

Company Registration Number: 07388635 (England & Wales)

**QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY
LIMITED**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

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QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | S Fry J Goolden K Hamilton M Kheng |
| Trustees | G Thompson, Headteacher and accounting officer (appointed 1 September 2019) J K Barker, Chair J Chappelle S Fry (resigned 31 August 2019) M Grayson (resigned 23 October 2020) K Hamilton (resigned 1 July 2020) R Houlby (resigned 7 October 2020) D Pridgeon J Porter-Robinson J Thornalley Oliver A Vincent (resigned 31 August 2020) G Claxton (appointed 1 September 2019) P Rigarsford (appointed 29 January 2020) |
| Company registered number | 07388635 |
| Company name | Queen Elizabeth's Grammar, Alford - A Selective Academy Limited |
| Principal and registered office | Queen Elizabeth's Grammar Station Road Alford Lincolnshire LN13 9HY |
| Chief executive officer | Mr G Thompson |
| Senior management team | Miss A Francis, Head Teacher and Accounting Officer (Retired 31/08/19) Miss B Allen, Assistant Head Teacher Mr S Hood, Assistant Head Teacher Mrs K Johnson, Acting Assistant Head Teacher Mrs S Tindall, Principal Finance Officer Mr R Watson, Responsible Officer Mr G Thompson, Head Teacher and Accounting Officer (Appointed 01/09/19) |
| Independent auditors | Duncan & Toplis Limited Chartered Accountants and Statutory Auditors 15 Chequergate Louth Lincolnshire LN11 0LJ |

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees of the charity and Directors for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2020. The members have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Structure, governance and management

a. Constitution

Queen Elizabeth's Grammar, Alford - A Selective Academy Limited (the "Academy Trust") is a company limited by guarantee (registration number 07388635) and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Articles of Association require the members of the Charitable Company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Academy.

The Trustees for the charitable activities of the Academy Trust are also the directors of the Charitable Company for the purposes of company law.

The Trustees who served during the year and who were in office on the date the report and financial statements were approved are listed on page 1.

b. 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.

c. Governors' indemnities

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Subject to the Articles of the Academy Trust Governors shall be appointed as follows:

- a. up to 4 Governors appointed by the Members
- b. up to 1 Local Authority Governor appointed by the Local Authority
- c. up to 4 Parent Governors which if contested shall be elected by secret ballot
- d. up to 2 Staff Governors which if contested shall be elected by secret ballot.
- e. the Headteacher
- f. up to 3 co-opted Governors appointed by the Governors
- g. in exceptional circumstances The Secretary of State may appoint 'Additional'/'Further' Governors as s/he thinks fit.

The number of Governors shall be not less than three but shall not be subject to any maximum. The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected and all vacancies shall be widely advertised.

e. Policies adopted for the induction and training of Trustees

All Governors are provided with the Academy's development plan, the staff handbook, copies of committees, minutes of governors' meetings, accounts, budgets and other documents that they will need to undertake their role as governors. New governors are mentored by the chair and vice-chair of governors and attended appropriate training courses.

f. Organisational structure

Mr Glen Thompson was appointed to the post of Headteacher with effect from 1st of September 2019.

The structure of the Academy consists of three main levels: The 4 Members, Governors/Trustees/Directors and the senior leadership team supported by the staff and senior student leadership team. The Governors are responsible for the overall strategic leadership of the Academy, the adoption of the annual development plan and budget and senior leadership team appointments. They are also responsible for monitoring the performance of the Headteacher.

The senior leadership team at Queen Elizabeth's comprises the Headteacher and 3 Assistant Headteachers. This team control the Academy at an executive level implementing the policies and procedures agreed by governors and reporting back to them at their termly meetings (six per year). The Headteacher is responsible for the authorisation of spending within agreed budgets and the appointment of staff.

g. Arrangements for setting pay and remuneration of key management personnel

Our Pay and Staffing Policy outlines details for setting the pay and remuneration of the academy's key management personnel using our Performance Management scheme (Appraisal system). We follow the School Teachers' Pay and Conditions and salaries are reviewed each year. Governors/trustees/directors do not receive pay but are entitled to claim expenses.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

| | |
|---|---|
| Number of employees who were relevant union officials during the year | 1 |
| Full-time equivalent employee number | 1 |

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

| | |
|---|-----------|
| Total cost of facility time | 2,500 |
| Total pay bill | 2,721,940 |
| Percentage of total pay bill spent on facility time | - % |

Paid trade union activities

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

Objectives and activities

a. Objects and aims

The principal object and activity of the Academy is to provide a grammar school education to pupils between the ages of 11 and 19 living in Alford and its surrounding area. The basis for selection at 11 is the 11+ testing procedure, administered through the Lincolnshire Grammar Schools' Consortium.

The strategic intents of the Academy are to:

1. To maintain our reputation as a centre of excellence, raising levels of achievement and opportunity
2. Sustain a high expectation and success culture
3. Retain a wide range of courses post-16 by attracting a high number of students to the sixth form (targeting 90 each year in Y12)
4. To ensure our independent financial sustainability

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

Our primary purpose is to provide a high quality service for our pupils and their parents. As a Selective Academy we aim to establish ourselves as a centre of excellence, raising levels of achievement and opportunity for the whole community through a dynamic and creative focus on business and enterprise and effective use of student voice, which will pervade all learning.

The Academy's main aims and values are:

- To develop the full potential of all
- To develop pride in achievements and an atmosphere which encourages respect and understanding for one another and the world in which we live
- To provide appropriate and varied opportunities for everyone
- To provide sensible guidance, support and advice
- To develop a good work ethic and environment

We value:

- Achievement
- Integrity
- Mutual respect
- Self-discipline

Our whole school priorities 2020/2021

1. Further development of the pastoral care and holistic support of students.
2. Further development of our approaches to teaching and learning, along with the development of effective methods for the sharing of best practice.
3. Further development of the curriculum across all strata within the school, ranging from individual lessons to the whole school curriculum model.
4. Continue our development of a robust school structure, to ensure that we are well prepared to react to any and all unexpected circumstances.
5. To further develop the leadership and management structures, and practices across the school, allowing for greater autonomy within roles guided by set parameters.
6. Further development of the governance practices and their implementation.
7. Continue to be outward facing as an organisation, working even more closely with local community partners.
8. Continue to monitor the mental health of both students and staff, taking appropriate actions, to support constitutions that are mentally and physically strong and healthy.
9. Review all aspects of school finance, in order to ensure best value for money and the long term financial viability of all aspects of school life.
10. Initiate the required actions that enable us to mitigate and recover from the effects of the Covid-19 pandemic.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

c. Public benefit

In setting our objectives and planning our activities the Governors and Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The catchment area of the Academy is one of rural deprivation and the admissions policy aims to aid social mobility and select those children who have the potential to benefit from a rigorous academic curriculum, regardless of their background. A broad and balanced curriculum is offered to all and extra-curricular activities are subsidised where appropriate to allow equal access.

Strategic report

Achievements and performance

a. Key performance indicators

There were 560 pupils on roll in 2020/2021, Queen Elizabeth's tenth year as an Academy. As a result of the national exams situation brought about by COVID 19 it is regrettably impossible to comment on academic outcomes for this academic year. Year on year however the school is one of the higher performing schools in Lincolnshire.

b. Going concern

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

a. Reserves policy

The majority of the Trust's annual income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2020 and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

During the period ended 31 August 2020, total unrestricted and restricted income (excluding capital funding within the restricted fixed asset fund) were £3,208,602. This compares with expenditure (excluding depreciation within the restricted fixed asset fund and pension reserve expenditure) of £3,238,634 to give a loss of income over expenditure on revenue funding totalling £30,032. This equates to the change in balance of the restricted general funds (excluding pension reserve) plus unrestricted funds when compared to the equivalent at the previous year end, after a transfer from the restricted fund to the restricted fixed asset fund of £69,843, a transfer from restricted fixed asset fund to restricted fund of £70,639 and a transfer from the unrestricted fund to the restricted fixed asset fund of £38,667.

As at 31 August 2020, restricted general funds (excluding pension reserves) were £36,726 and unrestricted funds were £74,604. Giving total free reserves of £111,330 surplus.

At the end of the prior financial period (year ended 31 August 2019) the academy had free reserves (restricted general funds excluding pension reserves plus unrestricted funds) of surplus £42,233.

At 31 August 2020 the Local Government pension scheme deficit was £750,000. Although the deficit is material, the academy is taking the advice of the actuary regarding the repayment structure. Advised future contributions have also been included within the annual budget.

b. Investment policy

There are no investments other than working cash balances which are held in a deposit account in a UK bank. The Governors will agree any future investments.

c. Funds in deficit

The Academy's support staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets has been assessed by the Scheme's Actuary (FRS102 valuation) as at 31 August 2020 to be less than its liabilities in the Scheme, and consequently the Academy Balance Sheet shows a net liability of £750,000, compared with a net liability of £813,000 on 1 September 2019. According to the FRS102 valuation this liability will be cleared within 20 years which is the standard actuarial timescale.

No such FRS102 valuation is required for the Teachers' Pension Scheme as it is an unfunded multi-employer scheme which means the Academy is unable to identify its share of the underlying assets and liabilities of the Scheme. More information on both schemes is provided in the notes to the financial statements.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

School fetes are a means of raising small amounts of money to complement the funding received from the government and in addition we have set up a QEGS Extra Fund to support our ability to maintain a broad and balanced curriculum. Approaches to potential donors are via the head's weekly newsletter and are not personal targeted approaches, so parents and stakeholders are not pressurised.

Plans for future periods

The Academy will strive to maintain high levels of academic performance. We will continue to value all students as individuals and nurture their talents. Students will continue to play a meaningful role in the day to day running of the Academy, and leadership skills developed and encouraged through student leadership opportunities.

Our sports and teaching facilities have been improved during the period 2018 - 2020 through PSBP 2 funding and the completion of the sports hall is now complete. Following the receipt of CIF funding a perimeter fence, automated gates and CCTV have been installed.

Due to financial cuts we are regularly reviewing our staffing and curriculum to ensure that the service we provide is sustainable.

Funds held as custodian on behalf of others

Included in other creditors are amounts due to students in respect of monies held on their behalf in bank accounts in the Academy's name. This amount is also included in the figure for cash at bank and in hand on the Balance Sheet.

This amount above relates to the Queen Elizabeth's Grammar School Fund, the main objective of the fund is to provide school trips to pupils. The Academy Trust's school fund is run from separate bank accounts and is included within the main accounting system, the transactions are reflected within these accounts with the balance at the year end being included in either deferred income or restricted funds carried forward.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

Auditors

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.

The auditors, Duncan and Toplis Limited, are willing to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 14 January 2021 and signed on its behalf by:

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

J Barker.

.....
Mrs J Barker
Chair of Trustees

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Queen Elizabeth's Grammar, Alford - A Selective Academy Limited (the "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 Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 the Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of governors has formally met 6 times during the year.

Attendance during the year at meetings of the board of governors was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| G Thompson, Headteacher and accounting officer | 5 | 6 |
| J K Barker, Chair | 5 | 6 |
| J Chappelle | 5 | 6 |
| M Grayson | 6 | 6 |
| K Hamilton | 5 | 6 |
| R Houlby | 1 | 6 |
| D Pridgeon | 2 | 6 |
| J Porter-Robinson | 5 | 6 |
| J Thornalley Oliver | 6 | 6 |
| A Vincent | 4 | 6 |
| G Claxton | 6 | 6 |
| P Rigalsford | 4 | 6 |

Governance is reviewed on an annual basis and when electing new governors (directors/trustees) account is taken of their skills and experience. The Finance Committee now includes three governors with substantial financial expertise. There has been no external review carried out this year. In 2018 the governors completed the NGA Skills Audit which was ragged and reviewed. It was noted that the governors felt they had a broad range of skills that covered the roles required. A further skills audit is planned for the start of the 2020/21 academic year.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy has delivered improved value for money during the year by:

- Rationalising staffing whilst ensuring specialist teaching is provided for almost all classes
- Benchmarking with other grammar schools
- Reducing postage costs and paper by emailing most correspondence to parents and governors

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 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 the Academy for the year ended 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ending 31 August 2020 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing body;
- regular reviews by the Finance 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 Board of Trustees has decided not to appoint an internal auditor. However, the governors have appointed Mr M Watson as Responsible Officer (RO) to carry out a programme of internal checks.

The external auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Responsible Officer's role includes performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing control account and bank reconciliations

On a termly basis, the Responsible Officer reports to the board of governors through the finance committee on the operation of the systems of control and on the discharge of the governors' financial responsibilities.

Review of effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the Risk Register
- the work of the Finance Committee.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 18 November 2020 and signed on their behalf by:



.....
Mrs J Barker
Chair of Trustees


.....
Mr G Thompson
Accounting Officer

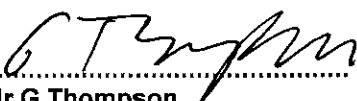
QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Queen Elizabeth's Grammar, Alford - A Selective Academy Limited I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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 board of Trustees and ESFA.


.....
Mr G Thompson
Accounting Officer
Date: 18 November 2020

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 14 January 2021 and signed on its behalf by:

J Barker

.....
J K Barker
Trustee

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED**

Opinion

We have audited the financial statements of Queen Elizabeth's Grammar, Alford - A Selective Academy Limited (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

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, the Charities SORP 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic 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 Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of 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.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditors' 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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tara Beeston FCA (Senior statutory auditor)
for and on behalf of
Duncan & Toplis Limited
Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

15 January 2021

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEEN
ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED AND THE EDUCATION AND
SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 10 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Queen Elizabeth's Grammar, Alford - A Selective Academy Limited during the year 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 Queen Elizabeth's Grammar, Alford - A Selective Academy Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Queen Elizabeth's Grammar, Alford - A Selective Academy Limited and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Queen Elizabeth's Grammar, Alford - A Selective Academy Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Queen Elizabeth's Grammar, Alford - A Selective Academy Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Queen Elizabeth's Grammar, Alford - A Selective Academy Limited's funding agreement with the Secretary of State for Education dated 1 October 2010 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 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's income and expenditure.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QUEEN
ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED AND THE EDUCATION &
SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 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.

Tara Beeston FCA
Duncan & Toplis Limited
Chartered Accountants and Statutory Auditors

15 Chequergate
Louth
Lincolnshire
LN11 0LJ

Date:

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

| | Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | Total funds 2019 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants: | 3 | | | | | |
| Other donations and capital grants | | 10,614 | 9,710 | 79,236 | 99,560 | 7,650,686 |
| Charitable activities: | 4 | | | | | |
| Funding for the Academy's educational operations | | - | 3,003,524 | - | 3,003,524 | 2,708,539 |
| Other trading activities | 5 | 179,804 | 378 | - | 180,182 | 174,578 |
| Investments | 6 | 4,572 | - | - | 4,572 | 1,806 |
| Total income | | 194,990 | 3,013,612 | 79,236 | 3,287,838 | 10,535,609 |
| Expenditure on: | | | | | | |
| Raising funds | | 53,158 | 7,629 | - | 60,787 | 64,385 |
| Charitable activities: | | | | | | |
| Academy trust educational operations | | 70,794 | 3,107,053 | 112,647 | 3,290,494 | 3,187,683 |
| Total expenditure | | 123,952 | 3,114,682 | 112,647 | 3,351,281 | 3,252,068 |
| Net income/(expenditure) | | 71,038 | (101,070) | (33,411) | (63,443) | 7,283,541 |
| Transfers between funds | 17 | (38,667) | 796 | 37,871 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 32,371 | (100,274) | 4,460 | (63,443) | 7,283,541 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 25 | 200,000 | - | - | 200,000 | (344,000) |
| Net movement in funds | | 232,371 | (100,274) | 4,460 | 136,557 | 6,939,541 |

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

| Note | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ | <i>Total funds 2019 £</i> |
|------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|---------------------------------------|
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 42,233 | (813,000) | 7,732,227 | 6,961,460 | 21,919 |
| Net movement in funds | 232,371 | (100,274) | 4,460 | 136,557 | 6,939,541 |
| Total funds carried forward | 274,604 | (913,274) | 7,736,687 | 7,098,017 | 6,961,460 |

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 07388635

BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 7,624,267 | 6,647,691 |
| | | <u>7,624,267</u> | <u>6,647,691</u> |
| Current assets | | | |
| Stocks | 14 | 41,434 | 42,176 |
| Debtors | 15 | 95,257 | 243,936 |
| Cash at bank and in hand | | 521,988 | 1,461,900 |
| | | <u>658,679</u> | <u>1,748,012</u> |
| Liabilities: amounts falling due within one year | 16 | (434,929) | (621,243) |
| Net current assets | | <u>223,750</u> | <u>1,126,769</u> |
| Total assets less current liabilities | | <u>7,848,017</u> | <u>7,774,460</u> |
| Net assets excluding pension liability | | <u>7,848,017</u> | <u>7,774,460</u> |
| Defined benefit pension scheme liability | 25 | (750,000) | (813,000) |
| Total net assets | | <u><u>7,098,017</u></u> | <u><u>6,961,460</u></u> |

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
 (A company limited by guarantee)
 REGISTERED NUMBER: 07388635

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

| | Note | | 2020 £ | 2019 £ |
|--|------|-----------|------------------|------------------|
| Funds of the Academy | | | | |
| Restricted funds: | | | | |
| Fixed asset funds | 17 | 7,736,687 | 7,732,227 | |
| Restricted income funds | 17 | 36,726 | - | |
| | | 7,773,413 | 7,732,227 | |
| Restricted funds excluding pension liability | 17 | | | |
| Pension reserve | 17 | (750,000) | (813,000) | |
| | | 7,023,413 | | 6,919,227 |
| Total restricted funds | 17 | | 7,023,413 | 6,919,227 |
| Unrestricted income funds | 17 | | 74,604 | 42,233 |
| | | | 7,098,017 | 6,961,460 |
| Total funds | | | 7,098,017 | 6,961,460 |

The financial statements on pages 20 to 56 were approved by the Trustees, and authorised for issue on 14 January 2021 and are signed on their behalf, by:

J Barker

.....
Mrs J Barker
 Chair of Trustees

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £ | 2019 £ |
|---|--------|----------------|------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | 65,503 | 4,787,119 |
| Cash flows from investing activities | 20 | (1,005,415) | (3,983,577) |
| Change in cash and cash equivalents in the year | | (939,912) | 803,542 |
| Cash and cash equivalents at the beginning of the year | | 1,461,900 | 658,358 |
| Cash and cash equivalents at the end of the year | 21, 22 | <u>521,988</u> | <u>1,461,900</u> |

The notes on pages 25 to 56 form part of these financial statements

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. 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.

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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.

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

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy, can be reliably measured.

• **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 year 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.

The Academy is benefiting from the ESFA's Priority Schools Building Programme. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the Academy controls through lease the site where a development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where 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 catering income and sale of uniforms, is recognised in the year it is receivable and to the extent the Academy has provided the goods or services.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.3 Income (continued)

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy 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's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than Leasehold land, the property introduced in the current year which represents the principal school buildings and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|-------------------------|-------------------|
| Land and buildings | - Not depreciated |
| Property improvements | - 2% on cost |
| Furniture and equipment | - 20% on cost |
| Computer equipment | - 33% on cost |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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 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.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 the creditors note. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Pensions

Retirement benefits to employees of the Academy 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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.

1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

2. 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Income from donations and capital grants

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Donations | 10,614 | 867 | 64,796 | 76,277 |
| Capital Grants | - | - | 14,440 | 14,440 |
| Other voluntary income | - | 8,843 | - | 8,843 |
| | <u>10,614</u> | <u>9,710</u> | <u>79,236</u> | <u>99,560</u> |
| | <u>10,614</u> | <u>9,710</u> | <u>79,236</u> | <u>99,560</u> |

| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Restricted fixed asset funds 2019 £</i> | <i>Total funds 2019 £</i> |
|------------------------|--|--|--|---------------------------------------|
| Donations | 32,229 | 9,298 | 4,932,000 | 4,973,527 |
| Capital Grants | - | - | 2,587,766 | 2,587,766 |
| Other voluntary income | - | 89,393 | - | 89,393 |
| | <u>32,229</u> | <u>98,691</u> | <u>7,519,766</u> | <u>7,650,686</u> |
| | <u>32,229</u> | <u>98,691</u> | <u>7,519,766</u> | <u>7,650,686</u> |

QUEEN ELIZABETH'S GRAMMAR, ALFORD - A SELECTIVE ACADEMY LIMITED
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Academy Trust's educational operations

| | Restricted funds 2020 £ | Total funds 2020 £ | <i>Total funds 2019 £</i> |
|--|--|---------------------------------------|---------------------------------------|
| DfE/ESFA grants | | | |
| General Annual Grant (GAG) | 2,691,617 | 2,691,617 | 2,567,399 |
| Pupil Premium | 48,863 | 48,863 | 49,352 |
| Other DfE/ESFA | 5,118 | 5,118 | 4,840 |
| Teachers pay and pension grant | 157,342 | 157,342 | 19,020 |
| | <u>2,902,940</u> | <u>2,902,940</u> | <u>2,640,611</u> |
| Other Government grants | | | |
| SEN 1-1 Funding | 61,701 | 61,701 | 65,843 |
| | <u>61,701</u> | <u>61,701</u> | <u>65,843</u> |
| Other Income | | | |
| Other income revenue | - | - | 2,085 |
| | <u>-</u> | <u>-</u> | <u>2,085</u> |
| Exceptional government funding | | | |
| Coronavirus Job Retention Scheme grant | 19,032 | 19,032 | - |
| Coronavirus exceptional support | 19,851 | 19,851 | - |
| Total 2020 | <u><u>3,003,524</u></u> | <u><u>3,003,524</u></u> | <u><u>2,708,539</u></u> |

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

The funding received for Coronavirus exceptional support covers £19,851 of exceptional costs. These costs are included in notes 8 below as appropriate.

The academy furloughed some of its catering staff under the government's CJRS. The funding received of £19,032 relates to staff costs in respect of staff which are included within note 8 below as appropriate.

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5. Income from other trading activities

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total funds 2020 £ |
|---|------------------------------------|----------------------------------|-----------------------------|
| Catering income | 57,034 | - | 57,034 |
| Sale of uniforms | 57,959 | - | 57,959 |
| Receipts from staff insurance claims | - | 378 | 378 |
| Lettings income | 98 | - | 98 |
| Music tuition, exam fees and other income | 64,713 | - | 64,713 |
| | <u>179,804</u> | <u>378</u> | <u>180,182</u> |

| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Total funds 2019 £</i> |
|---|--|--|---------------------------------------|
| Catering income | 87,600 | - | 87,600 |
| Sale of uniforms | 44,132 | - | 44,132 |
| Receipts from staff insurance claims | - | 567 | 567 |
| Lettings income | 149 | - | 149 |
| Music tuition, exam fees and other income | 40,725 | 1,405 | 42,130 |
| | <u>172,606</u> | <u>1,972</u> | <u>174,578</u> |

6. Investment income

| | Unrestricted funds 2020 £ | Total funds 2020 £ |
|-----------------------|------------------------------------|-----------------------------|
| Bank account interest | 4,572 | 4,572 |
| | <u>4,572</u> | <u>4,572</u> |

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6. Investment income (continued)

| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Total funds 2019 £</i> |
|-----------------------|--|--|---------------------------------------|
| Bank account interest | 985 | 821 | 1,806 |

7. Expenditure

| | Staff Costs 2020 £ | Premises 2020 £ | Other 2020 £ | Total 2020 £ |
|---|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Expenditure on raising voluntary income: | | | | |
| Direct costs | - | - | 11,382 | 11,382 |
| Expenditure on fundraising trading activities: | | | | |
| Direct costs | - | - | 49,405 | 49,405 |
| Funding for the academy trust's educational operations: | | | | |
| Direct costs | 2,341,470 | 33,711 | 263,030 | 2,638,211 |
| Allocated support costs | 380,840 | 129,125 | 142,318 | 652,283 |
| | <u>2,722,310</u> | <u>162,836</u> | <u>466,135</u> | <u>3,351,281</u> |

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7. Expenditure (continued)

| | <i>Staff Costs</i> 2019 £ | <i>Premises</i> 2019 £ | <i>Other</i> 2019 £ | <i>Total</i> 2019 £ |
|---|---------------------------------|------------------------------|---------------------------|---------------------------|
| Expenditure on raising voluntary income: | | | | |
| Direct costs | - | - | 6,923 | 6,923 |
| Expenditure on fundraising trading activities: | | | | |
| Direct costs | 23,702 | - | 33,760 | 57,462 |
| Funding for the academy trust's educational operations: | | | | |
| Direct costs | 2,205,774 | 1,168 | 270,615 | 2,477,557 |
| Allocated support costs | 364,950 | 192,988 | 152,188 | 710,126 |
| | <u>2,594,426</u> | <u>194,156</u> | <u>463,486</u> | <u>3,252,068</u> |

8. Analysis of expenditure by activities

| | Activities undertaken directly 2020 £ | Support costs 2020 £ | Total funds 2020 £ |
|--|--|---|---------------------------------------|
| Funding for the academy trust's educational operations | <u>2,638,211</u> | <u>652,283</u> | <u>3,290,494</u> |

| | <i>Activities undertaken directly 2019 £</i> | <i>Support costs 2019 £</i> | <i>Total funds 2019 £</i> |
|--|--|---|---------------------------------------|
| Funding for the academy trust's educational operations | <u>2,477,557</u> | <u>710,126</u> | <u>3,187,683</u> |

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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Educational operations 2020 £ | Total funds 2020 £ | <i>Total funds 2019 £</i> |
|----------------------|--|---------------------------------------|---------------------------------------|
| Staff costs | 2,341,470 | 2,341,470 | 2,205,774 |
| Depreciation | 112,647 | 112,647 | 37,869 |
| Educational supplies | 63,771 | 63,771 | 129,837 |
| Examination fees | 59,825 | 59,825 | 68,095 |
| Staff development | 11,609 | 11,609 | 3,652 |
| Other costs | 48,889 | 48,889 | 32,330 |
| | <u>2,638,211</u> | <u>2,638,211</u> | <u>2,477,557</u> |

Analysis of support costs

| | Educational operations 2020 £ | Total funds 2020 £ | <i>Total funds 2019 £</i> |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Staff costs | 380,840 | 380,840 | 364,950 |
| Recruitment and support | 3,764 | 3,764 | 14,982 |
| Maintenance of premises and equipment | 37,406 | 37,406 | 106,563 |
| Cleaning | 12,319 | 12,319 | 12,635 |
| Rent and rates | 19,591 | 19,591 | 22,301 |
| Energy costs | 47,087 | 47,087 | 45,232 |
| Insurance | 12,722 | 12,722 | 14,042 |
| Transport | 2,618 | 2,618 | 1,778 |
| Telephone, postage and stationery | 18,212 | 18,212 | 16,442 |
| Catering | 49,596 | 49,596 | 58,124 |
| Other costs | 47,209 | 47,209 | 26,811 |
| Bank interest and charges | 767 | 767 | - |
| Auditors' remuneration | 14,105 | 14,105 | 11,653 |
| Professional fees | 6,047 | 6,047 | 14,613 |
| | <u>652,283</u> | <u>652,283</u> | <u>710,126</u> |

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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

During the year ended 31 August 2020, the Academy incurred the following Governance costs: £20,152 (2019 - £26,266) included within the table above in respect of funding for the academy trust's educational operations.

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £ | 2019 £ |
|---------------------------------------|-----------|-----------|
| Operating lease rentals | 6,929 | 7,546 |
| Depreciation of tangible fixed assets | 112,647 | 37,869 |
| Fees paid to auditors for: | | |
| - audit | 7,500 | 6,500 |
| - other services | 6,605 | 5,153 |
| | 2,692,253 | 2,585,714 |

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 £ | 2019 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 1,961,670 | 1,985,259 |
| Social security costs | 187,756 | 190,796 |
| Pension costs | 542,827 | 409,659 |
| | 2,692,253 | 2,585,714 |
| Agency staff costs | 30,057 | 8,712 |
| | 2,722,310 | 2,594,426 |

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10. Staff (continued)

b. Staff numbers

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

| | 2020 | <i>2019</i> |
|----------------------------|-------------|-------------|
| | No. | <i>No.</i> |
| Teachers | 40 | <i>40</i> |
| Management | 1 | <i>1</i> |
| Administration and support | 35 | <i>36</i> |
| | 76 | <i>77</i> |

c. Higher paid staff

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

| | 2020 | <i>2019</i> |
|--------------------------------|-------------|-------------|
| | No. | <i>No.</i> |
| In the band £70,001 - £80,000 | 1 | <i>-</i> |
| In the band £90,001 - £100,000 | - | <i>1</i> |

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £358,909 (2019 £412,380).

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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2020 | 2019 |
|---|----------------------------|--------------------|--------------------|
| | | £ | £ |
| A Francis (resigned 31 August 2019) | Remuneration | £Nil | 90,000 - 95,000 |
| | Pension contributions paid | £Nil | 15,000 - 20,000 |
| M Grayson | Remuneration | 45,000 - 50,000 | 40,000 - 45,000 |
| | Pension contributions paid | 10,000 - 15,000 | 5,000 - 10,000 |
| G Thompson (appointed 1 September 2019) | Remuneration | 70,000 - 75,000 | £Nil |
| | Pension contributions paid | 15,000 - 20,000 | £Nil |
| G Claxton (appointed 1 September 2019) | Remuneration | 45,000 - 50,000 | £Nil |
| | Pension contributions paid | 10,000 - 15,000 | £Nil |

During the year ended 31 August 2020, expenses totalling £55 were reimbursed or paid directly to 1 Trustee (2019 - £48 to 1 Trustee).

12. Trustees' and Officers' insurance

The Academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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13. Tangible fixed assets

| | Leasehold property £ | Assets under construction £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|---------------------------|----------------------------|--------------------------------------|------------------------------------|----------------------------|------------------|
| Cost or valuation | | | | | |
| At 1 September 2019 | 4,990,400 | 1,559,949 | 225,191 | 129,334 | 6,904,874 |
| Additions | 877,620 | - | 208,880 | 2,723 | 1,089,223 |
| Transfers between classes | 1,559,949 | (1,559,949) | - | - | - |
| At 31 August 2020 | <u>7,427,969</u> | <u>-</u> | <u>434,071</u> | <u>132,057</u> | <u>7,994,097</u> |
| Depreciation | | | | | |
| At 1 September 2019 | 8,150 | - | 156,473 | 92,560 | 257,183 |
| Charge for the year | 33,711 | - | 61,157 | 17,779 | 112,647 |
| At 31 August 2020 | <u>41,861</u> | <u>-</u> | <u>217,630</u> | <u>110,339</u> | <u>369,830</u> |
| Net book value | | | | | |
| At 31 August 2020 | <u>7,386,108</u> | <u>-</u> | <u>216,441</u> | <u>21,718</u> | <u>7,624,267</u> |
| At 31 August 2019 | <u>4,982,250</u> | <u>1,559,949</u> | <u>68,718</u> | <u>36,774</u> | <u>6,647,691</u> |

The playing fields were transferred to the Academy from the predecessor school at the point of conversion on 1 October 2010.

The remaining land and buildings are held by 'Foundation Trustees' who granted a 125 year lease to the Academy Trust on 30 July 2019 at a peppercorn rent. Prior to this point the land and buildings had been occupied under a tenancy at will.

The land and buildings are included in the accounts at the valuation from the ESFA. The academy has benefited from the ESFA's Priority Schools Building Programme and the completed asset has been transferred from Assets Under Construction to Leasehold Property during the year.

The original leasehold property is subject to regular maintenance and repair such that in the trustees' opinion the residual value is not materially different from the value in the financial statements and has a long useful economic life. The trustees consider the need for impairment at each year end.

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14. Stocks

| | 2020 £ | 2019 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 41,434 | 42,176 |

15. Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|---------------|----------------|
| Due within one year | | |
| Trade debtors | 6,047 | 4,434 |
| Other debtors | 7,350 | - |
| Prepayments and accrued income | 79,566 | 170,825 |
| VAT recoverable | 2,294 | 68,677 |
| | <u>95,257</u> | <u>243,936</u> |

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16. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Trade creditors | 33,359 | 144,084 |
| Other taxation and social security | 46,109 | 45,302 |
| Other creditors | 68,047 | 47,391 |
| Accruals and deferred income | 287,414 | 384,466 |
| | <u>434,929</u> | <u>621,243</u> |
| | 2020 £ | 2019 £ |
| Deferred income at 1 September 2019 | 51,708 | 40,257 |
| Resources deferred during the year | 257,039 | 51,708 |
| Amounts released from previous periods | (51,708) | (40,257) |
| Deferred income at 31 August 2020 | <u>257,039</u> | <u>51,708</u> |

Deferred income of £257,039 (2019: £51,708) equates to trip income and other income that relates to subsequent years.

In addition the Academy has deferred income of £225,309 (2019: £301,787) in fundraising money which will continue to be deferred until the aims of the fundraising are met.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|--|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 42,233 | 194,990 | (123,952) | (38,667) | - | 74,604 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | (31,320) | 2,691,617 | (2,643,219) | (6,481) | - | 10,597 |
| Other DfE/ESFA Grants - Pupil Premium | 7,107 | 211,323 | (208,729) | 2,524 | - | 12,225 |
| Other Government Revenue Grants | 28,438 | 100,584 | (106,192) | (14,884) | - | 7,946 |
| School Fund | 4,181 | 8,843 | (8,843) | (855) | - | 3,326 |
| Other Income | (8,406) | 1,245 | (10,699) | 20,492 | - | 2,632 |
| Pension reserve | (813,000) | - | (137,000) | - | 200,000 | (750,000) |
| | <u>(813,000)</u> | <u>3,013,612</u> | <u>(3,114,682)</u> | <u>796</u> | <u>200,000</u> | <u>(713,274)</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA capital grants | 2,771,376 | 79,236 | (42,891) | (190,114) | - | 2,617,607 |
| Capital expenditure from GAG | 29,364 | - | (12,973) | 10,704 | - | 27,095 |
| Capital expenditure from other funds | 4,931,487 | - | (56,783) | 217,281 | - | 5,091,985 |
| | <u>7,732,227</u> | <u>79,236</u> | <u>(112,647)</u> | <u>37,871</u> | <u>-</u> | <u>7,736,687</u> |

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17. Statement of funds (continued)

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|---------------------------------------|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Total Restricted funds | 6,919,227 | 3,092,848 | (3,227,329) | 38,667 | 200,000 | 7,023,413 |
| Total funds | 6,961,460 | 3,287,838 | (3,351,281) | - | 200,000 | 7,098,017 |

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

Unrestricted funds are those where no restrictions have been placed upon the use of the income by the donor.

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DFE/ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Other Government Revenue Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupils education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

School fund income includes trip and other curriculum related monies.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £137,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £200,000 actuarial decrease in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

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17. Statement of funds (continued)

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

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17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

| | <i>Balance at 1 September 2018 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Gains/ (Losses) £</i> | <i>Balance at 31 August 2019 £</i> |
|---------------------------------------|--|---------------------|--------------------------|-----------------------------------|----------------------------------|--|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 56,206 | 205,820 | (174,356) | (45,437) | - | 42,233 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 73,812 | 2,567,397 | (2,678,642) | 6,113 | - | (31,320) |
| Other DfE/ESFA Grants - Pupil Premium | 7,106 | 73,214 | (73,213) | - | - | 7,107 |
| Other Government Revenue Grants | 28,438 | 65,843 | (65,843) | - | - | 28,438 |
| School Fund | 5,351 | 89,393 | (90,563) | - | - | 4,181 |
| Other Income | - | 14,176 | (22,582) | - | - | (8,406) |
| Pension reserve | (360,000) | - | (109,000) | - | (344,000) | (813,000) |
| | <u>(245,293)</u> | <u>2,810,023</u> | <u>(3,039,843)</u> | <u>6,113</u> | <u>(344,000)</u> | <u>(813,000)</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA capital grants | 198,995 | 2,587,766 | (15,385) | - | - | 2,771,376 |
| Capital expenditure from GAG | 4,521 | - | (14,481) | 39,324 | - | 29,364 |
| Capital expenditure from other funds | 7,490 | 4,932,000 | (8,003) | - | - | 4,931,487 |

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17. Statement of funds (continued)

| | <i>Balance at 1 September 2018</i> | <i>Income</i> | <i>Expenditure</i> | <i>Transfers in/out</i> | <i>Gains/ (Losses)</i> | <i>Balance at 31 August 2019</i> |
|---------------------------------------|--|-------------------|--------------------|-----------------------------|----------------------------|--|
| | £ | £ | £ | £ | £ | £ |
| | 211,006 | 7,519,766 | (37,869) | 39,324 | - | 7,732,227 |
| Total Restricted funds | (34,287) | 10,329,789 | (3,077,712) | 45,437 | (344,000) | 6,919,227 |
| Total funds | 21,919 | 10,535,609 | (3,252,068) | - | (344,000) | 6,961,460 |

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 | Restricted funds 2020 | Restricted fixed asset funds 2020 | Total funds 2020 |
|--|--|--------------------------------------|--|---------------------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 7,624,267 | 7,624,267 |
| Current assets | 74,604 | 471,655 | 112,420 | 658,679 |
| Creditors due within one year | - | (434,929) | - | (434,929) |
| Provisions for liabilities and charges | - | (750,000) | - | (750,000) |
| Total | 74,604 | (713,274) | 7,736,687 | 7,098,017 |

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

| | <i>Unrestricted funds 2019 £</i> | <i>Restricted funds 2019 £</i> | <i>Restricted fixed asset funds 2019 £</i> | <i>Total funds 2019 £</i> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 6,647,691 | 6,647,691 |
| Current assets | 42,233 | 621,243 | 1,084,536 | 1,748,012 |
| Creditors due within one year | - | (621,243) | - | (621,243) |
| Provisions for liabilities and charges | - | (813,000) | - | (813,000) |
| Total | <u>42,233</u> | <u>(813,000)</u> | <u>7,732,227</u> | <u>6,961,460</u> |

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

| | 2020 £ | 2019 £ |
|--|-------------------|-------------------|
| Net (expenditure)/income for the period (as per Statement of financial activities) | <u>(63,443)</u> | <u>7,283,541</u> |
| Adjustments for: | | |
| Depreciation | 112,647 | 37,868 |
| Capital grants from DfE and other capital income | (79,236) | (2,522,359) |
| Interest receivable | (4,572) | (1,806) |
| Defined benefit pension scheme cost less contributions payable | 121,000 | 98,000 |
| Defined benefit pension scheme finance cost | 16,000 | 11,000 |
| Decrease/(increase) in stocks | 742 | (10,778) |
| Decrease/(increase) in debtors | 148,632 | (200,468) |
| (Decrease)/increase in creditors | (186,267) | 92,121 |
| Net cash provided by operating activities | <u>65,503</u> | <u>4,787,119</u> |

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20. Cash flows from investing activities

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | £ | £ |
| Dividends, interest and rents from investments | 4,572 | 1,806 |
| Purchase of tangible fixed assets | (1,089,223) | (6,507,742) |
| Capital grants from DfE Group | 14,440 | 2,522,359 |
| Capital funding received from sponsors and others | 64,796 | - |
| Net cash used in investing activities | (1,005,415) | (3,983,577) |

21. Analysis of cash and cash equivalents

| | 2020 | 2019 |
|--|----------------|------------------|
| | £ | £ |
| Cash in hand and at bank | 521,988 | 1,461,900 |
| Total cash and cash equivalents | 521,988 | 1,461,900 |

22. Analysis of changes in net debt

| | At 1 September 2019 £ | Cash flows £ | At 31 August 2020 £ |
|--------------------------|--------------------------------|------------------|---------------------------|
| Cash at bank and in hand | 1,461,900 | (939,912) | 521,988 |
| | <u>1,461,900</u> | <u>(939,912)</u> | <u>521,988</u> |

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23. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

(a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24. Capital commitments

| | 2020 £ | 2019 £ |
|--|---------------|----------------|
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | <u>35,091</u> | <u>995,165</u> |

25. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lincolnshire 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 £51,502 were payable to the schemes at 31 August 2020 (2019 - £42,146) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time 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.

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25. Pension commitments (continued)

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 year amounted to £341,572 (2019 - £239,497).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 £111,000 (2019 - £107,000), of which employer's contributions totalled £77,000 (2019 - £72,000) and employees' contributions totalled £ 34,000 (2019 - £35,000). The agreed contribution rates for future years are 21.2 per cent for employers and 5.5% - 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

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25. Pension commitments (continued)

Principal actuarial assumptions

| | 2020 | 2019 |
|--|------|------|
| | % | % |
| Rate of increase in salaries | 2.5 | 2.7 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.3 |
| Discount rate for scheme liabilities | 1.7 | 1.8 |

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

| | 2020 | 2019 |
|-----------------------------|-------|-------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 21.4 | 21.2 |
| Females | 23.7 | 23.5 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.4 | 22.5 |
| Females | 25.2 | 25.2 |

Sensitivity analysis

| | 2020 | 2019 |
|------------------------|------|------|
| | £000 | £000 |
| Discount rate -0.1% | 64 | 71 |
| Salary increase +0.1% | 8 | 10 |
| Pension increase +0.1% | 56 | 58 |

Share of scheme assets

The Academy's share of the assets in the scheme was:

| | 2020 | 2019 |
|-------------------------------------|------------------|------------------|
| | £ | £ |
| Equities | 1,481,000 | 1,582,000 |
| Corporate bonds | 429,000 | 347,000 |
| Property | 215,000 | 217,000 |
| Cash and other liquid assets | 21,000 | 21,000 |
| Total market value of assets | 2,146,000 | 2,167,000 |

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25. Pension commitments (continued)

The actual return on scheme assets was £40,000 (2019 - £56,000).

The amounts recognised in the Statement of financial activities are as follows:

| | 2020 £ | 2019 £ |
|---|------------------|----------------|
| Current service cost | (198,000) | 155,000 |
| Past service cost | - | 15,000 |
| Interest income | 40,000 | 56,000 |
| Interest cost | (56,000) | (67,000) |
| Total amount recognised in the Statement of financial activities | (214,000) | 159,000 |

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

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| At 1 September | 2,980,000 | 2,320,000 |
| Past service cost | - | 15,000 |
| Current service cost | 198,000 | 155,000 |
| Interest cost | 56,000 | 67,000 |
| Employee contributions | 34,000 | 35,000 |
| Actuarial (gains)/losses | (341,000) | 410,000 |
| Benefits paid | (31,000) | (22,000) |
| At 31 August | 2,896,000 | 2,980,000 |

The actuary has allowed for the approximate impact of the McCloud judgement, which is shown as Past Service costs of £Nil (2019: £15,000) within the table above.

Changes in the fair value of the Academy's share of scheme assets were as follows:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| At 1 September | 2,167,000 | 1,960,000 |
| Interest income | 40,000 | 56,000 |
| Actuarial (losses)/gains | (141,000) | 66,000 |
| Employer contributions | 77,000 | 72,000 |
| Employee contributions | 34,000 | 35,000 |
| Benefits paid | (31,000) | (22,000) |
| At 31 August | 2,146,000 | 2,167,000 |

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25. Pension commitments (continued)

26. Operating lease commitments

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2020 £ | 2019 £ |
|--|--------------|---------------|
| Amounts payable: | | |
| Not later than 1 year | 8,084 | 6,929 |
| Later than 1 year and not later than 5 years | 1,732 | 6,929 |
| Total | <u>9,816</u> | <u>13,858</u> |

27. Members' liability

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

28. Related party transactions

Owing to the nature of the Academy and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the financial period.

Income related party transactions

Individual trustees made the following voluntary donations to the academy trust, for which they received nothing in return: S Fry - £Nil (2019 - £8,004) and J Barker - £300 (2019 - £300).

The Academy sold ICT services to Huttoft Primary School (Academy) of £3,120 (2019 - £2,736) of which £Nil (2019 - £Nil) was outstanding at the year end. J Porter-Robinson is a trustee of the Academy and a governor of Huttoft Primary School (Academy).

The Academy sold ICT services to St Helena's Church of England Primary School of £Nil (2019: £4,320) of which £Nil (2019: £948) was outstanding at the year end. K Hamilton is a member of Academy and is a trustee of St Helena's Church of England Primary School.

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29. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the trust received £18,588 (2019: £24,109) and disbursed £12,513 (2019: £20,663). £929 (2019: £957) was spent on administration fees. An amount of £9,783 (2019: £4,637) represents accumulated undistributed funds that are held on behalf of ESFA and is included in creditors.