mathematics, German, Italian, Latin and Spanish, 100% of students gained A\*-B grades, with Biology gaining 67%, Economics gaining 70%, History gaining 75%, Mathematics gaining 75% and Physics gaining 67% in this same measure.

The majority of our Year 13 students have been accepted onto their desired University course, with those going through the clearing system quickly securing places.

We are incredibly proud to have a large number of students going to Russell Group Universities including Newcastle University, St Andrews University, Manchester University, Imperial College, Edinburgh University and Liverpool University to read the most competitive courses including Medicine, Veterinary Science, Midwifery, Accounting, Law and Biological Sciences.

Mrs Claire Gammon, Head at QEGS Blackburn, was delighted with the results from this committed cohort: "This has been a very difficult and anxious time for A level students and therefore to see so many of our students accepting places on University courses of their choice was really pleasing. Our students continue to work extremely hard and thoroughly deserve their success. I would like to congratulate all the students and wish them well in the future."



## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

The vast majority of our students have now gone on to gain places at university.

#### **External Academic Results (GCSE)**

As with all schools, GCSE results were awarded using centre assessed grades. This means that the performance of pupils this year cannot be compared with the performance of previous or future cohorts. The school is extremely proud of how its pupils dealt with the additional pressures the pandemic brought and released the press statement below.

Following a very challenging end to the academic year, QEGS Blackburn are delighted to share that following today's GCSE results, 94% of the grades awarded to our Year 11 pupils have been 9-4 grades.

We are also thrilled to announce that 79% of results were awarded 9-5 grades, with an impressive 43% of results awarded 9-7 grades. 94% of our Year 11s gained at least five grades 9-4 and 42% secured at least five grades 9-7.

In particular, it is pleasing to see our English and Mathematics results from this cohort, with 90.1% pupils passing both English and Mathematics at grade 4 and above. Within these subjects, 97% of our pupils passed English at a grade 4 and above, whilst 91% of pupils passed Mathematics at a grade 4 and above. 79% of pupils achieved grade 5 or above in English, with 77% achieving this measure in Mathematics.

Art, Biology, Ethics and Philosophy, Chemistry, Computer Science, Further Mathematics, Geography, Italian, Latin, Music, Physical Education, Physics and Spanish achieved 85% and above in the grade 9-5 measure, with all subjects gaining 85% and above in the grade 9-4 measure.

Art, Computer Science and Geography all achieved above 50% 9-7 grades, with Biology achieving 89%, Chemistry achieving 85%, Further Mathematics achieving 100%, Italian achieving 100% and Physics achieving 77% in this measure.

Mrs CY Gammon, Head at QEGS Blackburn, explained: "We are delighted that the hard work and commitment of our pupils has been rewarded with such excellent results, in what has been a very difficult year."

"Many of our pupils are returning to QEGS for their Sixth Form education, as it is a familiar and safe environment for them. We also look forward to enrolling external students over the next two days and welcome those who meet the entry requirements to apply. For those pupils in Year 11 who move on to pastures new, we wish them the very best for the next stage of education."

#### **External Academic Results (Key Stage 2, Key Stage 1, Phonics, EYFS)**

Due to the national pandemic, all primary national assessments were cancelled. The children at QEGS had been working extremely hard for these assessments and had made excellent progress throughout their time at the school. Although they were not able to display their achievements through the national assessments this year, they were well prepared for their next stage in education and participated fully in the remote learning systems implemented from March 2020.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Ofsted**

The School had its second Ofsted inspection on 24<sup>th</sup> and 25<sup>th</sup> September 2019. The School is now graded Good with Outstanding Personal Development and Outstanding Early Years Provision.

The reports comments that:

- Pupils study an exceptionally broad and ambitious curriculum.
- Pupils benefit from a stunning range of opportunities to enhance their personal development.
- Staff are ambitious for all pupils.
- Pupils work hard in lessons and show commitment to becoming well rounded individuals.
- Pupils value the strong sense of community and feel a sense of belonging.
- Pupils feel safe and appreciate the support that they receive from staff.
- Bullying is rare at the school. When it does happen, staff deal with it well.
- Pupils who join the school at different times are made to feel welcome. They settle quickly and adopt the QEG'S way.
- Pupils show respect for each other. They appreciate what different religions and cultures have in common. They also value difference.
- Pupils benefit from an exceptional range of opportunities beyond the formal curriculum. These experiences help pupils to grow as human beings. They also ensure that pupils leave the school with fond memories.
- Pupils leave Queen Elizabeth's Grammar School with an appreciation of what the world has to offer.
- Since the last inspection, staff have considered the content of the curriculum deeply.
- Teachers from the primary phase work closely with their secondary colleagues to carefully plan subject curriculums that run from the early years to the sixth form. This helps pupils to know and remember more as they move through the school. Pupils are confident at recalling previously learned work and relating it to new learning.
- Pupils learn foreign languages very well from key stage 2 onwards.
- Pupils learn three different languages in Year 8. They study French or Spanish as well as German and Latin.
- Leaders have also prioritised pupils learning in the humanities. In the secondary phase, pupils learning in history and geography is supported by their study of ethics and philosophy and classics.
- The school has made it compulsory to study at least one foreign language and humanities subject in key stage 4. This reflects the school's commitment to entering almost all pupils for the English Baccalaureate.
- The school also promotes the arts. Pupils' learning in music and art is well planned. Teachers have high expectations for what pupils should know and be able to do in these subjects. As a result, the arts are growing in popularity. Over 70% of pupils currently in Year 9 have opted to study art, design technology or music at GCSE.
- Pupils achievement has improved significantly in all key stages since the last inspection. All measures of attainment now compare favourably to national averages from the early years to the end of key stage 4.
- Reading is given a high priority in the school. Children begin to learn sounds as soon as they start in Reception. The books they read match the sounds that they are learning. They soon learn to read simple words and sentences.
- Training for teachers enables them to help pupils who fall behind in their reading. Pupils read with greater accuracy and fluency as they move through the primary phase. Pupils from Year 6 spoke with enthusiasm about their favourite authors and genres.
- In the early years, children settle quickly into the nurturing environment created by leaders.

## QEGS Blackburn Academy Trust

### Trustees' Report for the Year Ended 31 August 2020

- Teachers use careful assessment to judge what children know, understand and can do. Teachers use this information to identify what children need to do next.
- Teachers develop children's early mathematics, language and communication skills effectively.
- Children take part in activities that develop their understanding of the world.
- The sixth form offers students the opportunity to select from a wide range of academic subjects.
- The majority of students go to university after completing their programmes of study.
- Students are articulate, well-mannered and mature. They benefit from a well-planned range of opportunities beyond their academic studies.
- The school's sporting offer is broad and inclusive. During the inspection pupils were told that the school has been invited to Lords as a recognition of its commitment to cricket.
- All pupils from Years 1 to 9 have regular swimming lessons.
- Staff think carefully about how to involve all pupils in extracurricular sport and other activities.
- Pupils benefit from many opportunities to develop their leadership skills.
- The school's personal, social, health and economic curriculum is exemplary.
- Leaders act with integrity. They have the same high academic expectations of all pupils, including disadvantaged pupils and/or pupils with special educational needs and/or disabilities (SEND). They ensure that these pupils have the same opportunities as everyone else.
- The actions that leaders take are always in pupils' best interests.
- Leaders and governors have played a key role in improving the school since the last inspection.
- The arrangements for safeguarding are effective.
- Leaders have created a positive safeguarding culture. Staff are alert to any signs of abuse or neglect. Staff and governors are well trained on matters relating to pupil's safety.
- Pupils benefit from a wealth of age appropriate information related to different dangers. This helps them to manage risk and act sensibly, including when online.
- Vulnerable pupils are supported well. Their needs are identified quickly through the school's systems. These pupils are then provided with appropriate help. The school works well with a range of external agencies.

#### Primary Highlights

Throughout the year, teachers design exciting experiences, events and visits for pupils. These experiences enrich the topics and classwork that pupils study within the Primary Phase and have a positive effect on their progress. Unfortunately, due to the national Covid-19 pandemic, many of our extra-curricular visits and experiences had to be postponed this year but, we are aiming to re-introduce as many as possible as soon as it is safe to do so.

Pupils were able to take part in a variety of engaging lunchtime and afterschool clubs including, swimming, chess, sewing, cooking, mindfulness, science, choir, art, construction, multi-sport, rounders, football, netball and cricket.

To promote and develop our pupils' leadership and teamwork skills, our Primary pupils vote for their own School Council representatives. The Primary School Council work together to undertake initiatives that are prominent and help to organise charity fund raising activities for the pupils. Some of the fundraising examples that took place in the last academic year were Children in Need, Sport Relief and a Harvest collection for Blackburn Food Bank.

Pupils were able to take part in drama and music performances including Verse Speaking, Harvest festival, Christmas Carols, KS2 Christmas production, KS1 School Nativity and EYFS Nativity.

Parents' Evenings, New Parents' Meetings, Parental Workshops, parental volunteer readers, Parent Helpers and Stay and Play sessions throughout the year all help to foster positive and long-lasting relationships with parents and carers and help to develop home-school relationships.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Senior and Sixth Form Highlights**

In line with all years, a wide range of events, experiences and visits were planned for the academic year designed to both complement the academic curriculum and the pastoral development of the pupils and students at QEGS but unfortunately, due to the national Covid-19 pandemic, many of our extra-curricular events, visits and experiences had to be postponed this year. We are aiming to re-introduce as many as possible as soon as it is safe to do so.

We have continued to form links with several organisations to help support mental health awareness in young people. Pupils and students from KS4 and KS5 have been working with the Youth Support Group and The Dame Kelly Holmes Institute in promoting good mental health and building resilience.

To promote activities that develop qualities such as leadership, democracy and teamwork, pupils and students have their own School Council, which are voted in by their peers, and Food Committee. Meetings are held at regular intervals and minutes produced and fed back to pupils/students in order for them to be able to see that their opinions are taken into account.

The school runs the Duke of Edinburgh Scheme at both Bronze and Gold levels. Uptake for these schemes is very strong.

The School gained the prestigious award of Artsmark Gold in 2019 from the Arts Council England for our commitment to the Creative subjects. This award recognised how we inspire young people to create, experience and participate in extraordinary Art and Culture. This was the result of two years' hard work and we are now in the process of gathering evidence to support the even higher Platinum award.

The School continues to hold the prestigious Quality Mark Distinction for Physical Education and Sport Award from afPE and are currently in the process of renewing this award for the next three years. This award recognises our commitment to school sport and the benefits it brings to pupils and students. We continued to run a competitive fixture list in a range of sports including regular Saturday fixtures up to March 2020 and we are hopeful to return to competitive fixtures as soon as it is deemed safe to do so. We have a history of achieving extremely well in the local leagues for football, netball and athletics.

Pupils and students took part in a range of academic competitions throughout the year up to March 2020 including: Olympiads in the individual sciences, mathematics and languages as well as individual music examinations.

QEGS offers private music tuition in a range of instruments. Lessons are popular and pupil/student progress is good.

Music and Drama productions took place throughout the year up to March 2020 with tea-time concerts and two fantastic drama productions, 'Death of a Salesman' in the Michaelmas term and 'Mary Poppins' in the Lent term.

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Going concern**

On the basis of its rolling 3 year financial plan prepared, the Trustee body believes that the Academy 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**

The Academy's total incoming resources during the period were £8,424,891 (2019: £7,581,385).

The majority of the Academy's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the Academy's educational operations in the period was £7,093,745 (2019: £6,306,271) and further details are provided in Note 3 to the accounts.

Total outgoing resources for the period were £7,887,840 (2019: £7,593,214), the majority of which related to the direct provision of educational operations. The surplus of income over expenditure was £537,051 (2019 deficit: £11,829).

At the period end the Academy's total reserves were £15,324,597 (2019: £15,064,546), including no unrestricted funds and restricted funds of which restricted fixed asset funds are £17,488,602 (2019: £16,807,101). The balances on general restricted funds relate to funding received in the period which is due to be spent in the following year in accordance with the terms of funding and other unspent balances of restricted income. Further detail is provided in Note 15.

At 31 August 2020 all assets shown in the financial statements were used exclusively for providing education and associated support services to students of the Academy.

#### **Reserves policy**

The Trustees review reserve levels of the Academy annually. This review encompasses the nature of the income and expenditure stream, the need to match income with commitments, the uncertainty surrounding the levels of future funding and the nature of reserves. The Academy's current level of free reserves is zero.

It is the trustees' aim to build a reserve to compensate for anticipated reductions in income for capital works, equalisation of sixth form funding and changes to the local and national funding formulas.

#### **Restricted General Annual Grant (GAG) reserves**

The Trustees have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. The Trustees believe that, under normal circumstances, the appropriate level of GAG reserve should be between 2% and 5% of GAG income and aim to keep the reserve within these parameters.

At 31 August 2020 the GAG reserves were at a surplus position of £14,472 (2019: deficit of £183,920). The Trustees will seek to increase this reserve in future years.

#### **Unrestricted reserves**

The Academy may hold unrestricted free reserves, which provide additional working capital and are not committed or designated. It is the trustees' policy to aim to hold approximately 3 months' expenditure in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2020 the level of unrestricted reserves held was zero (2019: zero).

## **QEGS Blackburn Academy Trust**

### **Trustees' Report for the Year Ended 31 August 2020**

#### **Investment policy**

All investments are agreed by the Trustee Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The Academy does not currently hold any investments other than cash, which is held for its normal operations. The Trustee Body has adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access account to ensure that there is always sufficient cash to meet short and medium term requirements.

In the longer term, as reserves build up, the Academy will seek to maximise its return by investing surplus cash in time deposits with banks approved by the Trustee Body.

#### **Principal risks and uncertainties**

The Academy has identified the following principal risks related to its financial and operating status.

- **Pupil numbers.** The income of the institution is greatly dependent on the number of pupils and students on roll. The Academy is significantly oversubscribed at all stages (apart from Sixth Form) with recruitment of pupils being restricted only by the constraint of class size. The total number on roll has increased from 923 in 2014/15 to 1,243 in November 2020. Recruitment in the Sixth Form is subject to greater competition, both locally in Blackburn with Darwen and further afield. The risk of Sixth Form under recruitment is being mitigated by enhanced marketing.
- **Funding.** The income of the Academy is dependent not solely on pupil recruitment but also on the Education and Skills Funding Agency (ESFA) national funding for both mainstream funding and deprivation funding. This risk is subject to the vagaries of government and not within the control of the Academy. However, the risk is managed through good communication with the ESFA in the understanding of future funding such that forward plans can be formulated, subject to the inherent uncertainties.
- **Diversification of income.** The pressures on government funding cause the Academy to rely more heavily on its other funding streams. Procedures are in place for maintaining and enhancing income from the external letting of the Academy's facilities however, due to the Covid-19 national pandemic and its related restrictions, the Academy's external income generation was significantly affected in 2019/20 and is still significantly affected in the current academic year. Despite these constraints the Academy has forecasted a balanced budget for 2020/21.
- **Capital expenditure.** Due to the financial constraints under which the Academy is operating, it is not in a position to accumulate reserves to finance capital expenditure. The Academy has formulated a long-term plan which will yield surpluses and generate cash. In the short-term the Academy is reliant on ESFA capital grants to fund essential works on its buildings and necessary measures have been taken in order to maximise success in the bidding process.
- **Teaching and learning.** In order to continue as a successful provider of academic education, high standards of teaching and learning must be delivered. The Academy is focusing on maintaining and enhancing its high standards by implementing a clear School Improvement Plan.

## QEGS Blackburn Academy Trust

### Trustees' Report for the Year Ended 31 August 2020

#### Fundraising

Whilst affected by the Covid lockdown in March school continues to support a range of charitable causes both at home and abroad, and raised in excess of £6,000 during the 2019/20 academic year (2018/19: in excess of £7,800). The charitable activities, the amounts raised, and the destination of those amounts are listed, below.

Fundraising	01/09/2020	Every Action Has Consequences	89.59
Non-Uniform Day	15/11/2020	Children in Need	2,145.80
Christmas Jumper Day	20/12/2020	Save the Children	1,180.34
SEN cake sale	12/03/2020	Happy Day's Childrens Charity	183.10
Non-Uniform Day	13/03/2020	Sport Relief	1,708.97
Fun Run - Virtual Mile	24/08/2020	Children with Cancer	772.00
			<b>6,079.80</b>

#### Plans for future periods

The Academy will continue to uphold its reputation as an institution delivering the highest standards of education to the local and wider community.

The Trustee Body will be reviewing its strategy including assumptions, efficiencies, pressures and deployment of resources in the context of changes of government or government policy.

The Academy will implement all necessary action plans, monitored by the Trustee Body, to ensure that further improvements are made to continue the School's journey of improvement.

The Academy will look to expand the Trust, exploring all options with the appropriate input and advice from the RSC.

#### Funds held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

#### Auditor

In so far as the trustees are aware:

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

Trustees' Report, incorporating a strategic report, approved by order of the members of the Trustee Body, being the Trustee body and Company Directors on 14/12/20 and signed on the board's behalf by:

.....  
Mr DA Peat  
Chairman

# QEGS Blackburn Academy Trust

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that QEGS Blackburn Academy Trust 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 Trustee body has delegated the day-to-day responsibility to the Head 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 QEGS Blackburn Academy Trust and the Secretary of State for Education. She is also responsible for reporting to the Trustee body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trustee body has formally met three times during the year (a meeting was planned in March 2020 but had to be cancelled due to the Covid-19 pandemic). Despite not meeting six times during the year, effective oversight was maintained throughout; monthly management accounts were circulated to the Chair of the board and the Chair of the finance committee. Attendance during the year at meetings of the Trustee body was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr DA Peat (Chair)	3	3
Dr KA Whyte (Vice Chair)	3	3
Mrs CY Gammon (Head) (Ex Officio)	3	3
Mrs L Barón (parent trustee)	1	3
Mr DJ Clark	1	2
Mr M Cross	1	1
Mr D Edmundson	1	1
Dr S Gunn	3	3
Mr IDH Hamilton	3	3
Rvd P Howell Jones	0	3
Mr I Liddle	3	3
Mr NRD McMillan	3	3
Mr M Norse	1	1
Mr P Robinson (parent trustee)	3	3
Prof I Singh	2	3
Mr G Turner	2	3

The Finance, HR and Site Committee is a sub-committee of the main Trustee body. Its purpose is to monitor financial performance and related activities, including staffing and premises. Issues dealt with during the year included reviewing budgets, cash-flow and long-term forecasts, financial procedures and schemes of delegation, management accounts and staffing requirements.



# QEGS Blackburn Academy Trust

## Governance Statement

Attendance at meetings in the year was as follows:

**Trustee**

**Meetings attended**

**Out of a possible**

Mr NRD McMillan (Chair)	5	5
Mrs CY Gammon (Head) (Ex Officio)	5	5
Mr IDH Hamilton	5	5
Mr I Liddle	3	5
Mr DA Peat	4	5

The Policy Audit Committee is also a sub-committee of the main Trustee body. Its purpose is to ensure that the Academy has an effective internal control system in place. The particular issues dealt with during the year were reviews of policies and governor skills. Attendance at meetings in the year was as follows:

**Trustee**

**Meetings attended**

**Out of a possible**

Mr G Turner (Chair)	1	1
Mrs CY Gammon (Head) (Ex Officio)	1	1
Dr S Gunn	1	1
Mr P Robinson	1	1

The Trustee body has further sub-committees: The Education and Standards Committee, the Risk Committee and the Remuneration Committee. In addition, a governor sits on the Academy's Joint Staff Consultative Committee. Attendance at the Education and Standards Committee meetings in the year was as follows:

**Trustee**

**Meetings attended**

**Out of a possible**

Dr K Whyte (Chair)	3	3
Mrs CY Gammon (Head) (Ex Officio)	3	3
Mr DJ Clark	2	2
Rev'd P Howell-Jones	0	3
Mr D Peat	2	3
Prof I Singh	0	3

Attendance at the Remuneration Committee meetings in the year was as follows:

**Trustee**

**Meetings attended**

**Out of a possible**

Mr DA Peat (Chair)	1	1
Mrs CY Gammon (Head) (Ex Officio)	1	1
Mr NRD McMillan	1	1
Dr K Whyte	1	1

Attendance at the Risk Committee meetings in the year was as follows:

**Trustee**

**Meetings attended**

**Out of a possible**

Dr S Gunn (Chair)	1	1
Mrs CY Gammon (Head) (Ex Officio)	1	1
Mr DJ Clark	1	1
Dr K Whyte	1	1
Mr DA Peat	1	1
Mr P Robinson	1	1

# **QEGS Blackburn Academy Trust**

## **Governance Statement**

### **Review of Value for Money**

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Trustee body where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year through the undertaking of good procurement procedures, including tender processes and quotations and the reviewing of service contracts. Other specific measures include the following:

- the replacement of some external courses for the provision of staff training with in-house courses for the whole staff, thereby both reducing costs and ensuring greater participation
- the upskilling of individual staff for them to become SLEs and LLEs alongside other leading roles in the local community (and nationally) in order that we are able to offer support to other schools
- the successful bid for capital grants to complete the replacement of roofs on several buildings with state-of-the-art insulation and replacement of central heating systems, resulting in reduced energy consumption
- take part and implement recommendations of an external SRMA review

### **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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in QEGS Blackburn Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Trustee body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustee body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trustee 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 Trustee body;
- regular reviews by the finance, HR and site 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 Trustee body has considered the need for a specific internal audit function and has decided to appoint an external firm of accountants as internal auditors.

## QEGS Blackburn Academy Trust

### Governance Statement

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included the testing of key financial controls in the areas of:

- Bank
- Petty cash
- School fund income
- Local Authority, Government Grants and other income
- Purchases
- Payroll

#### Review of Effectiveness


As Accounting Officer, the Head 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 Trustee body
- the work of the external auditor
- the work of the internal auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of the review of the systems of internal control by the audit committee and the finance, HR and site committee and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trustee body on 14/11/20 and signed on its behalf by:

DA Peat  
Chairman

  
CY Gammon  
Accounting Officer

## QEGS Blackburn Academy Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of QEGS Blackburn Academy Trust I have considered my responsibility to notify the Academy Trust Trustee Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Trustee Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Trustee Body and ESFA.



.....  
CY Gammon  
Accounting Officer  
Date: 14/12/20

## QEGS Blackburn Academy Trust

### Statement of Trustees' Responsibilities

The Trustees (who act as the governors of QEGS Blackburn Academy Trust Academy Trust 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

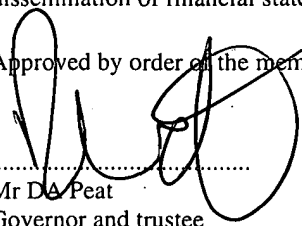
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 14/11/20 and signed on its behalf by:

  
.....  
Mr DA Peat  
Governor and trustee

## **QEGS Blackburn Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of QEGS Blackburn Academy Trust**

#### **Opinion**

We have audited the financial statements of QEGS Blackburn Academy Trust (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities including Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2019 to 2020, issued by the Education and Skills Funding Agency.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **QEGS Blackburn Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of QEGS Blackburn Academy Trust (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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 Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

## QEGS Blackburn Academy Trust

### Independent Auditor's Report on the Financial Statements to the Members of QEGS Blackburn Academy Trust (continued)

#### Use of our report

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

*Beever and Struthers*

Mark Bradley BA FCA (Senior Statutory Auditor)  
For and on behalf of Beever and Struthers, Statutory Auditor

Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

Date: 14/12/22



## **QEGS Blackburn Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to QEGS Blackburn Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 24 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by QEGS Blackburn Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to QEGS Blackburn Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to QEGS Blackburn Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than QEGS Blackburn Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 12 June 2015 and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

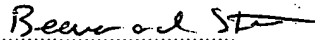
- Review that the activities are in keeping with the Academy Trust's framework and charitable objectives; and
- Testing undertaken on a sample basis to review whether the Academy Trust's expenditure is in accordance with the Funding Agreement; and
- Other testing in accordance with the guidance issued in the Academies Accounts Direction 2019 to 2020.

## QEGS Blackburn Academy Trust

### Independent Reporting Accountant's Report on Regularity to QEGS Blackburn Academy Trust and the Education and Skills Funding Agency (continued)

#### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Mark Bradley BA FCA

For and on behalf of Beever and Struthers, Chartered Accountants

Central Buildings  
Richmond Terrace  
Blackburn  
Lancashire  
BB1 7AP

Date: 14/12/20

# QEGS Blackburn Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	112,796	287,000	875,928	1,275,724	1,135,487
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	453,805	6,639,940	-	7,093,745	6,306,271
Other trading activities	4	55,291	-	-	55,291	139,462
Investments	5	131	-	-	131	165
Total		622,023	6,926,940	875,928	8,424,891	7,581,385
<b>Expenditure on:</b>						
<i>Charitable activities:</i>						
Academy trust educational operations	6,7	(596,591)	(6,996,262)	(294,987)	(7,887,840)	(7,593,214)
<b>Net income/(expenditure) before transfers</b>		25,432	(69,322)	580,941	537,051	(11,829)
Gross transfer between funds	15	(25,432)	(75,128)	100,560	-	-
<b>Net income/(expenditure)</b>		-	(144,450)	681,501	537,051	(11,829)
<b>Other recognised losses</b>						
Actuarial losses on defined benefit pension schemes	15, 24	-	(277,000)	-	(277,000)	(629,000)
Net movement in funds	15	-	(421,450)	681,501	260,051	(640,829)
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2019	15,16	-	(1,742,555)	16,807,101	15,064,546	15,705,375
Total funds/(deficit) carried forward at 31 August 2020	15,16	-	(2,164,005)	17,488,602	15,324,597	15,064,546

All of the academy trust's activities derive from continuing activities during the current and prior financial year.

The comparative statement of Financial Activities can be found in note 26 to the financial statements

# QEGS Blackburn Academy Trust

(Registration number: 8331789 (England and Wales))

## Balance Sheet as at 31 August 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	11	16,791,296	16,695,188
<b>Current assets</b>			
Debtors	12	1,168,214	553,576
Cash at bank and in hand		125,596	256,005
		<u>1,293,810</u>	<u>809,581</u>
Creditors: Amounts falling due within one year	13	(468,260)	(645,509)
Net current assets		<u>825,550</u>	<u>164,072</u>
Total assets less current liabilities		<u>17,616,846</u>	<u>16,859,260</u>
Creditors: Amounts falling due greater than one year	14	(21,249)	(25,714)
Net assets excluding pension liability		17,595,597	16,833,546
Pension scheme liability	24	(2,271,000)	(1,769,000)
Net assets including pension liability		<u>15,324,597</u>	<u>15,064,546</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund	15	106,995	26,445
Restricted fixed asset fund	15	17,488,602	16,807,101
Restricted pension fund	15	(2,271,000)	(1,769,000)
		<u>15,324,597</u>	<u>15,064,546</u>
<b>Unrestricted funds</b>			
Unrestricted general fund	15	-	-
Total funds		<u>15,324,597</u>	<u>15,064,546</u>

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue on 14/12/20 and signed on their behalf by:

Mr DA Reat  
Governor and trustee

# QEGS Blackburn Academy Trust

## Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash provided in operating activities	19	62,546	231,962
Cash flows from financing activities	20	131	165
Cash flows used in investing activities	21	(193,086)	(189,198)
(Reduction)/increase in cash and cash equivalents in the year		(130,409)	42,929
Cash and cash equivalents at 1 September 2019		256,005	213,076
Cash and cash equivalents at 31 August 2020	22	125,596	256,005

All of the cash flows are derived from continuing operations in the current and prior financial period.

# **QEGS Blackburn Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2020**

### **1 Accounting policies**

#### **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**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

QEGS Blackburn Academy Trust meets the definition of a public benefit entity under FRS 102.

#### **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 Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The deficit on the Local Government Pension Scheme of £2,271,000 (2019: £1,769,000) will be financed through ongoing contributions at the rates agreed with the Scheme Actuary and these are made from the General Annual Grant (GAG) and are included in the financial forecasts.

#### **Income**

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

#### **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **1 Accounting policies (continued)**

##### ***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 catering income, transport income and 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.

##### ***Expenditure***

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

All resources expended are inclusive of irrecoverable VAT.

##### ***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.

## QEGS Blackburn Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting policies (continued)

##### Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 lives, per the table below.

Asset class	Depreciation method and rate
Long leasehold land and buildings	Over life of the lease (125 years)
Improvements to long leasehold buildings	5% straight line
ICT Equipment	33% straight line
Fixtures, Fittings and Equipment	20% straight line
Motor Vehicles	25% straight line

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.



## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Leased assets**

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

##### **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.

##### **Pension 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 the notes to the financial statements, 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, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

##### **Financial instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed note 12. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another instrument.

## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting policies (continued)**

##### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education.

##### **Critical accounting estimates and areas of judgement**

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

##### ***Critical accounting estimates and assumptions***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### ***Critical Areas of Judgement***

The trustees have established that there are no areas of judgement which are deemed to be critical to the Academy Trust's financial statements.

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2020 £	Total 2019 £
Capital grants	-	-	875,928	875,928	339,992
Other donations	112,796	287,000	-	399,796	795,495
	112,796	287,000	875,928	1,275,724	1,135,487

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>DfE/ESFA revenue grants</b>				
General annual grant (GAG)	-	5,551,284	5,551,284	5,004,294
Other DfE/ESFA grants	-	766,369	766,369	496,156
	-	6,317,653	6,317,653	5,500,450
<b>Other government grants</b>				
Local Authority Grants	-	68,921	68,921	66,140
Coronavirus Job Retention Scheme	90,979	90,333	181,312	-
Coronavirus Exceptional Cost Grant	-	72,905	72,905	-
	90,979	232,159	323,138	66,140
<b>Non-government grants and other income</b>				
Catering Income	244,174	-	244,174	362,224
Transport Income	78,953	-	78,953	133,057
Trips Income	-	90,128	90,128	135,837
Q Plus Income	9,735	-	9,735	20,990
Music Tuition	18,556	-	18,556	32,037
Other Income	11,408	-	11,408	55,536
	362,826	90,128	452,954	739,681
<b>Total grants</b>	<b>453,805</b>	<b>6,639,940</b>	<b>7,093,745</b>	<b>6,306,271</b>

### 4 Other trading activities

	Unrestricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	55,291	55,291	139,462

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 5 Investment income

	Unrestricted funds £	Total 2020 £	Total 2019 £
Short term deposits	131	131	165

### 6 Expenditure

	Non Pay Expenditure			Total 2020 £	Total 2019 £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations:</b>					
Direct costs	4,470,462	-	700,846	5,171,308	5,100,214
Allocated support costs	1,504,618	609,315	602,599	2,716,532	2,493,000
	5,975,080	609,315	1,303,445	7,887,840	7,593,214

### Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating leases	12,917	11,007
Depreciation	294,988	260,913
Fees payable to the auditor for:		
- Audit	12,000	11,880
- Other services	7,906	2,323

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 7 Charitable activities

			<b>Total 2020 £</b>	<b>Total 2019 £</b>
Direct costs - educational operations			<b>5,171,308</b>	5,100,214
Support costs - educational operations			<b>2,716,532</b>	2,493,000
			<b>7,887,840</b>	7,593,214

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
<b>Direct costs</b>				
Teaching and educational support staff costs	-	4,470,462	<b>4,470,462</b>	4,081,562
Transport costs	192,343	-	<b>192,343</b>	262,269
Catering costs	158,903	18,782	<b>177,685</b>	231,941
Trips expenditure	-	52,120	<b>52,120</b>	162,830
Educational costs	-	190,456	<b>190,456</b>	321,095
IT costs	-	88,096	<b>88,096</b>	22,163
Staff development and recruitment	-	146	<b>146</b>	18,354
	<b>351,246</b>	<b>4,820,062</b>	<b>5,171,308</b>	5,100,214
<b>Support costs</b>				
Support staff costs	209,658	1,294,960	<b>1,504,618</b>	1,373,513
Depreciation	-	294,988	<b>294,988</b>	260,913
Premises costs	-	609,315	<b>609,315</b>	625,844
Other support costs	35,687	271,924	<b>307,611</b>	232,004
Governance costs	-	-	<b>-</b>	726
	<b>245,345</b>	<b>2,471,187</b>	<b>2,716,532</b>	2,493,000
<b>Total direct and support costs</b>	<b>596,591</b>	<b>7,291,249</b>	<b>7,887,840</b>	7,593,214

## QEGS Blackburn Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 8 Staff

##### Staff costs

	2020 £	2019 £
<b>Staff costs during the year were:</b>		
Wages and salaries	4,404,264	4,087,403
Social security costs	433,772	373,171
Operating costs of defined benefit pension schemes	1,105,468	897,658
	<u>5,943,504</u>	<u>5,358,232</u>
Supply staff costs	23,180	96,843
Staff restructuring costs	8,396	-
	<u>5,975,080</u>	<u>5,455,075</u>

##### Non – statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £8,396 (2019: £nil).

##### Staff numbers

The average number of persons employed by the Academy during the year was as follows:

	2020 No	2019 No
<b>Charitable Activities</b>		
Teachers	81	80
Administration and support	96	93
Management	7	10
	<u>184</u>	<u>183</u>

##### Higher paid staff

The number of employees whose annualised emoluments exceeded £60,000 was:

	2020 No	2019 No
£60,001 - £70,000	3	1
£100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **8 Staff (continued)**

##### **Key management personnel**

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £572,208 (2019: £629,163).

#### **9 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head and staff members under their contracts of employment, and not in respect of their role as trustees.

The Head has been paid remuneration or has received other benefits from an employment with the academy trust. The Head only receives remuneration in respect of services they provide undertaking the role of head under their contract of employment, and not in respect of their role as trustee. The value of the trustees' remuneration and other benefits was as follows:

CY Gammon (Head);  
Remuneration £100,001 - £105,000  
Employer's pension contributions £20,001 - £25,000

During the year ended 31 August 2020, £nil of travel and subsistence expenses were reimbursed or paid directly to two trustees (2019: £265).

Other related party transactions involving the trustees are set out in note 25.

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost, and the individual premium is not separately identifiable for this year or last.

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 11. Tangible fixed assets

	Long Leasehold Land and Buildings	ICT Equipment	Fixtures, Fittings and Equipment	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2019	17,505,100	199,546	81,477	8,751	17,794,874
Additions	297,077	60,981	4,598	28,440	391,096
At 31 August 2020	17,802,177	260,527	86,075	37,191	18,185,970
<b>Depreciation</b>					
At 1 September 2019	889,490	141,097	60,348	8,751	1,099,686
Charged in year	251,375	19,288	17,215	7,110	294,988
At 31 August 2020	1,140,865	160,385	77,563	15,861	1,394,674
<b>Net book values</b>					
At 31 August 2019	16,615,610	58,449	21,129	-	16,695,188
At 31 August 2020	16,661,312	100,142	8,512	21,330	16,791,296

### 12 Debtors

	2020 £	2019 £
Trade debtors	23,110	16,095
VAT recoverable	3,675	155,771
Other debtors	61,473	42,715
Queen Elizabeth's Grammar School Blackburn Limited	66,190	30,000
Prepayments and accrued income	1,013,766	308,995
	<b>1,168,214</b>	<b>553,576</b>

### 13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	100,967	449,887
Other taxation and social security	90,881	84,710
Other creditors	141,795	73,184
Capital improvement funding loan	4,250	4,286
Accruals	130,367	33,442
	<b>468,260</b>	<b>645,509</b>

### 14 Creditors: amounts falling due greater than one year

	2020 £	2019 £
Capital improvement funding loan	21,249	25,714



# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(183,920)	5,551,284	(5,306,204)	(46,688)	14,472
Pupil premium	16,058	321,972	(338,030)	-	-
Other grants	183,397	963,556	(1,074,908)	(28,440)	43,605
Trips	10,910	90,128	(52,120)	-	48,918
Pension reserve	(1,769,000)	-	(225,000)	(277,000)	(2,271,000)
	<u>(1,742,555)</u>	<u>6,926,940</u>	<u>(6,996,262)</u>	<u>(352,128)</u>	<u>(2,164,005)</u>
<b>Restricted fixed asset funds</b>					
Transfer from Queen Elizabeth's Grammar School					
Blackburn Limited	14,480,816	-	(120,547)	-	14,360,269
DfE/EFA capital grants	2,274,701	875,928	(131,306)	16,295	3,035,618
Capital donations	28,347	-	-	-	28,347
Capital expenditure from GAG	23,237	-	(43,134)	84,265	64,368
	<u>16,807,101</u>	<u>875,928</u>	<u>(294,987)</u>	<u>100,560</u>	<u>17,488,602</u>
<b>Total restricted funds</b>	<u>15,064,546</u>	<u>7,802,868</u>	<u>(7,291,249)</u>	<u>(251,568)</u>	<u>15,324,597</u>
<b>Unrestricted funds</b>	-	622,023	(596,591)	(25,432)	-
<b>Total funds</b>	<u>15,064,546</u>	<u>8,424,891</u>	<u>(7,887,840)</u>	<u>(277,000)</u>	<u>15,324,597</u>

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 15 Funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(219,602)	5,004,294	(5,346,199)	377,587	(183,920)
Pupil premium	3,222	296,496	(283,660)	-	16,058
Other grants	60,088	819,445	(696,136)	-	183,397
Trips	37,903	137,483	(164,476)	-	10,910
Pension reserve	(918,000)	-	(222,000)	(629,000)	(1,769,000)
	<u>(1,036,389)</u>	<u>6,257,718</u>	<u>(6,712,471)</u>	<u>(251,413)</u>	<u>(1,742,555)</u>
<b>Restricted fixed asset funds</b>					
Transfer from Queen Elizabeth's Grammar School Blackburn Limited	14,480,816	-	-	-	14,480,816
DfE/EFA capital grants	2,209,364	339,992	(274,655)	-	2,274,701
Capital donations	28,347	-	-	-	28,347
Capital expenditure from GAG	23,237	-	-	-	23,237
	<u>16,741,764</u>	<u>339,992</u>	<u>(274,655)</u>	<u>-</u>	<u>16,807,101</u>
<b>Total restricted funds</b>	<u>15,705,375</u>	<u>6,597,710</u>	<u>(6,987,126)</u>	<u>(251,413)</u>	<u>15,064,546</u>
<b>Unrestricted funds</b>	-	983,675	(606,088)	(377,587)	-
<b>Total funds</b>	<u>15,705,375</u>	<u>7,581,385</u>	<u>(7,593,214)</u>	<u>(629,000)</u>	<u>15,064,546</u>

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

General Annual Grant must be used for the normal running expenses of the school.

Pupil premium funding is spent on enhancing the education of eligible pupils in accordance with the conditions.

## QEGS Blackburn Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 15 Funds (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

The trust is carrying a net surplus of £106,995 on restricted general funds (excluding pension reserve). This year the pupil numbers in all age groups were above target and therefore there was no abatement order provisions were required. The trustees have prepared a 3 year business plan which shows the trust maintaining a surplus in subsequent years.

The Trustees have reviewed the financial affairs of the Trust and are planning to take the following steps to achieve the income generation and cost savings needed to improve the financial position:

- Actively marketing the school to increase pupil numbers to those previously budgeted
- Seeking to improve retention on pupils moving into the sixth form
- Implementing a detailed review of costs and resource requirements.

The surplus on the unrestricted income was derived from the donations from Queen Elizabeth's Grammar School Blackburn Limited, including its Nursery School operation. These donations were used to finance the deficit on GAG reserves and the surplus on the unrestricted funds has been transferred to the GAG reserves.

#### 16 Analysis of net assets between funds 2020

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	16,791,296	16,791,296
Current assets	-	368,462	799,752	1,168,214
Cash at bank and in hand	-	202,293	(76,697)	125,596
Current liabilities	-	(463,760)	(4,500)	(468,260)
Liabilities due in > 1 year	-	-	(21,249)	(21,249)
Pension scheme liability	-	(2,271,000)	-	(2,271,000)
<b>Total net assets</b>	-	(2,164,005)	17,488,602	15,324,597

#### Analysis of net assets between funds 2019

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	16,695,188	16,695,188
Current assets	-	427,242	126,334	553,576
Cash at bank and in hand	-	240,426	15,579	256,005
Current liabilities	-	(641,223)	(30,000)	(671,223)
Pension scheme liability	-	(1,769,000)	-	(1,769,000)
<b>Total net assets</b>	-	(1,742,555)	16,807,101	15,064,546

## QEGS Blackburn Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 17 Capital commitments

	2020 £	2019 £
Contracted for, but not provided for in the financial statements	<u>678,927</u>	<u>176,520</u>

#### 18 Financial commitments

##### Operating leases

At 31 August 2020 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2020 £	2019 £
<b>Other</b>		
< 1 year	6,828	8,255
2 – 5 years	23,568	-
Expiring in over 5 years	1,377	-
	<u>31,773</u>	<u>8,255</u>

#### 19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2020 £	2019 £
Net income/(expenditure)	537,051	(11,829)
Depreciation (note 11)	294,988	260,913
Capital grants from DfE (note 2)	(875,928)	(339,992)
Interest receivable (note 5)	(131)	(165)
Defined benefit pension scheme cost less contributions payable	182,000	74,000
Defined benefit pension scheme finance cost	29,000	22,000
Defined benefit pension scheme cost administrative expenses	6,000	5,000
Defined benefit pension scheme past service cost	8,000	121,000
Decrease/(increase) in debtors	58,821	(150,495)
(Decrease)/increase in creditors	(177,255)	251,530
<b>Net cash provided by Operating Activities</b>	<u>62,546</u>	<u>231,962</u>

#### 20 Cash flows from financing activities

	2020 £	2019 £
Interest received	131	165
<b>Net cash inflow provided by financing activities</b>	<u>131</u>	<u>165</u>

#### 21 Cash flows from investing activities

	2020 £	2019 £
Purchase of tangible fixed assets	(391,096)	(686,809)
Capital grants from DfE/ESFA	202,510	467,611
Capital loan from DfE/ESFA	-	30,000
Repayments of capital loan from DfE/ESFA	(4,500)	-
<b>Net cash used in investing activities</b>	<u>(193,086)</u>	<u>(189,198)</u>

## QEGS Blackburn Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 22 Analysis of cash and cash equivalents

	At 31 August 2020 £	At 31 August 2019 £
Cash at bank and in hand	125,596	256,005
Total cash and cash equivalents	125,596	256,005

#### 22.1 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash	256,005	(130,409)	125,596
Loans falling due within one year	(4,285)	35	(4,250)
Loans falling due after more than one year	(25,714)	4,465	(21,249)
<b>Total</b>	<b>226,006</b>	<b>(125,909)</b>	<b>100,097</b>

#### 23. Members liability

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

#### 24 Pensions and similar obligations

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

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

Contributions amounting to £86,526 (2019: £71,376) were payable to the schemes at 31 August 2020 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **24 Pension and similar obligations (continued)**

##### **Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £707,154 (2019: £456,566).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

##### **Local government pension scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2020 was £280,597 (2019: £203,035), of which employer's contributions totalled £228,660 (2019: £147,897) and employees' contributions totalled £51,937 (2019: £55,138). The agreed contribution rates for future years are 17.8% per cent for employers and 5.5% - 12.5% per cent for employees.

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

As described in note the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion to an academy trust and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents the cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 24 Pension and similar obligations (continued)

#### Principal actuarial assumptions

	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.90%	3.60%
Rate of increase for pensions in payment/inflation	2.50%	2.20%
Discount rate for scheme liabilities	1.80%	1.80%
Inflation assumption (CPI)	2.40%	2.10%

Sensitivity Analysis	Central	Sensitivity 1 +0.1% p.a. discount rate	Sensitivity 2 +0.1% p.a. inflation	Sensitivity 3 +0.1% p.a. pay growth	Sensitivity 4 1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	7,820	7,688	7,954	7,831	8,051
Assets	(5,549)	(5,549)	(5,549)	(5,549)	(5,549)
Deficit	2,271	2,139	2,405	2,282	2,502
Projected service cost for next year	412	401	423	412	425
Projected interest cost for next year	39	39	42	39	43

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	22.3	22.8
Females	25.0	25.5
<i>Retiring in 20 years</i>		
Males	23.8	25.1
Females	26.8	28.2

The Academy Trust's share of the assets in the scheme were:

	Fair value at 31 August 2020 £000	Fair value at 31 August 2019 £000
Equities	2,530	2,572
Other Bonds	383	86
Property	755	473
Cash/liquidity	100	97
Other	1,781	2,152
<b>Total market value of assets</b>	<b>5,549</b>	<b>5,380</b>

The actual return on scheme assets was £45,000 (2019: £608,000).

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 24 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2020	2019
	£	£
Current service cost (net of employer contributions)	182,000	74,000
Net interest cost (return)	29,000	22,000
Administrative expenses	6,000	5,000
Past service cost	8,000	121,000
<b>Total operating charge</b>	<b>225,000</b>	<b>222,000</b>

The actuarial loss of £277,000 for the current year is recognised in the statement of financial activities (2019: £629,000).

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

	2020	2019
	£000	£000
<b>At 1 September 2019</b>	<b>7,149</b>	<b>5,531</b>
Current service cost	403	307
Interest cost	127	153
Employee contributions	61	66
Past service cost	8	121
Losses/(gains) on assumptions	206	1,105
Benefits/transfers paid	(134)	(134)
<b>At 31 August 2020</b>	<b>7,820</b>	<b>7,149</b>

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

	2020	2019
	£000	£000
<b>At 1 September 2019</b>	<b>5,380</b>	<b>4,613</b>
Expected return on assets	98	131
Actuarial (loss)/gain	(71)	476
Administrative expenses	(6)	(5)
Employer contributions	221	233
Employee contributions	61	66
(Benefits)/transfers paid	(134)	(134)
<b>At 31 August 2020</b>	<b>5,549</b>	<b>5,380</b>



## **QEGS Blackburn Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **25 Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the governing body being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

Certain Trustees of the charity during the year were also Trustees of the Queen Elizabeth's Grammar School Blackburn Limited. During the year the charity received donations from Queen Elizabeth's Grammar School Blackburn Limited amounting to £395,000 (2019: £755,291). At 31 August 2020 Queen Elizabeth's Grammar School Blackburn Limited was owed £66,190 (2019: £30,000) from the charity.

The son of the Chair of Trustees is employed by the Academy as a teacher. The Chair of Trustees had no involvement in his recruitment and discloses an interest whenever staffing matter are discussed at governing body meetings. The Policy Audit Committee undertook a review of the Academy's recruitment process and concluded that the procedures are robust.

# QEGS Blackburn Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

### 26 Prior year Statement of Financial Activities

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	240,204	555,291	339,992	1,135,487
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	603,844	5,702,427	-	6,306,271
Other trading activities	4	139,462	-	-	139,462
Investments	5	165	-	-	165
Total		983,675	6,257,718	339,992	7,581,385
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	6,7	(606,088)	(6,712,471)	(274,655)	(7,593,214)
<b>Net income/(expenditure) before transfers</b>		<b>377,587</b>	<b>(454,753)</b>	<b>65,337</b>	<b>(11,829)</b>
Gross transfer between funds	15	(377,587)	377,587	-	-
<b>Net income/(expenditure)</b>		<b>-</b>	<b>(77,166)</b>	<b>65,337</b>	<b>(11,829)</b>
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	15,24	-	(629,000)	-	(629,000)
Net movement in funds	15	-	(706,166)	65,337	(640,829)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018	15,16	-	(1,036,389)	16,741,764	15,705,375
Total funds/(deficit) carried forward at 31 August 2019	15,16	-	(1,742,555)	16,807,101	15,064,546