

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

Financial Statements for the Period Ended

31 August 2011

Company Registration Number 07438425

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

FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

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

REFERENCE AND ADMINISTRATIVE DETAILS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

Governors (Trustees)	T Power* J Armitage R Bingham J Burch M Burrow C Clarke* M Cunningham S Dent T Felix P Gregson S Holmes* (Finance Director) P Howden S Lawrenson D McGregor F Pearson* R Shepherd* E Shuttleworth D Tomlinson G Turner (Resigned 17 05 2011) P Weston
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* = members of the Finance Committee

Secretary	A Johnson
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Senior managers

• Head Teacher	C Clarke
• Deputy Head	A Wilkinson
• Assistant Head	A Donnelly
• Assistant Head	A Hall
• Assistant Head	P Hooper
• Assistant Head	P Houghton
• Assistant Head	L Longley
• Assistant Head	H Martin
• Assistant Head	C O'Neill
• Finance Director	S Holmes
• School Business Manager	A Johnson

Registered Office	Queen Elizabeth School, Kirkby Lonsdale, Cumbria LA6 2HJ Tel 015242 71275
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Company Registration Number	07438425(England and Wales)
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Auditors	Sant & Co, Old Police Station, Church Street, Ambleside, Cumbria LA22 0BT Tel 015394 33430
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Bankers	HSBC
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QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

The governors present their report together with the financial statements of the charitable company for the year ended 31 August 2011. The report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies on pages 13 to 15 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 1985, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee with no share capital (registration no 07438425). The company's memorandum and articles of association are the primary governing documents of the Academy.

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.

Governors' Indemnities

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

Governors

The governors are directors of the charitable company for the purposes of the Companies Act 1985 and trustees for the purposes of charity legislation.

The governors who were in office at 31 August 2011 and served throughout the year, except where shown are listed on page 1.

During the year under review the governors held 25 meetings.

Responsibilities of the Governors

Company law requires the governors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the governors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

The governors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 1985. 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 governors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The governors confirm that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Organisational Structure

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

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

Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the system of internal finance control

As governors, we acknowledge we have overall responsibility for ensuring that Queen Elizabeth School has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable us to ensure the financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that -

- the Academy is operating efficiently and effectively,
- its assets are safeguarded against unauthorised use or disposition.
- the proper records are maintained and financial information used within the Academy or for publication is reliable,
- the Academy complies with relevant laws and regulations.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

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 and General Purposes 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

In addition, the governors have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although it is not mandatory for the Academy it should, as a publicly funded body, adopt these guidelines as best practice. Accordingly they have

- set policies on internal controls which cover the following
- the type of risks the Academy faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
- the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken

The governors have appointed a Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis the RO reports to the governing body on the operation of the systems of control and on the discharge of the RO's financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The principal object and activity of the charitable company is the operation of the Queen Elizabeth School to provide education for pupils of mixed abilities between the ages of 11 and 19

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications

The main objectives of the Academy during the year ended 31 August 2011 are summarised below

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

Strategies and activities

The Academy commenced its charitable activities on 1 December 2010

The Academy's main strategy is encompassed in its mission statement which is 'To build a learning community which has access to the best possible teaching facilities and staff' To this end the activities

provided include

- tuition and learning opportunities for all students to attain appropriate academic qualifications,
- training opportunities for all staff, and especially teaching staff,
- secondments and placing of students with industrial and commercial partners,
- a programme of sporting and after school leisure activities for all students,
- a system of after school clubs to allow students to explore science and engineering in a practical and project oriented way,
- a careers advisory service to help students obtain employment or move on to higher education

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to the school. The policy of the school is to support recruitment and retention of students and employees with disabilities. The school does this by adapting the physical environment, by making support resources available and through training and career development.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

ACHIEVEMENTS AND PERFORMANCE

The school has completed its first year of operation as an Academy, and continues to achieve the forecast numbers of students. Total students in the year ended 31st August 2011 numbered 1468 and the Academy has a full complement in all year groups.

Examination results for 2011 were very pleasing. At A and AS level candidates achieved an average of over 17 points per candidate (2005 average = 14). There was an 86% pass rate (2005 = 84%) and 55% of grades were A-C (2005 = 53%). At GCSE 53% of grades were A-C (2005 = 54%) and 49% of students achieved 5 or more passes at this level (2005 = 48%).

To ensure that standards are continually raised the school operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A level to assess the added value. The school also participates in national programmes looking at added value through the key stages.

FINANCIAL REVIEW

Financial report for the period

During the period ended 31 August 2011, incoming resources included an exceptional item included in voluntary income, being net assets transferred on conversion to an Academy Trust amounting to £14,027,770. Details of the net assets transferred, which include the Local Government Pension Scheme deficit of £1,264,000, are shown in Note 3 to the accounts.

Excluding the above exceptional item, most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2011 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2011, total restricted general expenditure of £5,914,893 was more than covered by recurrent grant funding from the DfE together with other incoming resources. The excess of restricted general income over expenditure for the year (excluding the pension deficit transferred and the pension fund movements) was £86,470.

At 31 August 2011 the net book value of fixed assets was £13,882,470 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy and financial position

Reserves policy

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

Financial position

The academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £779,220. Included in these reserves there are designated School Funds of £101,885 and COIF investments amounting to £31,052 held for the long term benefit of the School, leaving £646,283 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £14,158,004 and a restricted general funds deficit of £1,179,530. This deficit is a result of the Local Government Pension Scheme liability acquired on conversion to an Academy of £1,264,000 and together with movements during the period amounting to £22,000, the total pension provision of £1,286,000 has been offset against the restricted General Annual Grant in accordance with YPLA guidance. Details of restricted funds are shown in notes 20 and 21 to the accounts.

PLANS FOR FUTURE PERIODS

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

AUDITORS

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

The report of the governors was approved by the governors and signed on their behalf by



Ty Power (Chairman)

16/12/11

Date

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEEN
ELIZABETH SCHOOL, KIRKBY LONSDALE**

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

We have audited the financial statements of Queen Elizabeth School, Kirkby Lonsdale for the period from 12 November 2010 to 31 August 2011 on pages 10 to 31, which have been prepared on the basis of the accounting policies set out on pages 13 to 15

This report is made solely to the charitable company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of Queen Elizabeth School, Kirkby Lonsdale for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on pages 2 and 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

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

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

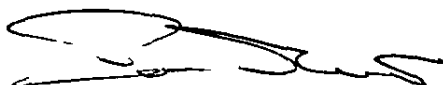
BASIS OF AUDIT OPINION (Continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006,
- the information given in the Trustees Annual Report is consistent with the financial statements,
- the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the financial period,
- proper accounting records have been kept by the Academy throughout the financial year, and
- grants made by the Department for Education and Skills have been applied for the purposes intended



Ian Thompson (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

21/12/11

Date

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE
INCOME AND EXPENDITURE ACCOUNT)**

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

			Restricted	Restricted	Total Funds
	Note	Unrestricted	General	Fixed Asset	Period from
		Funds	Funds	Funds	12 Nov 10 to
		£	£	£	31 Aug 11
					£
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	3	455	9,907	–	10,362
Net assets transferred on conversion to Academy Trust	3	808,241	(1,167,137)	14,386,666	14,027,770
Activities for generating funds					
Lettings income	4	9,699	–	–	9,699
Investment income	5	761	–	–	761
Incoming resources from charitable activities - Funding for the Academy's educational operations					
	6	51,115	5,927,817	28,283	6,007,215
TOTAL INCOMING RESOURCES		870,271	4,770,587	14,414,949	20,055,807
RESOURCES EXPENDED					
Costs of generating funds					
Lettings costs	7	(9,699)	–	–	(9,699)
Charitable activities – Academy's educational operations					
	8	(78,582)	(5,900,535)	(292,745)	(6,271,862)
Governance costs	9	–	(14,358)	–	(14,358)
TOTAL RESOURCES EXPENDED		(88,281)	(5,914,893)	(292,745)	(6,295,919)
NET INCOMING RESOURCES BEFORE TRANSFERS					
	11	781,990	(1,144,306)	14,122,204	13,759,888
Transfer between funds	12	(2,576)	(33,224)	35,800	–
NET INCOME/(EXPENDITURE) FOR THE PERIOD		779,414	(1,177,530)	14,158,004	13,759,888
OTHER RECOGNISED GAINS AND LOSSES					
Gains/(losses) on investments		(194)	–	–	(194)
Actuarial losses in respect of defined benefit pension schemes		–	(2,000)	–	(2,000)
NET MOVEMENT IN FUNDS		779,220	(1,179,530)	14,158,004	13,757,694
RECONCILIATION OF FUNDS					
Total funds brought forward		–	–	–	–
TOTAL FUNDS CARRIED FORWARD		779,220	(1,179,530)	14,158,004	13,757,694

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities

The notes on pages 13 to 31 form part of these financial statements

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



BALANCE SHEET

31 AUGUST 2011

	Note	£	31 Aug 11 £
FIXED ASSETS			
Tangible assets	14		13,882,470
Investments	15		31,052
			<u>13,913,522</u>
CURRENT ASSETS			
Stocks	16	9,240	
Debtors	17	319,526	
Cash at bank and in hand		<u>1,548,758</u>	
		1,877,524	
CREDITORS: Amounts falling due within one year	18	<u>(747,352)</u>	
NET CURRENT ASSETS			1,130,172
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,043,694</u>
PROVISIONS FOR LIABILITIES			
Defined benefit pension scheme	23		<u>(1,286,000)</u>
NET ASSETS			<u>13,757,694</u>
 RESTRICTED FIXED ASSET FUNDS	 20		 14,158,004
RESTRICTED GENERAL FUNDS:			
Restricted general funds	21	106,470	
Pension deficit	21	<u>(1,286,000)</u>	
TOTAL RESTRICTED GENERAL FUNDS			(1,179,530)
UNRESTRICTED FUNDS	22		<u>779,220</u>
TOTAL FUNDS			<u>13,757,694</u>

These financial statements were approved by the Governors on behalf by,

and signed on their

MR S HOLMES (Finance Director)

MR T POWER (Chair of Governors)

Company Registration Number 07438425

The notes on pages 13 to 31 form part of these financial statements.

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

CASH FLOW STATEMENT

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

	Note	Period from 12 Nov 10 to 31 Aug 11 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	26		1,612,137
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from other fixed asset investments		761	
Interest retained in investment fund		(56)	
Net cash inflow from returns on investments and servicing of finance			705
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets			(64,084)
INCREASE IN CASH	27		<u>1,548,758</u>

The notes on pages 13 to 31 form part of these financial statements

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006

Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable except in so far as they are not capable of financial measurement

Fixed assets grants are recognised on a receivable basis. The General Annual Grant (GAG) from the Young People's Learning Agency is credited directly to the accounts on a receivable basis. Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

Deferred income

Grants and other funding received for the Academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

Funds held by the Academy as principal

Funds received on behalf of third parties, where the Academy has control over the charitable application, are only recognised as incoming resources in the Statement of Financial Activities to the extent that the charitable expenditure has been applied. The unused funds at the period end are included as a liability in the balance sheet in other creditors.

Investment assets and income

Investments in COIF funds are held for the long term benefit of the Academy and are included in designated fixed asset investments at market value.

The dividends from the income unit funds are credited to the designated School Fund and the interest earned on the deposit fund is retained in the deposit fund.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

1. ACCOUNTING POLICIES *(continued)*

Fund accounting

Unrestricted funds reflect those resources which may be used towards meeting any of the objects of the Academy at the discretion of the governors

Restricted fixed asset funds reflect the fixed assets and capital grants for the purchase of fixed assets to be used for charitable purposes

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with YPLA guidance

Details of restricted and unrestricted funds are shown in the notes to the financial statements

Resources expended

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

Costs have been allocated in accordance with the Charities SORP 2005. Expenditure has been analysed between the Academy's educational operations, governance costs and activities for generating funds. Items of expenditure which involve more than one cost category have been apportioned on a reasonable and justifiable basis for the cost category concerned. Direct costs are those incurred in the provision of education in accordance with the objects. Support costs are those related to the organisational infrastructure that allow the charitable company to provide education. Governance costs include those costs attributable to compliance with statutory requirements

Pension costs

Academy staff are members of either the Teachers Pension Scheme or the Local Government Pension Scheme both of which are defined benefit schemes. Details of the schemes are given in note 23 to the financial statements

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Fixed assets

Tangible fixed assets transferred on conversion to Academy status have been included in the accounts at valuation

Tangible fixed assets since the Academy was established are included in the accounts at cost

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold land and buildings	- straight line over remaining economic life (ranging from 6 to 56 years)
Plant and machinery	- straight line over remaining economic life (ranging from 6 to 27 years)
Information communications and technology equipment	
Assets transferred on conversion	- straight line over remaining economic life (less than 3 years)
Assets acquired since conversion	- 25% straight line
Furniture and equipment	- 10% straight line

2. GENERAL ANNUAL GRANT (GAG)

a. Results and Carry Forward for the Year

GAG allocation for current year	5,175,361
Total GAG available to spend	5,175,361
Recurrent expenditure from GAG	(5,070,564)
Less expenditure funded from School Fund	3,322
Fixed assets purchased from GAG	(34,537)
GAG carried forward to next year	73,582
Maximum permitted GAG carried forward at end of current year (12% of allocation for current year)	(621,043)
GAG to surrender to DfE (12% rule breached if result is positive)	(547,461)

b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes

(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)

Recurrent expenditure from GAG in current year	5,070,564
GAG allocation for current year	(5,175,361)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(104,797)
(2% rule breached if result is positive)	

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

3. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2011 £
Net assets transferred on conversion to Academy Trust	808,241	(1,167,137)	14,386,666	14,027,770
Donations				
School fund donations	455	9,907	–	10,362
	<u>808,696</u>	<u>(1,157,230)</u>	<u>14,386,666</u>	<u>14,038,132</u>

When the Academy Trust commenced its charitable activities on 1 December 2010 it acquired net assets in the sum of £14,027,770 comprising restricted tangible fixed assets £14,111,132 (being freehold land and buildings £11,431,130, plant and machinery £2,609,929, information communications and technology equipment £50,073, furniture and equipment £20,000), restricted Bective Road fund £275,534, restricted Trips funds £83,023, restricted School Funds £13,840, designated School Funds £130,768, designated COIF investments £31,190, various net assets representing unrestricted general funds amounting to £646,283, less the Local Government Pension Scheme defined benefit scheme deficit £1,264,000

4. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Total Funds 2011 £
Sports lettings	5,288	5,288
Other lettings	4,411	4,411
	<u>9,699</u>	<u>9,699</u>

5. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2011 £
COIF dividends	705	705
COIF interest	56	56
	<u>761</u>	<u>761</u>

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

6. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2011 £
Young People's Learning Agency grants				
General Annual Grant (GAG)	—	5,175,361	—	5,175,361
Capital grants	—	—	28,283	28,283
Pupil premium	—	6,450	—	6,450
Other YPLA grants	—	109,562	—	109,562
Other Government grants				
Local authority funded statements	—	110,995	—	110,995
Other government grants	—	25,405	—	25,405
Catering income	—	230,742	—	230,742
School fund income	51,115	2,614	—	53,729
Trips				
Pupils income	—	76,436	—	76,436
Other trips income	—	21,418	—	21,418
Other educational income	—	168,834	—	168,834
	<u>51,115</u>	<u>5,927,817</u>	<u>28,283</u>	<u>6,007,215</u>

7. LETTINGS COSTS

	Unrestricted Funds £	Total Funds 2011 £
Staff costs	9,000	9,000
Other costs	699	699
	<u>9,699</u>	<u>9,699</u>

8. COSTS OF CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2011 £
Direct costs	—	4,499,005	228,805	4,727,810
Catering	—	277,731	4,895	282,626
Allocated support costs	—	928,827	59,045	987,872
Trips	—	187,409	—	187,409
School Fund	78,582	7,563	—	86,145
	<u>78,582</u>	<u>5,900,535</u>	<u>292,745</u>	<u>6,271,862</u>

For details of costs of charitable activities see Note 29

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

9. GOVERNANCE COSTS

	Restricted General Funds £	Total Funds 2011 £
Audit fees	5,750	5,750
Legal fees	8,608	8,608
	<u>14,358</u>	<u>14,358</u>

10. GOVERNORS' REMUNERATION AND EXPENSES

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors

The governors did not receive any expenses in the period ended 31 August 2011

11. NET INCOMING RESOURCES FOR THE PERIOD

This is stated after charging

	Period from 12 Nov 10 to 31 Aug 11 £
Depreciation	292,746
Auditors' remuneration	
- audit of the financial statements	5,750
- accountancy	<u>2,000</u>

12. FUND TRANSFERS

Fixed assets were purchased during the period amounting to £64,083. The amount was funded with £28,283 from the YPLA capital grant, £1,263 from a restricted School Fund and £34,537 from the YPLA General Annual Grant (GAG).

Contributions to Trips amounted to £6,576, £4,000 from a restricted School Fund and £2,576 from the designated School Fund.

A restricted School Fund also contributed £3,322 to the GAG to assist purchases for various school departments, therefore, combined with the contributions to fixed assets and Trips the total transfer from restricted School Funds amounted to £8,585.

The transfers from the GAG of £31,215 comprise £34,537 towards fixed asset purchases less the £3,322 transfer from the restricted School Fund as noted above.

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

13. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	Period from 12 Nov 10 to 31 Aug 11 £
Wages and salaries	4,019,991
Social security costs	288,595
Other pension costs	594,316
	<u>4,902,902</u>

Other pension costs above represents the total operating charge included in resources expended in the statement of financial activities and does not include amounts included in other recognised gains and losses (see note 23)

Particulars of employees:

The average number of employees during the period, calculated on the basis of full-time equivalents, was as follows

	Period from 12 Nov 10 to 31 Aug 11 No
Teaching	124
Catering	10
Administration and support	32
	<u>166</u>

The number of employees whose remuneration for the period fell within the following bands, were

	Period from 12 Nov 10 to 31 Aug 11 No
£70,000 to £79,999 (annual equivalent)	1
£110,000 to £119,999 (annual equivalent)	1
	<u>2</u>

The above employees participated in the Teachers Pension Scheme. During the period ended 31 August 2011, the employer's pension contributions in respect of these employees amounted to £19,370

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

14. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Furniture and equipment £	Plant and machinery £	Information communications & technology equipment £	Total £
COST					
Additions	11,431,130	30,000	2,609,929	104,157	14,175,216
At 31 August 2011	<u>11,431,130</u>	<u>30,000</u>	<u>2,609,929</u>	<u>104,157</u>	<u>14,175,216</u>
DEPRECIATION					
Charge for the period	161,893	2,250	105,787	22,816	292,746
At 31 August 2011	<u>161,893</u>	<u>2,250</u>	<u>105,787</u>	<u>22,816</u>	<u>292,746</u>
NET BOOK VALUE					
At 31 August 2011	<u>11,269,237</u>	<u>27,750</u>	<u>2,504,142</u>	<u>81,341</u>	<u>13,882,470</u>

The freehold land and buildings and the plant and machinery integral to the buildings were valued as at 1 December 2010 by A T Snape RICS Registered Valuer, who is independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a Depreciated Replacement Cost approach in accordance with FRS15 Tangible Fixed Assets.

15. INVESTMENTS

Movement in market value

	31 Aug 11 £
Acquisitions at cost	31,190
Interest retained	56
Net losses on revaluations in the period from 12 November 2010 to 31 August 2011	(194)
Market value at 31 August 2011	<u>31,052</u>
Historical cost at 31 August 2011	<u>31,190</u>

Analysis of investments at 31 August 2011 between funds

	Unrestricted Funds 31 Aug 11 £
COIF Investment income units	12,818
COIF Fixed interest income units	6,641
COIF Deposit fund	11,593
	<u>31,052</u>

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

16. STOCKS

	31 Aug 11
	£
Catering	2,500
Stationery	6,740
	<u>9,240</u>

17. DEBTORS

	31 Aug 11
	£
Trade debtors	10,485
Other debtors	268,041
Prepayments	41,000
	<u>319,526</u>

18. CREDITORS: Amounts falling due within one year

	31 Aug 11
	£
Trade creditors	70,105
Taxation and social security	123,637
Deferred income	243,025
Other creditors	278,960
Accruals	31,625
	<u>747,352</u>

Deferred income

Resources deferred in the period	<u>243,025</u>
Deferred income carried forward 31 August 2011	<u>243,025</u>

Deferred income comprises

- £155,298 Local authority funded statements grant (section 215) for the period September 2011 to March 2012
- £70,652 deposits in advance for Trips in the academic year 2011-12
- £1,290 Pupil Premium for September 2011
- £10,785 YPLA grant for insurance costs September 2011 to November 2011
- £5,000 Teacher Development Agency grant for September and October 2011

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

18. CREDITORS: Amounts falling due within one year (continued)

Funds held by the Academy as principal

Amounts received in the period	85,570
Charitable expenditure applied during the period	<u>(2,071)</u>
Creditor carried forward 31 August 2011	<u>83,499</u>

Other creditors includes £83,499 where the Academy acts as principal and comprises

- £13,769 Access Fund - funding issued by Cumbria County Council to enable access by young people and families to activities outside the school
- £12,730 6th Form Bursaries - funding issued by the Department for Education for distribution to disadvantaged 6th form students
- £57,000 South Lakes Federation transition project - funding granted to and administered on behalf of the South Lakes Federation by the Cumbria Schools' Forum

19. COMMITMENTS UNDER OPERATING LEASES

At 31 Aug 11 the company had annual commitments under non-cancellable operating leases as set out below

	Assets other than land and buildings £
Operating leases which expire:	
Within 1 year	884
Within 2 to 5 years	<u>3,675</u>
	<u>4,559</u>

20. RESTRICTED FIXED ASSET FUNDS

	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Aug 11 £
YPLA capital grant	28,283	-	(28,283)	-
Bective Road fund	275,534	-	-	275,534
Fixed assets used for charitable purposes	<u>14,111,132</u>	<u>(292,745)</u>	<u>64,083</u>	<u>13,882,470</u>
	<u>14,414,949</u>	<u>(292,745)</u>	<u>35,800</u>	<u>14,158,004</u>

Bective Road fund comprises monies from the sale of a property on Bective Road before the school was converted to an Academy. A condition of the sale stipulated by Cumbria County Council was that the proceeds should be used to enhance the school property

Details of transfers are shown in Note 12

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

21. RESTRICTED GENERAL FUNDS

	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balance at 31 Aug 2011 £
YPLA grants					
General Annual Grant (GAG)	5,175,361	(5,070,564)	(31,215)	—	73,582
Pupil Premium	6,450	(6,450)	—	—	—
Other YPLA grants	109,562	(109,562)	—	—	—
Other Government Grants					
LA Funded Statements	110,995	(110,995)	—	—	—
Other government grants	25,405	(2,200)	(530)	—	22,675
Catering	230,742	(230,742)	—	—	—
Trips	180,877	(187,453)	6,576	—	—
School funds - restricted	26,361	(7,563)	(8,585)	—	10,213
Other educational income	168,834	(169,364)	530	—	—
	<u>6,034,587</u>	<u>(5,894,893)</u>	<u>(33,224)</u>	<u>—</u>	<u>106,470</u>
Defined benefit pension scheme deficit	(1,264,000)	(20,000)	—	(2,000)	(1,286,000)
	<u>4,770,587</u>	<u>(5,914,893)</u>	<u>(33,224)</u>	<u>(2,000)</u>	<u>(1,179,530)</u>

Details of transfers are shown in Note 12

22. UNRESTRICTED FUNDS

	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	Balance at 31 Aug 2011 £
School Funds - designated	183,043	(78,582)	(2,576)	—	101,885
COLF investments	31,246	—	—	(194)	31,052
General Funds	655,982	(9,699)	—	—	646,283
	<u>870,271</u>	<u>(88,281)</u>	<u>(2,576)</u>	<u>(194)</u>	<u>779,220</u>

Details of transfers are shown in Note 12

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

23. PENSION AND OTHER POST-RETIREMENT BENEFITS

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 Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

There total pension costs to the Charitable Company during the year ended 31 August 2011 was £594,316 (of which £416,461 relates to the TPS and £177,855 relates to the LGPS)

Teachers' Pension Scheme (TPS)

Under the definitions set out in Financial Reporting Standard 17, Retirement Benefits, the TPS scheme is classed as a multi-employer pension scheme The Academy is unable to identify its share of the underlying (notional) assets and liabilities of the scheme Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme The Academy has set out below the latest information available for the scheme

The TPS is a statutory contributory defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pension Regulations 2010 These regulations apply to teachers in schools and other educational establishments in England & Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools and to the teachers and lecturers in establishments of further and higher education Membership is automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis and employers' contributions are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of the price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce a real rate of return

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS The aim of the review is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate (SCR) is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

23. PENSION AND OTHER POST-RETIREMENT BENEFITS (continued)

during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by the standard contributions to be paid in the future by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 01 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 01 January 2007 and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by regulations within 15 years) a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced - effective for the first time in the 2008 valuation a 14% cap on employer contributions payable.

Local Government Pension Scheme (LGPS)

The Academy is one of several employing bodies included within the local government pension scheme (LGPS). The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The principal actuarial assumptions used by the actuary were

	2011
Rate of RPI inflation	3.2%
Rate of CPI inflation	2.7%
Rate of increase in salaries	4.45%
Rate of increase in pensions	2.7%
Discount rate	5.3%

The mortality assumptions used were as follows

	2011
Longevity at age 65 for current pensioners	
Male	21.8 Yrs
Female	24.4 Yrs
Longevity at age 65 for future pensioners	
Male	23.2 Yrs
Female	26.0 Yrs

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

23. PENSION AND OTHER POST-RETIREMENT BENEFITS (continued)

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

	2011 Expected return	2011 Fair value of assets £
Equities	7.0%	133,000
Government bonds	3.7%	44,000
Other bonds	4.8%	42,000
Property	6.0%	16,000
Cash / liquidity	0.5%	3,000
Other	7.0%	23,000
Fair value of scheme assets		<u>261,000</u>
Present value of scheme liabilities		
Funded		(1,547,000)
Unfunded		-
Deficit in the scheme		<u>(1,286,000)</u>

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

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

The actual return on the scheme assets in the year was £5,000

The amounts recognised in the Statement of Financial Activities are as follows

	2011 £
Current service cost	127,000
Expected return on scheme assets	(7,000)
Interest cost	56,000
Total cost recognised in SOFA	<u>176,000</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £2,000 loss.

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

23. PENSION AND OTHER POST-RETIREMENT BENEFITS (continued)

Contributions

The total contributions made by the employer in the year were £156,000. The level of contributions will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2013.

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 Aug 2011 is £213,000.

Movement in deficit in the year

	2011 £
Deficit in scheme at 25 February 2011	
Current service cost (net of employee contributions)	(127,000)
Employer contributions	156,000
Net interest / return of assets	(49,000)
Actuarial gain or (loss)	(2,000)
Business combinations	(1,264,000)
Deficit at 31 August 2011	<u>(1,286,000)</u>

Change in the present value of the defined pension obligation scheme are as follows

	2011 £
Benefit obligation at 25 February 2011	
Current service cost	(127,000)
Interest cost	(56,000)
Contributions by scheme participants	(51,000)
Business combinations	(1,313,000)
Benefit obligation at 31 August 2011	<u>(1,547,000)</u>

Change in the fair value of scheme assets are as follows

	2011 £
Opening fair value of scheme assets at 25 February 2011	
Expected return on scheme assets	7,000
Contributions by employer	156,000
Contributions by scheme participants	51,000
Actuarial gains or (loss)	(2,000)
Business combinations	49,000
Closing fair value of scheme assets at 31 August 2011	<u>261,000</u>

Experience adjustment on scheme assets
Percentage of scheme assets

0.8%

Experience adjustment on scheme liabilities
Percentage of scheme assets

0%

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Defined benefit pension liability £	Total £
Restricted					
General Funds					
General Annual Grant (GAG)	-	-	73,582	-	73,582
Defined Benefit Pension Scheme Deficit	-	-	-	(1,286,000)	(1,286,000)
Other Government Grants	-	-	22,675	-	22,675
School Funds	-	-	10,213	-	10,213
	<u>-</u>	<u>-</u>	<u>106,470</u>	<u>(1,286,000)</u>	<u>(1,179,530)</u>
Restricted Fixed Asset Funds					
Bective Road Fixed Assets used for charitable purposes	-	-	275,534	-	275,534
	13,882,470	-	-	-	13,882,470
	<u>13,882,470</u>	<u>-</u>	<u>275,534</u>	<u>-</u>	<u>14,158,004</u>
Unrestricted Funds					
Designated Funds	-	31,052	101,885	-	132,937
General Funds	-	-	646,283	-	646,283
	<u>-</u>	<u>31,052</u>	<u>748,168</u>	<u>-</u>	<u>779,220</u>
Total Funds	<u>13,882,470</u>	<u>31,052</u>	<u>1,130,172</u>	<u>(1,286,000)</u>	<u>13,757,694</u>

25. COMPANY LIMITED BY GUARANTEE

Queen Elizabeth School, Kirkby Lonsdale is a company limited by guarantee, each member's contribution not exceeding £10 on dissolution

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

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

**26. RECONCILIATION OF NET INCOMING RESOURCES BEFORE TRANSFERS TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Period from 12 Nov 10 to 31 Aug 11 £
Net incoming resources before transfers	13,759,888
Tangible fixed assets transferred on conversion to Academy status	(14,111,132)
Investments transferred on conversion to Academy status	(31,190)
Income from investments	(761)
Depreciation	292,746
Increase in stocks	(9,240)
Increase in debtors	(319,526)
Increase in creditors	747,352
Increase in provisions	1,286,000
Defined benefit scheme actuarial losses included in provision	(2,000)
Net cash inflow from operating activities	<u>1,612,137</u>

**27. RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET
FUNDS**

	31 Aug 2011 £
Increase in cash in the period	<u>1,548,758</u>
Change in net funds	<u>1,548,758</u>
Net funds at 31 Aug 2011	<u>1,548,758</u>

28. ANALYSIS OF CHANGES IN NET FUNDS

	12 Nov 10 £	Cash flows £	31 Aug 11 £
Cash in hand and at bank	<u>—</u>	<u>1,548,758</u>	<u>1,548,758</u>

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

29. DETAILS OF COSTS OF CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Period from 12 Nov 10 to 31 Aug 11 £
Direct costs	
Depreciation	228,805
Teaching and educational support staff costs	4,203,986
Educational supplies	96,377
Examination fees	116,116
Staff development	9,469
Educational consultancy	18,233
External course costs	35,706
Other direct costs	19,118
	<u>4,727,810</u>
Catering	
Cost of sales - Purchases	123,106
Depreciation	4,895
Catering staff costs	132,138
Other catering costs	22,487
	<u>282,626</u>
Allocated support costs	
Depreciation	59,045
Staff costs	554,133
Staff development	4,399
Counselling	21,520
Maintenance of premises and equipment	71,422
Information communications and technology	62,956
Rates and water	43,167
Heat light and power	58,872
Insurance	34,885
Transport	35,242
Other support costs	42,231
	<u>987,872</u>
	<u>5,998,308</u>
Trips	
Staff costs	3,645
Transport	101,981
Entrance fees/tickets	9,256
Accommodation	25,462
Miscellaneous	47,065
	<u>187,409</u>

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

PERIOD FROM 12 NOVEMBER 2010 TO 31 AUGUST 2011

	Period from 12 Nov 10 to 31 Aug 11 £
School Fund	
Transport	1,178
Entrance fees/tickets	597
Gifts and donations	5,340
Miscellaneous	79,030
	<hr/>
	86,145
	<hr/>
	6,271,862
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