

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

Annual Report and Financial Statements

Year Ended 31 August 2014

Company Registration Number: 07438425 (England & Wales)

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QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2014

CONTENTS	PAGES
Reference and Administrative Details	3 to 4
Governors' Annual Report	5 to 13
Governance Statement	14 to 16
Statement on Regularity, Propriety & Compliance	17
Statement of Governors' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19 to 20
Independent Reporting Accountant's Report on Regularity	21 to 22
Statement of Financial Activities incorporating Income and Expenditure Account	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	26 to 29
Other Notes to the Financial Statements	30 to 49

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2014

THE MEMBERS

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

THE TRUSTEES

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

F Pearson*
R Bingham
J Burch (resigned 3 June 2014)
C Clarke*
M Cunningham
S Dent
T Felix
P Gregson (resigned 6 March 2014)
S Holmes*
P Howden
S Lawrenson
D McGregor
S Nelson
T Power*
R Shepherd*
E Shuttleworth
D Tomlinson
P Weston
M Day* (appointed 1 September 2014)
C Harkness* (appointed 1 September 2014)
* indicates member of the Finance Committee

Company Secretary

A Johnson

Leadership Team

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

Principal & Registered office

Queen Elizabeth School,
Kirkby Lonsdale, Cumbria, LA6 2HJ
07438425 (England and Wales)

Company Registration Number

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2014

Independent Auditor

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

Bankers

HSBC Bank plc, 1 Forest Green, Caxton Road, Fullwood, Preston, PR2
9LJ

Solicitors

Schofield Sweeny, 76 Wellington Street, Springfield House,
Leeds, West Yorkshire, LS1 2AY

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a director's report under company law.

The trust operates a secondary academy for pupils aged 11 to 18 for Kirkby Lonsdale and the surrounding area. It had a roll of 1403 in the 2014 autumn school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Members' liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

The governors who were in office at 31 August 2014 except where shown are listed on page 3.

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

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

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

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

Connected Organisations including Related Party Relationships

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

The South Lakes Federation of Schools consists of 8 secondary schools, one special school and one further education college who work collaboratively both strategically and operationally. Together they focus on

- professional development for teachers
- creating subject expertise
- broadening and improving 14 – 19 provision
- broadening and enriching experience for pupils
- improving the experience of specific pupil groups

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

The Academy commenced its charitable activities on 1 December 2010.

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

To this end the aims of the school are:

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

Objectives, strategies and activities

Main objectives for the year 2013-2014:

Ethos - To maintain the essential nature of QES based on the principles of 'scholarship and care', the QES core values and a commitment to the highest standards in all regards. To continue to function actively in all areas of operation at the centre of the SLF/Teaching School/National Support School/South Lakes Rural Partnership alliances. While continuing to be outward-looking and responsive to the needs of the system, at the same time within QES to work relentlessly to improve standards, to consolidate the budget, maintain admissions numbers and to plan the further development of the school site.

- Begin to implement the QES leadership succession plan to ensure continuity and success into the foreseeable future
- Review the changes to the Governing Body including the concept of the Associates to ensure the security of planned succession
- Continue to exemplify the model of an academy at the heart of its community in accord with core values which is 'connected', outward-facing and contributing to the development of an improved system

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

- To achieve and maintain a balance between the concentration of resources on internal development and the drive to support system improvement
- Continue to promote the understanding of core values and what makes a successful learner in assemblies and in lessons
- Review the changes to the Governing Body including the concept of the Associates to ensure the security of planned succession
- Continue to work towards building a budget reserve and controlling staffing costs to a level between 80 – 85% of total budget while maintaining high morale among staff
- Review the approach to marketing and publicity, the relationship with primary schools and the nature of Information Evenings and Tours of School to ensure the buoyancy of our Year 7 intake within a context of lower numbers
- Continue to build effective multi-agency teams providing the highest standards of ‘care’ to young people
- Develop further the culture of ‘safeguarding’ particularly with regard to e-safety and e-conduct
- To re-develop the website as a main communicator of the ‘image’ of QES
- To assimilate the ‘Research’ and ‘Teacher Training’ developments into the QES culture
- To clean-up classrooms and other departmental areas to ensure vibrant, attractive areas for Teaching and Learning
- To explore and develop the concept of the Kirkby Lonsdale Development Trust, the KL Sports ‘Village’ and the KL Community Theatre Arts initiative

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

- Introduce the revised version of the QES learner model and reinforce the understanding and widespread use of it at all levels
- Implement and operate the new KS3 monitoring regime which clearly identifies achievement and under performance in each subject
- Determine what tracking measures we might use if national curriculum levels cease
- Monitor in particular lower ability pupils and those with known attachment difficulties in Year 8
- Monitor as distinctive groups pupils receiving the pupil premium and those on Year 7 catch-up
- Intensify tracking, monitoring, intervention and mentoring arrangements for Year 11 (in the light of Year 10 PGs)
- Review the provision for our most able students
- Review the KS4 calendar in the light of the linear exam regime
- Continue to review the KS5 monitoring regime including WAGs/TAGs
- Intensify the initiative to improve whole-school literacy and numeracy
- Embed the expectation of upper-quartile performance in all areas and at all levels
- Develop still further the effort grade system, considering, for example, subject specific definitions and pupil generated effort grades
- Review the conduct of all internal exams to ensure the system and timescales promotes good learning habits
- Monitor closely all national developments on issues of standards and accountability
- Introduce and review the new QES SEF

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

- Introduce the uniform changes (skirt and fleece) and review the operation of the new retailer

Teaching and Learning - Using the principles and practice inherent in the Teaching and Learning Policy and with regard to the split-screen teaching model, enable current initiatives to create the context within which the focus on teaching and learning is inevitable and relentless:

- Resolve staffing issues to achieve stability in the core subjects and in identified foundation subjects
- Review the use of 'marking' as a means of promoting a dialogue about learning with pupils
- Review the quality and use of homework
- Review the use of exercise books and files with particular regard to improving standards of presentation
- Undertake three subject inspections (2 Autumn/1 Spring) in Modern Languages, Science and ANO
- Ensure the expectation of demonstrable 'progress' in all lessons by requiring evidence on performance management lesson observation pro forma
- Review the purpose and functioning of Learning Families and to use them as the basis for school-wide research projects
- To consider ways of improving Teaching and Learning through the use of research methodologies

Structure and Systems - To integrate data sources within school and to make available to those outside school:

- Integrate SIMs/Moodle using Overnet
- Identify best model for staff access to IT by clarifying the desired outcomes
- Improve the creation, storage and use of resources

To review aspects of the pastoral system

- Develop further the role and function of the Form Tutor
- Review the composition, structure and function of the 6th Form leadership team
- Develop a pastoral team succession plan
- Develop the effective use of part-time staff in the pastoral system

Continue to review the revised systems and calendar for the monitoring, assessment and reporting of student progress and for involving parents and carers more effectively in the 'scholarship' process:

- Monitor and review the new assessment, reporting and reviewing calendar
- Further develop skills in 'tripartite' reviewing and 'brief comment' writing

To develop further the use of 'Pupil Voice' to review, research and signpost improvements in our 'scholarship and care'

To develop structures whereby we can share research outcomes

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

- Continue to develop academic review days and review subject review days
- Improve the quality of focussed and specific comments with effort grades
- Introduce giving parents 'live' access to pupil data
- Extend in-school sessions for parents and encourage visits during the school day
- Continue to deal with problems by meeting parents in person
- Continue the development of the website and Moodle
- Continue to develop (especially into Post 16) more effective ways of 'reaching' reluctant parents including home visits and use of EWO/PSA role

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

- Conduct a parental questionnaire to elicit views on Homework, Marking and Presentation and Storage of pupil work
 - Seek the views of Year 13 parents on the QES experience
- To develop further the QES/South Lakes Teaching School in collaboration with the South Lakes Federation, the South Lakes Rural Partnership and in conjunction with the emerging wider system:
- Contribute significantly to the Teaching School Steering Group and to ensure the compatibility of the Teaching School and the SLF and the neighbouring Teaching Schools
 - Consider the relationship with strategic partners and alliance members and be responsive to system-wide developments
 - Contribute to the development of CASL and LASL
 - Contribute to the development of SLRP
 - Develop the concept and practice of school-to-school support through the training and deployment of SLEs and through the NSS
 - Develop and extend the Schools Direct model of ITT
 - Continue to develop and run leadership training courses at all levels including NPQ Modules 1-3
 - Develop the strategy for the development of Cultural Education
 - Continue to support the business needs of local schools
 - Begin engagement with the RCUK Research initiative

Public Benefit

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE AND KEY PERFORMANCE INDICATORS

The school has completed its fourth year of operation as an Academy, and continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2014 numbered 1426 and the Academy has a full complement in all year groups.

Examination results for 2014 were very pleasing.

At A level, the average point score per student was 344.5 and 34 subjects achieved a 100% A to E pass rate.

At GCSE, candidates continue to secure good results, with 84.4% obtaining 5 or more grades A* - C. 78.7% of pupils obtained 5 or more grades A*-C including English and Maths.

Pupil's attendance is very high with an overall absence rate of 3.84%.

GOING CONCERN

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

FINANCIAL REVIEW

Financial report for the period

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2014, total restricted general expenditure of £7,964,998 was more than covered by recurrent grant funding from the DfE together with other incoming resources totalling £7,735,491. The excess of restricted general expenditure over income for the year (excluding the pension deficit transferred and the pension fund movements) was £242,301.

At 31 August 2014 the net book value of fixed assets was £13,428,709 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.

Financial position

The academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £792,454. Included in these reserves there are designated School Funds of £102,491 leaving £689,963 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £13,428,709 and a restricted general funds deficit of £1,387,790. This deficit is a result of the Local Government Pension Scheme liability acquired on conversion to an Academy of £1,264,000 and together with movements since conversion amounting to £746,000 the total pension provision of £2,010,000 has been offset against the restricted General Annual Grant in accordance

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.

Investment Policy

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

Principal Risks and Uncertainties

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

with EFA guidance. Details of restricted funds are shown in note 21 and 22 of the accounts.

Plans for Future Periods

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2014

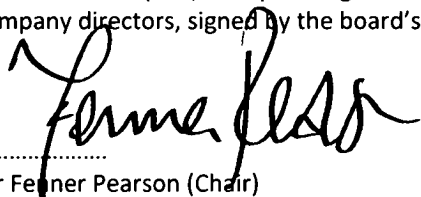
AUDITOR

In so far as the governors are aware:

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

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

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



.....
Mr Ferner Pearson (Chair)

Date18.12.14

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, Mr Clarke, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Queen Elizabeth School and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
F Pearson (Chair)	5	5
R Bingham	3	5
J Burch (resigned 3 June 2014)	5	5
C Clarke (Headteacher and Accounting Officer)	5	5
M Cunningham	5	5
S Dent	5	5
T Felix	5	5
P Gregson (resigned 6 March 2014)	1	5
S Holmes	5	5
P Howden	4	5
S Lawrenson	5	5
D McGregor	3	5
S Nelson	5	5
T Power	5	5
R Shepherd	4	5
E Shuttleworth	4	5
D Tomlinson	3	5
P Weston	5	5

During the year Mr James Burch and Mr Peter Gregson resigned from the Board of Trustees, after a significant period of service.

Governance review

The Governing Body plan to carry out a governance review during 2014 – 2015.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

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

Governor	Meetings attended	Out of a possible
T Power	9	9
C Clarke (Headteacher and Accounting Officer)	9	9
F Pearson	8	9
S Holmes	9	9
R Shepherd	8	9
S Nelson	6	9

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Queen Elizabeth School, Kirkby Lonsdale for the period ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance and Buildings 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.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2014

Audit Committee

The audit committee discussed the operation of the systems of control and the discharge of the Governing Body's financial responsibilities. Reviews took place 4 times during the year.

The work of the audit committee during the year has been delivered as planned

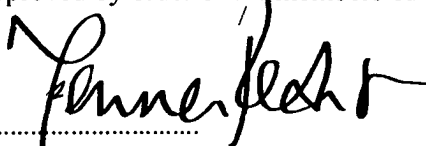
Review of Effectiveness

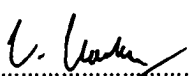
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

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


.....
Mr Fenner Pearson
Chair


.....
Mr Chris Clarke
Accounting Officer

Date 18.12.14
.....

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

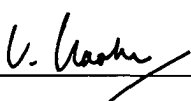
YEAR ENDED 31 AUGUST 2014

Statement on Regularity, Propriety and Compliance

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

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

I confirm that 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 EFA.



Mr Christopher Clarke

Accounting Officer

[Date] 18.12.14

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

Statement of Trustees' Responsibilities

The trustees (who act as governors of Queen Elizabeth School, Kirkby Lonsdale and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

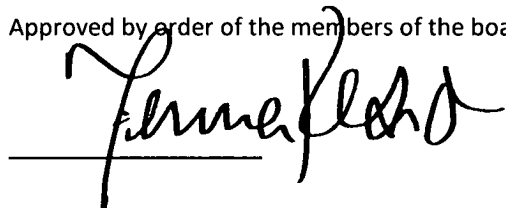
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the board of trustees on 18/12/2014 and signed on its behalf by:



Mr Fenner Pearson

Chair of the Governors

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2014

We have audited the financial statements of Queen Elizabeth School, Kirkby Lonsdale for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's governors as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

As explained more fully in the Governors' Responsibilities Statement, the governors (who are also the directors of Queen Elizabeth School, Kirkby Lonsdale for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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.
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2014

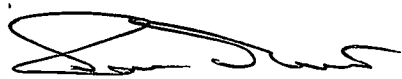
OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Mr Ian Thompson (Senior Statutory Auditor)

For and on behalf of

Saint & Co

Chartered Accountants & Statutory Auditors

The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 19/12/14

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2014

In accordance with the terms of our engagement letter dated 16 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Academy Trust during the period 01 September 2013 to 31 August 2014 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 the Queen Elizabeth School, Kirkby Lonsdale and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Queen Elizabeth School, Kirkby Lonsdale and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Queen Elizabeth School, Kirkby Lonsdale and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Queen Elizabeth School, Kirkby Lonsdale's funding agreement with the Secretary of State for Education dated 1 December 2010 and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2014

The work undertaken to draw our conclusion includes:

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr Ian Thompson (Reporting Accountant)

For and on behalf of
Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: 19/12/14

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2014

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds Year to 31.8.14	Total Funds Year to 31.8.13
Incoming Resources						
Incoming resources from generating funds:						
Voluntary income	3	15,524	18,401		33,925	38,937
Activities for Generating Funds	4	449,538			449,538	448,279
Investment Income	5	7,637			7,637	8,913
Incoming resources from charitable						
Activities - Funding for the Academy's educational Operations	6	43,642	7,717,090	28,638	7,789,370	8,862,548
Total Incoming Resources		516,341	7,735,491	28,638	8,280,470	9,358,677
Resources Expended						
Costs of Generating Funds:						
Fundraising trading: cost of goods sold and other costs	7	440,136	53,842		493,978	478,694
Charitable activities - Academy's educational operations	8	47,839	7,842,731	434,667	8,325,237	9,025,798
Governance Costs	9		68,425		68,425	72,914
Other resources expended	10			5,793	5,793	4,461
Total Resources Expended		487,975	7,964,998	440,460	8,893,433	9,581,867
Net Incoming / (outgoing) Resources before transfers	11	28,366	(229,507)	(411,822)	(612,963)	223,190
Transfer between Funds	12	(22,868)	(12,794)	35,662	-	-
Net Income (expenditure) for the Period		5,498	(242,301)	(376,160)	(612,963)	(223,190)
Other Recognised Gains and Losses						
Gains on investments		1,266			1,266	804
Actuarial gain / (losses) in respect of defined benefit pension schemes			(441,000)		(441,000)	52,000
Net Movement in Funds		6,764	(683,301)	(376,160)	(1,052,697)	(170,386)
Reconciliation of Funds						
Total funds brought forward		785,690	(704,489)	13,804,869	13,886,070	14,056,456
Total Funds carried Forward		792,454	(1,387,790)	13,428,709	12,833,373	13,886,070

All of the academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all the gains and losses are included in the Statement of Financial Activities.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

BALANCE SHEET AS AT 31 AUGUST 2014

Company number 07438425

	Note	£	2014 £	2013 £
Fixed Assets				
Tangible assets	14		13,428,709	13,804,869
Investments	15		<u>34,472</u>	<u>33,160</u>
			13,463,181	13,838,029
Current assets				
Stocks	16	12,102		34,108
Debtors	17	180,362		259,146
Cash at Bank		<u>1,710,064</u>		<u>1,976,266</u>
		1,902,528		2,269,520
Creditors: Amounts Falling due within one year	18	(522,336)		(708,479)
Net Current Assets			1,380,192	1,561,041
Total Assets less Current Liabilities			<u>14,843,373</u>	<u>15,399,070</u>
Provision for Liabilities				
Pension scheme liability	19		(2,010,000)	(1,513,000)
Net Assets			<u>12,833,373</u>	<u>13,886,070</u>
Funds of the Academy Trust:				
Restricted Fixed Asset Funds	21		13,428,709	13,804,869
Restricted General Funds:				
Restricted General Funds	22	622,210		808,511
Pension Deficit	22	(2,010,000)		(1,513,000)
Total Restricted General funds			(1,387,790)	(704,489)
Unrestricted Funds	23		792,454	785,690
Total Funds			<u>12,833,373</u>	<u>13,886,070</u>

The Financial Statements were approved by the trustees, and authorised for issue on 18th Dec 2014 and are signed on their behalf by



Mr Christopher Clarke

Trustee

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

CASH FLOW STATEMENT YEAR ENDED 31 AUGUST 2014

	2014	2013
	£	£
Reconciliation of Net Incoming Resources before Transfers to		
Net cash Inflow from Operating Activities		
Net (outgoing)/incoming resources before transfers	(612,963)	(223,190)
Income from investments	(951)	(1,130)
Interest receivable	(6,686)	(7,783)
Loss on disposal of fixed assets	5,793	4,461
Depreciation	434,667	434,932
Capital Grants from DoF	(28,638)	(593,691)
Increase in stocks	22,006	(21,156)
(Increase)/Decrease in debtors	78,784	(80,526)
(Decrease)/Increase in creditors	(186,143)	(125,560)
FRS17 net pension finance cost	59,000	62,000
FRS17 pension cost less contributions payable	(3,000)	-
Net cash inflow / (outflow) from operating activities	(238,131)	(551,643)
Returns on Investments and Servicing of Finance		
Income from fixed asset investments	951	1,130
Interest retained in investment fund	(46)	(87)
Interest received	6,686	7,783
Net cash inflow from returns on investments and servicing of finance	7,591	8,826
Capital Expenditure and Financial Investment		
Payments to acquire tangible fixed assets	(64,300)	(457,878)
Capital Grants from DoF	28,638	593,691
Net cash inflow /(outflow) from capital expenditure and financial investment	(35,662)	135,813
Decrease (increase) in cash in the year	(266,202)	(407,004)
Reconciliation of Net cash Flow to Movement in Net Funds	2014	2013
	£	£
(Decrease) /Increase in cash in the period	(266,202)	(407,004)
Change in net funds	(266,202)	(407,004)
Net funds at 1 September 2013	1,976,266	2,383,270
Net funds at 31 August 2014	1,710,064	1,976,266
Analysis of Changes in Net Funds	01-Sep-13 Cash Flows	31-Aug-14
	£	£
Cash in hand and at bank	1,976,266	(266,202) 1,710,064

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants Receivable

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1.Statement of Accounting Policies (continued)

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

Resources Expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of Generating Funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable Activities

These are costs incurred on the academy trust's educational operations.

Governance Costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

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

Information communications and technology equipment – 25% straight line

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

Furniture and Equipment – 10% straight line

No depreciation is provided on Land

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

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

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

Leased Assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy trust has exceeded one of these limits during the year ended 31 August 2014

	2014 £	2013 £
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	701,065	661,532
GAG allocation for current year	6,897,922	7,098,998
Total GAG available to spend	7,598,987	7,760,530
Recurrent expenditure from GAG	(7,119,155)	(6,903,820)
Less expenditure funded from School Fund	80	688
Less expenditure funded from designated reserves	6,299	14,256
Less expenditure funded from general reserves	4,331	5,662
Less expenditure funded from Restricted Funds	66,254	2,108
Capital project premises expenses funded by GAG	-	(178,359)
GAG carried forward to next year	556,796	701,065
Maximum permitted GAG carried forward at end of current year (12% of allocation for current year)	(827,751)	(851,880)
GAG to surrender to DfE (12% rule breached if positive)	(270,955)	(150,815)
	No Breach	No Breach
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	7,119,155	6,903,820
GAG allocation for current year	(6,897,922)	(7,098,998)
GAG allocation for previous year x 2%	(137,958)	(145,733)
GAG b/fwd from previous years in excess of 2%, used on recurrent expenditure in current year	83,275	(340,911)
(2% rule breached if result positive)	Breach	No Breach

The Governors are aware of the above breach and are budgeting for investment in building project development

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

3 Voluntary Income

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Donations:					
School fund donations	15,524	17,830	-	33,354	37,084
Miscellaneous donations	-	571	-	571	1,853
	<u>15,524</u>	<u>18,401</u>	<u>-</u>	<u>33,925</u>	<u>38,937</u>

4 Incoming Resources from Activities for Generating Funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Catering	417,435	-	-	417,435	400,915
Consultancy and other services	28,330	-	-	28,330	41,662
Sports lettings	2,868	-	-	2,868	3,376
Other lettings	905	-	-	905	2,326
	<u>449,538</u>	<u>-</u>	<u>-</u>	<u>449,538</u>	<u>448,279</u>

5 Investment Income

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Bank Interest Receivable	6,686	-	-	6,686	7,783
COIF dividends	905	-	-	905	1,043
COIF interest	46	-	-	46	87
	<u>7,637</u>	<u>-</u>	<u>-</u>	<u>7,637</u>	<u>8,913</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

6 Incoming Resources from Charitable Activities - Funding for the Academy's Educational Operations

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Education Funding agency Grants					
General Annual Grant (GAG)	-	6,897,922	-	6,897,922	7,098,998
Capital Grants	-	-	28,638	28,638	593,691
Pupil Premium	-	78,104	-	78,104	64,201
Bursary grant	-	12,922	-	12,922	13,912
Other Dof E/EFA Grants	-	3,500	-	3,500	14,000
Other Government Grants	-	-	-	-	-
Local Authority funded Statements	-	164,623	-	164,623	170,281
Special Educational Projects	-	164,401	-	164,401	228,893
Other government grants	-	-	-	-	19,576
School fund income	43,642	6,758	-	50,400	92,231
Trips Income	-	316,768	-	316,768	436,921
Other Educational Income	-	72,092	-	72,092	129,844
	<u>43,642</u>	<u>7,717,090</u>	<u>28,638</u>	<u>7,789,370</u>	<u>8,862,548</u>

7 Costs of Activities for Generating Funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Catering					
Purchases	226,486	29,661	-	256,147	247,984
Depreciation	-	-	-	-	-
Staff costs	158,012	20,693	-	178,705	162,740
Equipment Maintenance	7,565	991	-	8,556	8,475
Other Catering costs	19,072	2,498	-	21,570	17,319
	<u>411,135</u>	<u>53,843</u>	<u>-</u>	<u>464,978</u>	<u>436,518</u>
Consultancy and Other Services					
Staff costs	24,000	-	-	24,000	36,000
Other consultancy and services costs	-	-	-	-	-
	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>36,000</u>
Lettings					
Staff Costs	5,000	-	-	5,000	6,176
Other Lettings costs	-	-	-	-	-
	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>6,176</u>
	<u>440,135</u>	<u>53,843</u>	<u>-</u>	<u>493,978</u>	<u>478,694</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

8 Costs of Charitable Activities - Academy's Educational Operations

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Educational Activities	-	6,113,905	341,524	6,455,429	6,548,770
Trips	-	329,835	-	329,835	458,035
School Fund	47,839	13,684	-	61,523	107,026
Allocated Support Costs	-	1,385,307	93,143	1,478,450	1,911,967
	<u>47,839</u>	<u>7,842,731</u>	<u>434,667</u>	<u>8,325,237</u>	<u>9,025,798</u>

Detailed Cost of Charitable Activities

	2014	2013
Direct Costs - educational operations		
Teaching and educational support staff costs	5,541,547	5,419,737
Depreciation	341,524	345,715
Educational supplies	217,966	232,645
Examination fees	149,528	158,921
Staff Development	18,207	20,317
Educational consultancy	5,742	5,418
External course costs	19,763	20,527
Other direct costs	10,236	8,333
	<u>6,304,513</u>	<u>6,211,613</u>
Teaching School and special educational projects		
Direct staff costs	90,255	122,081
External services	16,032	186,551
Other teaching school and educational project costs	44,629	28,525
	<u>150,916</u>	<u>337,157</u>
Allocated support costs		
Depreciation	93,143	89,217
Staff costs	774,762	728,430
Staff Development	13,501	3,119
Counselling	538	18,412
Maintenance of premises and equipment	113,074	585,373
Information communications and technology	121,668	91,719
Rates and Water	71,300	68,193
Heat, Light and Power	87,249	90,389
Insurance	48,764	57,769
Transport	26,592	26,590
Legal and Professional	11,614	37,946
South Lakes Federation Charges	74,613	73,613
Other support costs	41,632	41,197
	<u>1,478,450</u>	<u>1,911,967</u>
Trips		
Direct Costs		
Staff costs	10,619	11,085
Transport, accommodation and other expenses	319,216	446,950
	<u>329,835</u>	<u>458,035</u>
School Fund		
Direct Costs		
Staff costs	200	630
Gifts and Donations	7,877	9,281
Miscellaneous	53,446	97,115
	<u>61,523</u>	<u>107,026.00</u>
	8,325,237	9,025,798

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

9 Governance Costs

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
Accountancy and assurance services	-	4,390	-	4,390	5,715
Audit fees	-	5,035	-	5,035	4,250
Legal and Professional Fees	-	-	-	-	949
Net Finance Costs in respect of defined benefit pension schemes	-	59,000	-	59,000	62,000
	-	68,425	-	68,425	72,914

10 Other Resources Expended

	Total Funds 2014	Total Funds 2013
	£	£
Losses on disposal of tangible fixed assets for charity's own use	5,793	4,461

11 Net Outgoing/Incoming Resources for the Year

This is stated after charging:

	Total Funds 2014	Total Funds 2013
	£	£
Depreciation	434,667	434,932
Loss on disposal of fixed assets	5,793	4,461
Auditors Remuneration:		
audit of the financial statements	5,035	4,250
accountancy	4,075	4,900
assurance services	315	815

NOTES TO THE FINANCIAL STATEMENTS

Total Funds
2014

Catering to GAG to cover overheads not allocated in resources expended	(6,299)
Consultancy and other services to GAG to cover costs not allocated in resources expended	(4,331)
Designated school fund	
Contributions to trips	(1,793)
Purchases of fixed assets	(10,445)

Bank interest to letting to cover deficit	(1,227)
Lettings from bank interest to cover deficit	<u>1,227</u>
	(22,868)

Restricted General Funds	
EFA grants - GAG	
From designated catering to cover overheads not allocated	6,299
From consultancy and other services to cover overheads not allocated	4,331
To restricted Catering to cover the catering deficit for the year	(53,842)
From 6th form bursary	1,261
From summer school to cover costs not allocated in resources expended	2,809
From teaching school ledger	2,753
Contributions to trips	(4,180)
From special educational projects - per below	56,731
From other educational income - Summer school	2,700
Contributions to purchases of fixed assets	(24,497)
Contributions from restricted school funds	80

Other EFA grants - summer school surplus to GAG to cover costs not allocated	(2,809)
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SEN funding - purchases of fixed assets	(720)
Teaching school ledger to GAG	(2,753)
Access fund contributions to trips	(2,675)
Special educational project from restricted donation	235

- re current year	<u>(8,055)</u>	(56,731)
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Trips

Contributions from restricted school funds	4,417	
Contributions from designated school funds	1,793	
Contributions from GAG	4,180	
Contribution from Access Fund	<u>2,675</u>	13,065

Restricted school funds	
Contributions to trips	(4,417)
Contributions to GAG	<u>(80)</u>

Other restricted fund - donation to special educational project	(235)
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(12,794)

Fixed Assets used for Charitable purposes	
Purchases from DoF/EFA formula grant	28,638
Purchases from designated school fund	10,445
Purchases from SEN funding	720
Purchases from GAG	24,497

	64,300
DofE/EFA formula grant to fixed asset fund	<u>(28,638)</u>
	35,662

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

13 Staff Costs and Emoluments

a) Staff costs

Staff costs during the year were:

	Total Funds 2014 £	Total Funds 2013 £
Wages and salaries	5,344,419	5,290,148
Social security costs	386,675	389,302
Pension costs	783,818	765,528
	<u>6,514,912</u>	<u>6,444,978</u>
Supply staff costs	2,712	21,140
Staff restructuring costs	110,263	20,761
	<u>6,627,887</u>	<u>6,486,879</u>

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £110,263 (2013: £nil). All three of the non-statutory/non-contractual payments exceeded £5,000 individually and these were for £42,760, £33,939 and £33,564.

c) Staff numbers

The average numbers of Employees during the period calculated on the basis of full-time equivalents, was as follows:

	2014	2013
Teaching	121	124
Catering	10	10
Administration and Support	33	32
	<u>164</u>	<u>166</u>

d) Higher paid staff

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

	2014	2013
£70,000 to £79,999 (annual equivalent)		1
£80,000 to £84,999 (annual equivalent)	1	
£95,000 to £99,999 (annual equivalent)	1	
£110,000 to £119,999 (annual equivalent)		1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 the employers pension contributions in respect of these employees amounted to £25,521 (2013: £26,776)

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture & Equipment £	Plant & machinery £	IT & technology £	Bicycles £	Total £
Cost b/fwd	11,981,719	86,467	2,669,003	195,054	3,895	14,936,138
Additions	3,432	10,630		49,405	833	64,300
Disposals		(2,000)		(5,000)	(4,728)	(11,728)
at 31.8.14	11,985,151	95,097	2,669,003	239,459	-	14,988,710
Depreciation b/fwd	606,967	15,508	391,234	115,613	1,947	1,131,269
Charge for the period	229,285	9,510	144,400	51,472		434,667
Depreciation on Disposal		(550)		(3,438)	(1,947)	(5,935)
at 31.8.14	836,252	24,468	535,634	163,647	-	1,560,001
NBV at 31.8.14	11,148,899	70,629	2,133,369	75,812	-	13,428,709
NBV at 31.8.13	11,374,752	70,959	2,277,769	79,441	1,948	13,804,869

Valuation

The Freehold land and buildings and the plant and machinery integral to the buildings include valuations of £11,431,130 and £2,609,929 respectively made in 2010 by AT Snape RICS Registered Valuer, who was independent of the charitable company. The basis of valuation for the assets was Existing User Value using a depreciated Replacement Cost approach in accordance with FRS 15 Tangible assets

Capital commitments

	2014 £	2013 £
Contracted for, but not provided for in the financial statements	-	62,649

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

15 Investments	2014	2013
	£	£
Movement in Market Value		
Market value at 1 Sep 2013	33,160	32,269
Interest Retained	46	87
Net gains on revaluations in the year ended 31 August 2014	1,266	804
	<u>34,472</u>	<u>33,160</u>
Historical cost at 31 Aug 2014		31,190
Analysis of unrestricted investments at 31 August 2014		
	Total Funds 2014	Total Funds 2013
	£	£
COIF Investment income units	15,876	14,822
COIF Fixed interest income units	6,777	6,565
COIF Deposit Fund	11,819	11,773
	<u>34,472</u>	<u>33,160</u>
16 Stocks	Total as at 31.8.14	Total as at 31.8.13
	£	£
Catering	2,500	2,500
Stationery	3,600	11,666
Clothing	6,002	19,942
	<u>12,102</u>	<u>34,108</u>
17 Debtors	Total as at 31.8.14	Total as at 31.8.13
	£	£
Trade Debtors	41,216	19,145
Other Debtors	69,082	149,260
Prepayments	70,064	90,741
	<u>180,362</u>	<u>259,146</u>

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Creditors : Amounts falling due within one year:	Total as at 31.8.14 £	Total as at 31.8.13 £
Trade creditors	131,155	133,273
Taxation and social security	118,706	113,840
EFA creditor	42,830	5,939
Deferred income	69,610	209,987
Other creditors	125,223	120,876
Accruals	34,813	124,564
	522,337	708,479

Deferred Income

Balance brought forward	209,987	314,224
Amounts released from previous years	(209,987)	(314,224)
Resources deferred in the year	69,610	209,987
Balance carried forward	69,610	209,987

Deferred income at 31 August 2014 comprises:

Local Authority funded grant statements grant (section 215) for the period September 2014 to March 2015	30,245	72,521
Deposits in advance for trips in the following academic year	39,365	22,545
DofE /EFA grant for insurance costs 1 September 2013 to 30 November 2013	-	13,962
DofE /EFA grant for rates costs 1 September 2013 to 31 March 2014	-	17,959
Teaching school initial training grant for the 2013/14 academic year	-	33,000
Teaching school core grant 2013/14	-	40,000
Teaching school R & D Themes project 2013/14	-	5,000
Teaching school CTG Test & Learn grant 2013/14	-	5,000
	69,610	209,987

Funds held by the Academy as principal:

Balance brought forward	5,939	6,451
Amounts received in the year	20,489	17,822
Charitable Expenditure applied during the year	(11,661)	(18,739)
Transfer from/(to) restricted funds	(1,261)	405
	13,506	5,939

Other creditors includes £13,506 where the Academy acts as principal and comprises:

£13,506 6th Form Bursaries - funding issued by the Department for Education for distribution to disadvantaged 6th form students.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar Obligations

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

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

Contributions amounting to £99,657 (2013: £98,739) were payable to the schemes at 31 August 2014 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service 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 review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and 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 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions 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 that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar Obligations (continued)

supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying 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 above the information available on the scheme.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar Obligations (continued)

Local Government Pension Scheme

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

The total contribution made for the year ended 31 August 2014 was £287,714, (2013: £275,820) of which employers contributions totalled £219,967 (2013 £209,280) and employees contributions totalled £67,747 (2013 £66,540). The agreed contribution rates for future years are 13.9% for employers and between 5.5% and 12.5% for employees.

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

The guarantee came into force on 18 July 2013. During the year the academy entered into an agreement effective from 1 April 2014 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 19 years from 1 April 2014.

Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.70%	4.15%
Rate of increase for pensions in payment/inflation	2.20%	2.40%
Discount rate for scheme liabilities	4.00%	4.60%
Inflation assumption (CPI)	2.20%	2.40%

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

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	23.0	22.2
Females	25.5	24.9
<i>Retiring in 20 years</i>		
Males	25.7	24.1
Females	28.7	26.9

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar Obligations (continued)

Local Government Pension Scheme (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:

	2014 Expected return	2013 (7.0%)	2014 Fair value of assets	2013 Fair value of assets
Equities	7.0%	(7.0%)	698,000	515,000
Government Bonds	2.9%	(3.4%)	207,000	133,000
Other Bonds	3.8%	(4.4%)	88,000	138,000
Property	6.2%	(5.7%)	88,000	54,000
Cash/Liquidity	0.5%	(0.5%)	97,000	7,000
Other	7.0%	(7.0%)	38,000	46,000
Fair value of scheme assets			1,216,000	893,000
Present value of scheme liabilities:				
Funded			(3,226,000)	(2,406,000)
Unfunded			-	-
Deficit in the scheme			(2,010,000)	(1,513,000)

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

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

The actual return on scheme assets was £136,000 (2013: £87,000).

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar Obligations (continued)

Amounts recognised in the statement of Financial Activities

Current service cost

	2014	2013
	216,000	209,000
Total operating cost	216,000	209,000
Expected return on pension scheme assets	(57,000)	(35,000)
Interest on pension liabilities	116,000	97,000
Pension finance income/(costs)	59,000	62,000

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 £580,000 loss (2013 £139,000 loss)

Movement in the Deficit in the year:

	2014	2013
Deficit in scheme at 1 September	(1,513,000)	(1,503,000)
Current Service cost	(216,000)	(209,000)
Employer Contributions	219,000	209,000
Expected Return on assets	57,000	35,000
Interest on Pension Liabilities	(116,000)	(97,000)
Actuarial gain or (loss)	(441,000)	52,000
Deficit at 31 August	(2,010,000)	(1,513,000)

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

	2014	2013
Benefit Obligation at 1 September	(2,406,000)	(2,062,000)
Current service cost	(216,000)	(209,000)
Interest on Pension Liabilities	(116,000)	(97,000)
Actuarial gain or (loss)	(445,000)	-
Contributions by scheme participants	(68,000)	(67,000)
Benefits / transfers paid	25,000	29,000
Benefit Obligation at 31 August	(3,226,000)	(2,406,000)

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Pension and Similar obligations (continued)

Local Government Pension Scheme (Continued)

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

	2014	2013
At 1 September	893,000	559,000
Expected return on assets	57,000	35,000
Actuarial gain/(loss)	4,000	52,000
Employer contributions	219,000	209,000
Employee contributions	68,000	67,000
Benefits paid	-25,000	-29,000
At 31 August	<u>1,216,000</u>	<u>893,000</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £231,000

The five-year history of experience adjustments is as follows:

	2014	2013	2012	2011
	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(3,226)	(2,406)	(2,062)	(1,547)
Fair value of share of scheme assets	1,216	893	559	261
Deficit in the scheme	<u>(2,010)</u>	<u>(1,513)</u>	<u>(1,503)</u>	<u>(1,286)</u>
Experience adjustments on share of scheme assets				
Amount £'000	4	52	17	-2
Experience adjustments on scheme liabilities:				
Amount £'000	-275	0	0	0

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

20 Commitments under Operating Leases	Total as at 31.8.14 £	Total as at 31.8.13 £
At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:		
Assets other than land and buildings		
Operating Leases which expire		
within 1 year	0	482
within 2 to 5 years	10,511	9,341
	10,511	9,823

21 Restricted Fixed Asset funds

	Balance at 31.8.13 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31.8.14 £
Dof E/EFA formula capital	-	28,638	-	(28,638)	-
Fixed Assets used for charitable purposes	13,804,869	-	(440,460)	64,300	13,428,709
	13,804,869	28,638	(440,460)	35,662	13,428,709

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

22 Restricted General funds

	Balance at 31.8.13 £	Incoming Resources £	Outgoing Resources £	Transfers and gains / losses £	Balance at 31.8.14 £
EFA Grants					
GAG	701,065	6,897,922	(7,036,635)	(5,556)	556,796
Pupil Premium	-	78,104	(78,104)	-	-
Bursary Grant	-	12,923	(11,662)	(1,261)	-
Defined benefit pension scheme Deficit	(1,513,000)	-	(56,000)	(441,000)	(2,010,000)
Other Dof E /EFA grants	-	3,500	(691)	(2,809)	-
Other government grants					
LA Funded Statements	-	164,623	(163,903)	(720)	-
Special Educational Projects	94,249	164,400	(150,915)	(61,924)	45,810
Other government grants	-	-	-	-	-
Catering	-	-	(53,842)	53,842	-
Trips	-	316,768	(329,834)	13,066	-
Restricted School Funds	13,197	24,588	(13,684)	(4,497)	19,604
Other educational income	-	72,092	(69,392)	(2,700)	-
Other restricted Funds	-	571	(336)	(235)	-
	(704,489)	7,735,491	(7,964,998)	(453,794)	(1,387,790)

Transfers and gains and losses

Transfers - see note 12 for detail	(12,794)
Gain / (Loss) on the defined benefit pension scheme	(441,000)
	<u>(453,794)</u>

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

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

Defined benefit pension scheme deficit fund:

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

General Annual Grant (GAG) fund:

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

Pupil Premium Fund

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

Local Authority funded statements

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

Special Educational projects fund

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

Restricted catering fund

This relates to the provision of free school meals and hospitality

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

23 Unrestricted Funds

	Balance at 31.8.13 £	Incoming Resources £	Outgoing Resources £	Transfers and gains/losses £	Balance at 31.8.14 £
Designated catering	-	417,435	(411,136)	(6,299)	-
Designated school funds	102,498	60,070	(47,839)	(12,238)	102,491
COIF investments	33,160	46	-	1,266	34,472
General Funds	650,032	38,790	(29,000)	(4,331)	655,491
	785,690	516,341	(487,975)	(21,602)	792,454

Transfers and gains and losses

Transfers - see note 12 for detail

(22,868)

Gains on COIF investments

1,266

(21,602)

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

Unrestricted general funds includes consultancy and lettings

24 Analysis of Net Assets between Funds

	Tangible Fixed assets £	Investments £	Net Current Assets £	Defined benefit pension £	Total £
Restricted General Funds					
GAG			556,796		556,796
Defined benefit pension scheme deficit				(2,010,000)	(2,010,000)
Special educational projects			45,810		45,810
Restricted School Funds			19,604		19,604
	-	-	622,210	(2,010,000)	(1,387,790)
Restricted Fixed Asset Funds					
Dof E/EFA Formula Capital grant					-
Fixed Assets used for charitable purposes	13,428,709				13,428,709
	13,428,709	-	-	-	13,428,709
Unrestricted Funds					
Designated Funds		34,472	102,491		136,963
General Funds			655,491		655,491
	-	34,472	757,982	-	792,454
Total Funds	13,428,709	34,472	1,380,192	(2,010,000)	12,833,373

25 Related Party transactions

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

Mr P Howden, a director /governor of the academy, has an interest in Approved Inspectors Ltd. During the year the academy paid £150 (2013: £3,750) to Approved Inspectors Ltd for building regulation application fees. There was a balance of £0 (2013: £nil) due at the year end to Approved Inspectors Ltd.

Mr P Howden a director/ governor of the academy, has an interest in Thomas Consulting Ltd. During the year the academy paid £0 (2013: £1,435) to Thomas Consulting Ltd for engineering fees. There was a balance of £nil (2013: £nil) due at the year end to Thomas Consulting Ltd

In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

26 Governors Remuneration and Expenses

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

C Clarke	£95,000 to £99,999	(2013: £110,000 to £114,999)
S Dent	£15,000 to £19,999	(2013: £15,000 to £19,999)
S Holmes	£55,000 to £59,999	(2013: £55,000 to £59,999)
D McGregor	£45,000 to £49,999	(2013: £45,000 to £49,999)
P Weston	£45,000 to £49,999	(2013: £45,000 to £49,999)

During the year ended 31 August 2014 travel accommodation and subsistence expenses totalling £2,412 were reimbursed to four governors (2013: £3,432 to four governors).

Governors and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions whilst on academy business. The insurance provides cover up to £1,000,000 (2013: £2,000,000) on any one claim and the costs for the year ended 31 August 2014 was £642 (2013: £1,080).

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

27 Company Limited by Guarantee

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