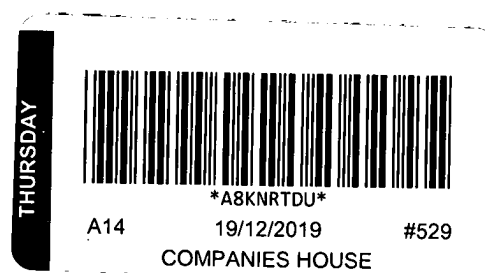


QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 11
Governance Statement	13 - 19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditors' Report on the Financial Statements	22 - 24
Independent Reporting Accountant's Report on Regularity	25 - 26
Statement of Financial Activities Incorporating Income and Expenditure Account	27
Balance Sheet	28 - 29
Statement of Cash Flows	30
Notes to the Financial Statements	31 - 59

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr D G Brenton (resigned 8 January 2019)
Mrs S Williams (resigned 3 June 2019)
Mr K Baker (resigned 3 June 2019)
Mr C Cooper (appointed 16 January 2019, resigned 3 June 2019)
Mr J Gregory (appointed 16 January 2019, resigned 3 June 2019)
Mrs S Leyman (Resigned 29 October 2018)
Mrs G Poulton
Mr D Smith (appointed 3 June 2019)
Mr J Jolliffe (appointed 3 June 2019)
Mr J Sambles (appointed 3 June 2019)
Mrs M Quicke (appointed 3 June 2019)

Trustees

Mrs G Poulton, Chair from 17 September 2018¹
Mr C J Cooper²
Mr K Baker, Chair until 17 September 2018²
Mr S Barnes¹
Mr D G Brenton (resigned 8 January 2019)²
Mr M Gould (appointed 25 March 2019)¹
Mr J Gregory¹
Ms R Howard²
Mrs J Laffar (resigned 3 June 2019)¹
Mrs S Leyman (resigned 29 October 2018)¹
Mr R Poole (resigned 3 June 2019)^{1,2}
Mrs C Reddick (resigned 1 October 2018)^{1,2}
Mr P Tearle (resigned 3 June 2019)^{1,2}
Mrs C Thorne¹
Mrs S Williams²
Cllr N A Way (resigned 18 October 2019)¹
Miss D Mayo (appointed 12 September 2019)

¹ School Improvement Committee

² Resources Committee

For further explanation regarding the changes to members and trustees during the year refer to the governance statement on page 14 of the financial statements.

**Company registered
number** 07562194

Company name QE Academy Trust

**Principal and Registered
office** Queen Elizabeth's
Western Road
CREDITON
Devon
EX17 3LU

Company secretary B Brook

Accounting officer R Poole

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

**Support and Leadership
Team**

Mr R Poole, Principal
Miss P Smith, Vice Principal
Mr B Brook, Director of Finance & Resources
Mr A Smith, Assistant Principal
Ms J McDade, Assistant Principal
Mr C Darvill, Assistant Principal
Ms L Jones, Assistant Principal

Independent auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Bankers

Lloyds Bank
6th Floor
33 Old Broad Street
London
Devon
EC2N 1HZ

Lloyds Bank
234 High Street
Exeter
EX4 3NL

Solicitors

Michelmores
Woodwater House
Pynes Hill
Exeter
Devon
EX2 5WR

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 18 in Crediton. It has a pupil capacity of 1,650 and had a roll of 1,358 in the October 2018 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 QE Academy Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

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

**Trade union facility time
Relevant union officials**

Number of employees who were relevant union officials during the year	5
Full-time equivalent employee number	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	5
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£	%
Total cost of facility time	-	
Total pay bill	6,057,055	
Percentage of total pay bill spent on facility time	-	

Paid trade union activities

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance through the Education Funding Agency's Risk Protection Arrangement to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

to £10,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

Following a full review of governance in the previous year, Trustees updated the Trust's Articles of Association. The amendments included creating a greater separation between Members and Trustees, removing employees from and reducing the size of the Board of Trustees. The role of Parent Trustee was retained in the amended Articles. Updated Articles of Association were approved by the Academy Trust in June 2019, having been approved by the Department of Education (DFE).

On 3rd June 2019 the Board of Trustees passed two resolutions, one to adopt the new Articles and one to appoint new Members. Subsequently the previous Members resigned as Members but remained as Trustees. These Trustees were appointed for a term of office that would end when their original term would have ended, thus ensuring a staggered re-election or replacement process. Staff Trustees also resigned.

The number of Trustees shall be not less than three and (unless otherwise determined by ordinary resolution) shall not exceed 15. The Trust shall have the following Trustees as set out in its Articles of Association and funding agreement

- up to 11 Trustees, appointed by the Members and,
- a minimum of 2 elected Parent Trustees.
- Trustees may appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed.:

Trustees are appointed for a four year period. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Members will give consideration to the skills and experience mix of existing Trustees in order to ensure that they have the necessary skills to contribute fully to the Academy's development

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy Trust and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 2 main committees as follows;

- Resources Committee - this meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, reviewing and making recommendations to the Full Board of Trustees on the annual budget including setting staffing levels. The committee also perform the duties of the Audit committee receiving reports from Griffin Chartered Accountants (Internal Audit) and reviewing the Risk Register. This committee also considers Premises, Personnel and Health & Safety matters on a regular basis.
- School Improvement Committee - this meets once every term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting,

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

assessment, examinations and pastoral issues.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Principal and Clerk to the Trustees, to approve the School Improvement Plan (SIP) and budget.

The Trustees are responsible for setting general policy, approving the budget and statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Principal and Support and Leadership Team. The Support and Leadership Team comprises the:

- Principal
- Vice Principal - Teaching and Learning
- Director of Finance and Resources
- Assistant Principal - Curriculum Assessment and Data
- Assistant Principal - Head of Sixth Form
- Assistant Principal - Head of Barnfield Campus
- Assistant Principal - Progress and Personal Development

The Support and Leadership Team implement the policies laid down by the Trustees and report back to them on performance.

The Support and Leadership Team are responsible for the authorisation of spending within agreed budget. Some spending control is devolved to budget holders which must be authorised in line with the Scheme of Delegation. The Principal is responsible for the appointment of staff.

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Board of Trustees and the Support and Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year in respect of their work as a Trustee.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the financial statements. The pay of key management personnel is reviewed annually and normally increased in accordance with the relevant nationally agreed pay scales, the School Teachers Pay and Conditions Document (STPCD) and Joint Negotiating Council (JNC).

The Trust's Pay Policy sets out the methodology for pay determinations for key management personnel. The Pay Policy is reviewed annually. Where a position within the school becomes vacant the Pay Committee will review the existing pay range (if applicable) prior to the advertisement to establish whether this is appropriate for the post in question. Pay determinations to all posts and/or pay ranges will be made taking the following into consideration:

- the nature and/or requirements of the post
- the level of qualifications, skills and experience required for the post
- the level of qualifications, skills and/or experience gained
- market conditions
- the wider school context

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Connected Organisations, including Related Party Relationships

The Academy has strong collaborative links with thirteen partner primary schools which form part of the Crediton Learning Community.

There are no related parties which either control or significantly influence the decisions and operations of QE Academy Trust. There are no sponsors.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by maintaining, managing and developing a secondary state school offering a broad and balanced curriculum for students of different abilities.

The principle object and activity of the Charitable Company is the operation of QE Academy Trust to provide free education and care for pupils of different abilities between the ages of 11 and 18.

Vision, ethos and values

Queen Elizabeth's School is a place where all people are empowered. Our curriculum challenges students, inspiring their curiosity and creativity. We develop knowledge and understanding of the world and promote the values of respect, reflection and resilience.

Our vision is to be a place where all people in our community progress and are engaged and fulfilled.

At Queen Elizabeth's School we are empowered by the values of respect, reflection and resilience.

Respect: We are considerate and we help each other. Treating everyone equally and understanding our differences makes our world stronger.

Reflection: We progress by giving careful consideration to what we do. Thinking about our actions in a positive way guides us as we move forward.

Resilience: We overcome difficulties and work on things to get better at them. Embracing challenges helps us to learn.

During the year ended 31 August 2019 the improvement priorities of the Academy were focused on the following aims:

- **Consistency** - to ensure we consistently applied key policies relating to behaviour for learning, attendance, assessment and teaching routines.
- **Communication** - to develop our communications with parents, colleagues and students.
- **Collaboration** - to increase professional collaboration within the school focused on teaching and learning. Enabling staff to improve student outcomes through collective effort and sharing of best practice.

Objectives, Strategies and Activities

Actions for school improvement and targets are identified in the School Improvement Plan which is developed by the Support and Leadership Team, Board of Trustees and the wider staff in order to set the strategic direction of the school.

GCSE Results Summer 2019 – Provisional October 2019

Progress 8 score	-0.32
Attainment 8 score	45.1
% of pupils entering the English Baccalaureate	44.4%
Average EBacc APS score per pupil	4.02
% achieving grade 5 or above in the English Baccalaureate	16.4%
% achieving grade 5 or above in English and Maths	37.5%

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

A Level Results Summer 2019 – Provisional October 2019

Academic cohort results

Average point score per A level entry expressed as an A level grade	C+
Average point score per academic entry	34.06

English and maths progress measure

Average progress made in English	N/A
Average progress made in maths	1.00

Additional measures

% of students who achieve three GCE A levels at grades AAB or higher, with two in facilitating subjects	6.7%
Average points per entry in best three A levels expressed as a grade	C
Average point score per entry in best three A level entries	30.9

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Crediton and the surrounding area. The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As an Academy we have a duty to support other schools. We support these schools through our membership of the Dartmoor Teaching School Alliance. We also work closely with all our partner primary schools in the Crediton Learning Community.

STRATEGIC REPORT

Achievements and Performance

Examination results for 2019 maintain good performance in post 16 results. We are yet to have confirmation of how these accountability measures compare to national figures and progress measures.

Our Attainment at GCSE remained stable at 45.1 (estimated). The estimated overall progress 8 score is -0.32. Students achieved well in the English Baccalaureate, resulting in an Ebacc average points score of 4.02. This reflects our commitment to a broad and balanced curriculum for all students in the school.

The Academy is working towards an Ofsted inspection, which is expected during the next 12 months. Our Ofsted report in July 2018 recognised many of the qualities of the school; in particular comments were made about the strength of teaching in the best areas, where the inspectors noted that teachers provide clear explanations of ideas and help pupils make rapid progress. Our English and maths results were recognised for their strength and the report highlighted the incredibly strong outcomes and progress our students make in the Sixth Form. Overall, the report confirmed the areas for improvement we had identified in our own self evaluation when coming to their judgement of Requires Improvement. The inspectors saw evidence of the actions we have already taken to address the issues and we are determined to implement these changes rapidly to deliver the improvements required. To do this the Board of Trustees and the Support and Leadership Team (SaLT) are implementing a detailed School Improvement Plan, which is focussed on improving outcomes for all our students, with particular reference to the areas identified in the Ofsted report.

During the academic year 2018-19 the Academy had a number of recruitment opportunities due to natural wastage including long serving staff retiring. The quality of the applicants was high, resulting in good quality teaching appointments in a wide range of subject areas.

The Academy operates a programme of lesson observations, which are undertaken by Learning Area Team Leaders, Vice and Assistant Principals on a regular basis. The Academy also operates a Professional Learning programme and a Professional Development programme which supports teachers in becoming good and

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

outstanding practitioners.

Key Performance Indicators

As funding is based on student numbers this is a key performance indicator for the school. Recruitment into Year 7 increased on the previous year's level by 7.5% however the school was impacted by market changes affecting school Sixth Forms in Devon; this resulted in a reduction of 38 Post-16 students. This partially offset increases in key stage three and four numbers and resulted in a 1% increase in the overall roll. The reduction in our boarding provision last year due to changes in the national market and boarding's planned closure in August 2019 also had an impact on the roll which will continue into 2019/20.

Another key financial performance indicator is staffing costs (excluding Boarding staff) as a percentage of ESFA and Local authority revenue funding. The continued focus on managing staffing costs prudently, despite increasing pressure on employment costs within the sector, resulted in expenditure marginally lower than the previous year at -0.03%. This combined with higher government funding saw staffing costs as a percentage of revenue income improve from 75.90% in 2017/18 to 75.61% in 2018/19. This continues to be a key focus for Trustees.

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2019 (excluding restricted fixed asset funds and pension reserves), total expenditure of £7,346,834, was covered by recurrent grant funding from the DfE, together with other incoming resources of £7,620,299. The excess of income over expenditure for the year (after transfers to fixed asset funds of £196,678) was £76,787.

After careful consideration and following consultation with stakeholders Trustees sought and were granted approval by the DfE to close the school's boarding provision with effect from August 2019. The background and rationale for the closure in brief summary were.

- State boarding schools are required by the Department for Education to achieve a financial surplus and be financially self-sufficient. The school's finances are in a strong position but could not be used to subsidise boarding.
- There have been substantial changes in the UK boarding market in recent years with significant reductions in demand from younger students and students from the EU and a growth in demand for Sixth Form weekly boarding places.
- The school has a proud tradition of providing boarding however it has been affected by these market changes was likely to continue to be impacted by them for the foreseeable future. State boarding schools are only able to offer places to UK or EU/EEA citizens, unlike independent schools and further education colleges. EU/EEA students are unlikely to be able to apply after the Brexit transition period.
- Despite being in the top 5% nationally for student progress at A Level in 2017/18 the school was not in a position to take advantage of the market for Sixth Form weekly boarding as the demand is for single, en-suite rooms, which the school's boarding accommodation had in only very limited supply.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- Action has already been taken to condense the number of places down to try to make boarding financially sustainable but the reduction in demand, especially from EU students due to Brexit, meant that boarding was forecast to make a operating loss last year. If no action was taken boarding reserves would be exhausted and a significant deficit would have been created by the end of 2019/20.
- There were a limited number of existing boarders due to remain at the school beyond the end of the academic year. There were a range of options for those boarders who wished to continue at the school which enabled the school to mitigate any disruption to their learning.
- Trustees are required to manage the public funds entrusted to them prudently and they considered it unlikely that the financial outlook for boarding would recover in the foreseeable future due to the changes in the market, especially Brexit, and the suitability of the boarding accommodation the school has available.

The Boarding fund had a cumulative residual fund of £5,914 on closure. As this is no longer required, it has been merged with other educational funds to advance the ongoing educational operations of the Academy Trust.

Trustees ensured that staffing and curriculum demand remained in balance with the school's roll and this, alongside continued tight cost control, maintained the Trust's robust financial position despite the ongoing challenges of the current educational funding environment.

At 31 August 2019 the net book value of fixed assets was £21,962,794 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 1 April 2011 at £20,654,478. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its nonteaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity and Balance Sheet with details in Note 25 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which establishes the framework for financial management, including financial responsibilities of the Board of Trustees and its committees, the Principal, managers, budget holders and other staff, as well as a delegated authority for spending. Other policies reviewed and updated included Charging and Lettings, Charging & Remission, Trustees Allowances and Expenses, Antifraud and Bribery and, Gifts and Hospitality.

Trustees have appointed Griffin Chartered Accountants to undertake a programme of internal checks on financial controls (internal audit). During the year, the Trustees received the reports from Griffin Chartered Accountants which contained no matters of significance.

Reserves Policy

The Academy plans to spend the majority of its revenue income each year on the students in its care, but sums are set aside for the planned replacement of capital items such as ICT and infrastructure. The amount that can be carried forward from the General Annual Grant is no longer subject to restriction in the school's funding agreement.

The level of reserves is kept under review by the Resources Committee and reflects the assessment of the predominant risks to the school.

The Reserves Policy is meant to ensure that the school's core activities can be maintained during a period of unforeseen difficulty. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to funds earmarked for future capital projects. In year reserves are to cover costs and other commitments and to meet unexpected emergencies such as urgent maintenance. Reserves are also required to protect the ongoing operation of the school whilst the effect of funding changes and fluctuations in roll

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

are managed. Trustees deem it prudent to have a target level for reserves of at least £350,000; equating to less than 5% of annual expenditure.

The level of free reserves improved over the year and at 31 August 2019 was £698,418 representing 9.5% of annual expenditure. Boarding reserves were nil at the point of closure. This level was due to a number of factors including; increased unbudgeted DfE funding of the teachers pay award, the delay to the introduction of the Teacher's Pension contribution increase, improved efficiencies during the year and additional capital funding enabling planned capital works to be funded from capital rather than reserves. Trustees plan to maintain reserves at or around the target level over the medium term but will utilise them in the short term to reduce the turbulence created by volatility in education funding and student rolls.

Trustees recognise that there is a significant pension deficit for the Local Government Pension Scheme (LGPS) fund which is accounted for in the restricted fund and was £6,470,000 at year end. However, there is no likelihood that an immediate liability for this amount will crystallise. The deficit position of the pension scheme would generally result in a cash flow effect in the form of an increase in employers' pension contributions over a period of years. The Academy Trust has revisited its current budget and ascertained how pension costs may affect budgets in the future. On the basis that increased pension contributions will be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the Academy Trust because of recognising the deficit.

Reserve funds are normally held on deposit in an interest bearing account in a UK regulated bank or in other instruments and investments as agreed from time to time by the Board of Trustees.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Where cash flow allows, excess funds are placed on deposit in an interest bearing account in a UK regulated bank as agreed by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The principle risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 93% of the Academy's incoming revenue resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Whilst the Academy is under subscribed, risks to revenue funding from roll reductions are high and are monitored closely. The continued reduction in real terms post 16 funding levels, uncertainty over the Government's funding of pre16 education, above inflation increases in employment costs and changes in funding arrangements for special educational needs mean that maximising efficiency continues to be a high priority for Trustees. Trustees have removed the financial risk caused by the school's Boarding provision with its closure in August 2019.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract students in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored, celebrated and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

succession planning.

Fraud and mismanagement of funds - the Academy has appointed Griffin Chartered accountants to carry out checks on financial systems and records as required by the Academy Financial Handbook. Finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

A risk register is maintained and updated regularly by the Resources Committee and the risks it identifies are reviewed by all committees.

FUNDRAISING

The only fundraising activity that the Trust undertakes is inviting voluntary contributions from parents and carers to support the cost of curriculum trips and activities that their child is involved in. The Trust does not use any commercial or professional organisations to fundraise on its behalf. The Trust makes it clear to parents and carers when it invites voluntary contributions towards the cost of curriculum trips and activities that their child is entitled to participate in the activity whether they choose to make a contribution or not. The Trust monitors and reviews its policy annually. Any complaints regarding fundraising can be made through the Trust's normal complaints procedure.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide a good education and improve the levels of achievement of its students and staff at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives and to develop those currently employed to be good and outstanding practitioners.

The Academy will continue to work with partner schools to improve the educational opportunities for all students in the Academy. In particular the Academy works with the Dartmoor Teaching School Alliance and actively engages in 'School to School' improvement activity via these alliances, as well as support from a National Leader of Education during the academic year 2019-20.

The Trust is currently negotiating the transfer of the freehold of the school in order to enable further developments, in particular to our sports facilities.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware, and
- the Trustees have taken all the 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.

AUDITORS

The auditors Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 9/12/19 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G Poulton', with a long horizontal stroke extending to the right.

Mrs G Poulton
Chair of Trustees

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, 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 QE Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Trustees receive a broad range of data covering all the key activities of and performance indicators for the Academy. This includes data on student outcomes, welfare and progress, staff performance and welfare, and financial monitoring and forecasts. Much of this data includes benchmarked comparisons with similar schools to allow the Board of Trustees to assess the Academy's performance and progress.

The Board of Trustees has formally met 7 times during the year, and individual attendance was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G Poulton, Chair from 17 September 2018	7	7
Mr C J Cooper	7	7
Mr K Baker, Chair until 17 September 2018	7	7
Mr S Barnes	7	7
Mr D G Brenton	4	4
Mr M Gould	3	3
Mr J Gregory	6	7
Ms R Howard	2	7
Mrs J Laffar	4	6
Mrs S Leyman	2	2
Mr R Poole	6	6
Mrs C Reddick	1	1
Mr P Tearle	4	6
Mrs C Thorne	7	7
Mrs S Williams	7	7
Cllr N A Way	3	7
Miss D Mayo	0	0

Governance Reviews

The Trust instructed the National Governors Association (NGA) to undertake a full review of governance in the previous year. Trustees implemented the recommendations within the review over the course of this year including updating the Trust's Articles of Association to bring them in line with current best practice. These amendments include creating a greater separation between Members and Trustees, removing employees from and reducing the size of the Board of Trustees. The role of Parent Trustee is retained in the amended Articles. Updated Articles of Association were approved by the Academy Trust on 3rd June 2019, having been approved by the Department of Education (DFE). As a result new Members were appointed in June and in preparation for the change an experienced Trustee, Mrs G Poulton, was appointed earlier in the year as Chair of Trustees.

The Board of Trustees intends to undertake a self evaluation of governance annually, including an assessment of its impact and effectiveness, a review of the knowledge, skills and experience available and a comparison with the needs of the Trust.

The Resources Committee is a committee of the Board of Trustees and incorporates the functions of the Audit Committee. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to its responsibility for the sound strategic management of the Academy's finances, premises, personnel and resources, including proper planning, monitoring and probity. The Terms of Reference of the Resources Committee are:

Finance

- To review, adopt and monitor a Finance Policy which includes the local scheme of delegation for spending and budgetary adjustments (virements).
- To review, adopt and monitor all additional financial policies, including a charging and remissions policy

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

and to monitor and review the implementation of bank account and investment arrangements.

- To establish and maintain a three year financial plan, taking into account the priorities in the School Improvement Plan, roll projection and signals from central government regarding future years' budgets, within the constraints of available information. To consider and recommend acceptance of the budget before the start of each financial year to the Full Board.
- To monitor the income and expenditure throughout the year against the annual budget plan, receiving budget monitoring reports at least termly.
- To report back to each meeting of the Full Board and to alert them of potential problems or significant anomalies at an early date.
- To prepare the Trustees Report to form part of the Statutory Accounts of the Trust and for filing in accordance with Companies Act requirements.

Premises

- To provide support and guidance for the Full Board and the Principal on all matters relating to maintenance and development of the premises and grounds, including Health and Safety.
- To establish and keep under review an Accessibility Plan and monitor the implementation of premises matters in the School Improvement Plan.
- To review, adopt and monitor a Health and Safety policy.
- To ensure that the Trusts' responsibilities are discharged under the Environmental Protection Act 1990.

Audit

- To recommend to the Full Board the appointment or reappointment of the External and Internal Auditors. To review the internal and external financial statements and audit reports to ensure the trust adopts the recommendations. To report to the Full Board on the discharge of the above duties.
- To review the effectiveness of the internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved. To review compliance with the requirements of the ESFA Academies Financial Handbook.
- To consider and advise the Full Board on the annual and long-term internal audit programme.
- To review and consider the Risk Register annually.
- To consider identified cases of theft or fraud and review school processes to minimise the risk of re-occurrence.

Staffing

- Recognising the importance of the Trust's employees in the achievement of the school's objectives the committee will monitor appropriate data making recommendations to the Full Board as required. For example, monitoring sickness and absence and staff turnover trends.
- To ensure that the school is staffed sufficiently for the fulfilment of the School Improvement Plan and the effective operation of the school.
- To establish and oversee the operation of the school's Appraisal Policy - including the arrangements and operation of the school's appraisal procedures for the Principal.
- To establish a Pay Policy for all categories of staff.
- To be responsible for the administration and review of the Pay Policy in conjunction with the Pay committee.
- To ensure that staffing procedures (including recruitment procedures) follow equalities legislation.
- To annually review procedures for dealing with staff discipline and grievances, monitor their implementation and make recommendations to the Full Board.
- To recommend to the Full Board staff selection procedures, ensuring that they conform with safer recruitment practice, and to review these procedures as necessary.
- In consultation with staff, to oversee any process leading to staff reductions.
- To establish the annual and longer-term salary budgets and other costs relating to personnel, e.g. training.

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D G Brenton	1	1
Mr C J Cooper	3	3
Mr P Tearle	1	3
Mr R Poole	3	3
Mrs S Williams	2	3
Mr K Baker	3	3
Ms R Howard	1	3

Review of value for money

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

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

- A further review of the school's Boarding provision was undertaken during the year after the consolidation carried out during the previous year and in light of the significant changes to the national boarding market and the financial risks associated with the reduction in the school's boarding roll. After careful deliberation and consultation, Trustees sought and gained permission from the DfE to close the school's boarding provision at the end of the academic year 2018/19. This action remedied the significant financial risk facing the Trust.
- The Academy has used Condition Improvement Funds to improve fire safety in the school's main building on the Barnfield Campus with an extensive programme of improvement works. In addition to improving safety this will also result in reduced maintenance costs.
- Additional action was taken during the year to obtain further efficiencies across a number of non-staffing budget lines resulting in significant savings, including the replacement of the school's photocopier fleet reducing costs by nearly £19,000pa. Staffing costs were also constrained within budget.
- Comprehensive benchmarking comparisons with similar Academies were undertaken during the year using data provided by the ESFA and Kreston. Trustees also utilised integrated curriculum financial planning (ICFP) to review the efficiency of the deployment of teaching resources.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in QE Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an internal auditor, Griffin Chartered Accountants to carry out this role. Griffin give advice on financial matters when needed and perform a range of checks on the Academy Trust's financial systems. On a half yearly basis they report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

In particular the checks carried out in the current period included testing of:

Purchase and cash payments

- Walkthrough of purchase systems
- Controls testing on a sample of purchases
- Tender process review
- Review of bank reconciliations
- Staff permissions and segregation of duties
- Staff expense claims

Financial budgeting and monitoring

- Trustee approval of school budget
- Financial information provided to Trustees
- Evidence of financial challenge by Trustees
- Timely submission of ESFA returns
- Finance Committee meeting frequency and appropriate review
- Senior Leadership Team awareness of performance/budgets

Fixed Assets

- Process and procedures around the acquisition and disposal of fixed assets
- Maintenance of a fixed asset register
- Authorisation of fixed asset additions

Payroll

- Payroll controls testing
- Review of timesheet/overtime procedures
- Starter/leaver procedures reviewed
- Segregation of duties
- Budgetary controls – new staff and pay rises

Governance

- Compliance with the Academies Financial Handbook
- Review of leases

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- Trustee interests and related parties
- Gifts, hospitality and awards
- Governance details provided on school website

Income and cash receipts

- Walkthrough testing of ESFA grant income
- Processes and controls around main ESFA grant income and pupil premium
- Walkthrough testing of school trip income
- Bad debt recovery procedures

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included [insert details of the checks carried out.

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

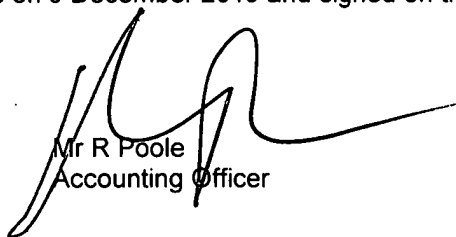
- the work of the internal and external auditors;
- the work of the Resources committee
- the work of the executive manager within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 9 December 2019 and signed on their behalf by:



Mrs G Poulton
Chair of Trustees



Mr R Poole
Accounting Officer

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of QE Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all 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 2018.

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



Mr R Poole
Accounting Officer

Date: 9/12/14

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

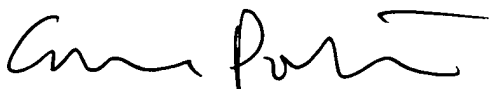
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees and signed on its behalf by:



Mrs G Poulton
Chair of Trustees

Date: 9/12/19

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QE
ACADEMY TRUST**

Opinion

We have audited the financial statements of QE Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QE
ACADEMY TRUST (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QE
ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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



Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

17 Dec 2019

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by QE Academy Trust during the year 1 September 2018 to 31 August 2019 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 QE Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to QE Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than QE Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of QE Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of QE Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO QE ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date:

17 December 2019

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	370	3,716	102,477	106,563	626,733
Charitable activities	4,5	208,203	7,353,327	-	7,561,530	7,778,659
Other trading activities		50,353	-	-	50,353	52,287
Investments	6	4,331	-	-	4,331	2,414
Total income		263,257	7,357,043	102,477	7,722,777	8,460,093
Expenditure on:						
Raising funds		23,277	-	-	23,277	32,965
Charitable activities		159,453	7,633,104	626,941	8,419,498	8,510,316
Total expenditure	7	182,730	7,633,104	626,941	8,442,775	8,543,281
Net income/ (expenditure)		80,527	(276,061)	(524,464)	(719,998)	(83,188)
Transfers between funds	19	-	(196,678)	196,678	-	-
Net movement in funds before other recognised gains/(losses)		80,527	(472,739)	(327,786)	(719,998)	(83,188)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(972,000)	-	(972,000)	1,204,000
Net movement in funds		80,527	(1,444,739)	(327,786)	(1,691,998)	1,120,812
Reconciliation of funds:						
Total funds brought forward		238,767	(4,646,136)	22,290,580	17,883,211	16,762,399
Net movement in funds		80,527	(1,444,739)	(327,786)	(1,691,998)	1,120,812
Total funds carried forward		319,294	(6,090,875)	21,962,794	16,191,213	17,883,211

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 31 to 59 form part of these financial statements.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07562194

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	21,962,794	22,062,524
		<u>21,962,794</u>	<u>22,062,524</u>
Current assets			
Stocks	14	24,018	19,130
Debtors	15	402,067	310,878
Investments	16	505,527	501,746
Cash at bank and in hand		414,122	1,042,002
		<u>1,345,734</u>	<u>1,873,756</u>
Creditors: amounts falling due within one year	17	(647,316)	(1,024,069)
Net current assets		<u>698,418</u>	<u>849,687</u>
Total assets less current liabilities		<u>22,661,212</u>	<u>22,912,211</u>
Net assets excluding pension liability		<u>22,661,212</u>	<u>22,912,211</u>
Defined benefit pension scheme liability	25	(6,470,000)	(5,029,000)
Total net assets		<u><u>16,191,212</u></u>	<u><u>17,883,211</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	19	21,962,794	22,290,580
Restricted income funds	19	379,125	382,864
		<u>22,341,919</u>	<u>22,673,444</u>
Restricted funds excluding pension asset	19	22,341,919	22,673,444
Pension reserve	19	(6,470,000)	(5,029,000)
Total restricted funds	19	<u>15,871,919</u>	<u>17,644,444</u>
Unrestricted income funds	19	<u>319,293</u>	<u>238,767</u>
Total funds		<u><u>16,191,212</u></u>	<u><u>17,883,211</u></u>

**QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07562194**

**BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019**

The financial statements on pages 27 to 59 were approved by the Trustees, and authorised for issue on 9 December 2019 and are signed on their behalf, by:



Mrs G Poulton
Chair of Trustees

The notes on pages 31 to 59 form part of these financial statements.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(151,326)	41,311
Cash flows from investing activities	22	(472,773)	(41,994)
Change in cash and cash equivalents in the year		(624,099)	(683)
Cash and cash equivalents at the beginning of the year		1,543,748	1,544,431
Cash and cash equivalents at the end of the year	23	919,649	1,543,748

The notes on pages 31 to 59 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 INCOME

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

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

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

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

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

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

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.5 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 TANGIBLE FIXED ASSETS

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 TANGIBLE FIXED ASSETS (continued)

Depreciation is provided on the following bases:

L/Term Leasehold Land	- Over the length of the lease
L/Term Leasehold Buildings	- 2% straight-line
Furniture and fixtures	- 20% straight-line
Plant and equipment	- 20% straight-line
Computer equipment	- 33.3% straight-line
Motor vehicles	- 25% reducing balance

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

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

1.7 INVESTMENTS

Current asset investments include liquid investments with a deposit period of 30 days or more. They are a form of financial instrument and are recognised at their fair value at the Balance Sheet date.

1.8 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.10 LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 PENSIONS

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.14 FUND ACCOUNTING

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

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.15 OPERATING LEASES

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.16 STOCKS

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

1.17 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 30.

The Academy Trust acts as an agent in respect of certain trips. Payments received from students and subsequent payments to the trip provider are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the application of the funds. The funds received, paid and any balances held at period end are disclosed in Note 30.

The Academy Trust acts as an agent in respect of catering. Payments received from meals and subsequent payments to the catering provider are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the application of the funds. The funds received, paid and any balances held at period end are disclosed in Note 30.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	370	3,716	4,086	3,859
Capital Grants	-	102,477	102,477	622,874
Total 2019	<u>370</u>	<u>106,193</u>	<u>106,563</u>	<u>626,733</u>
Total 2018	<u>923</u>	<u>625,810</u>	<u>626,733</u>	

4. Income from charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Education	208,203	7,107,280	7,315,483	7,148,571
Boarding	-	246,047	246,047	630,088
Total 2019	<u>208,203</u>	<u>7,353,327</u>	<u>7,561,530</u>	<u>7,778,659</u>
Total 2018	<u>176,943</u>	<u>7,601,716</u>	<u>7,778,659</u>	

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Funding for the Academy Trust's education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	5,749,832	5,749,832	5,630,986
Other DfE/ESFA grants	-	1,080,512	1,080,512	1,149,225
	-	6,830,344	6,830,344	6,780,211
Other Government grants				
High Needs	-	79,112	79,112	68,373
Other government grants	-	173,924	173,924	105,800
	-	253,036	253,036	174,173
Other income from the Academy Trust's educational operations				
Income for hosting trainee teachers	11,850	-	11,850	9,384
Other	196,353	23,900	220,253	184,803
	208,203	23,900	232,103	194,187
Total 2019	208,203	7,107,280	7,315,483	7,148,571
Total 2018	176,943	6,971,628	7,148,571	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	4,331	4,331	2,414

All prior year income related to unrestricted funds.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising funds	-	-	23,277	23,277	32,965
Educational operations:					
Direct costs	4,890,404	314,409	678,688	5,883,501	5,870,275
Support costs	1,217,598	424,956	569,349	2,211,903	2,051,983
Boarding:					
Direct costs	125,528	-	121,217	246,745	507,946
Support costs	5,197	46,941	25,211	77,349	80,112
Total 2019	6,238,727	786,306	1,417,742	8,442,775	8,543,281
Total 2018	6,411,342	695,087	1,436,852	8,543,281	

8. Analysis of charitable expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	5,883,501	2,211,903	8,095,404	7,922,258
Boarding	246,745	77,349	324,094	588,058
Total 2019	6,130,246	2,289,252	8,419,498	8,510,316
Total 2018	6,378,221	2,132,095	8,510,316	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of charitable expenditure by activities (continued)

Analysis of direct costs

	Education 2019 £	Boarding 2019 £	Total funds 2019 £	Total funds 2018 £
Pension finance costs	134,000	-	134,000	150,000
Staff costs	4,745,270	133,329	4,878,599	5,177,544
Depreciation	474,885	-	474,885	452,824
Educational and boarding supplies	228,584	113,416	342,000	392,906
Examination fees	106,650	-	106,650	106,004
Staff development	21,856	-	21,856	24,591
Other costs	27,122	-	27,122	17,187
Supply teachers	145,134	-	145,134	57,165
Total 2019	5,883,501	246,745	6,130,246	6,378,221
Total 2018	5,870,275	507,946	6,378,221	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of charitable expenditure by activities (continued)

Analysis of support costs

	Education 2019 £	Boarding 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	1,209,797	5,197	1,214,994	1,176,633
Depreciation	127,868	24,188	152,056	135,588
Boarding indirect costs	-	47,964	47,964	42,949
Other costs	8,447	-	8,447	4,231
Recruitment and support	13,101	-	13,101	11,026
Maintenance of premises and equipment	132,023	-	132,023	120,984
Cleaning	44,575	-	44,575	35,300
Rent and rates	89,713	-	89,713	76,640
Energy costs	134,912	-	134,912	121,592
Insurance	43,927	-	43,927	46,717
Security and transport	65,925	-	65,925	58,249
Catering	15,099	-	15,099	8,929
Technology costs	20,146	-	20,146	23,735
Office overheads	88,303	-	88,303	96,377
Legal and professional	184,257	-	184,257	130,028
Bank interest and charges	6,897	-	6,897	7,864
(Profit) / Loss on disposal of fixed assets	(990)	-	(990)	-
Governance costs	27,903	-	27,903	35,253
Total 2019	2,211,903	77,349	2,289,252	2,132,095
Total 2018	2,051,983	80,112	2,132,095	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	-	18,917
Depreciation of tangible fixed assets	626,941	588,412
Gain on disposal of fixed assets	(990)	-
Fees paid to auditors for:		
- audit	8,150	8,050
- other services	2,565	1,500
	<u> </u>	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,556,602	4,773,685
Social security costs	423,485	446,409
Pension costs	1,084,769	1,084,913
	<u>6,064,856</u>	<u>6,305,007</u>
Agency staff costs	145,134	57,165
Staff restructuring costs	28,737	49,170
	<u>6,238,727</u>	<u>6,411,342</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	18,660	49,170
Severance payments	100	-
Other restructuring costs	9,977	-
	<u>28,737</u>	<u>49,170</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £100 (2018: £Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Staff numbers

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

	2019	2018
	No.	No.
Teachers	74	84
Administration and Support	102	110
Management	7	7
	183	201

The average headcount expressed as full-time equivalents was:

	2019	2018
	No.	No.
Teachers	61	70
Administration and Support	63	68
Management	7	7
	131	145

d. Higher paid staff

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2019	2018
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £566,918 (2018: £542,656).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of the Key Management Personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by Key Management Personnel above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Trustees' remuneration and expenses

During the year, no Trustees received any benefits in kind (2018: £Nil).

The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: R Poole (Principal): Remuneration £85,000 - £90,000 (2018: £85,000 - £90,000), Employer's pension contributions £10,000 - £15,000 (2018: £10,000 - £15,000), C Reddick: Remuneration £25,000 - £30,000 (2018: £20,000 - £25,000), Employer's pension contributions £Nil - £5,000 (2018: £Nil - £5,000), P Tearle: Remuneration £30,000 - £35,000 (2018: £30,000 - £35,000), Employer's pension contributions £5,000 - £10,000 (2018: £5,000 - £10,000), J Laffar: Remuneration £15,000 - £20,000 (2018: £15,000 - £20,000), Employer's pension contributions £Nil - £5,000 (2018: £Nil - £5,000)

Other related party transactions involving the Trustees are set out in note 29.

During the year ended 31 August 2019, expenses totalling £904 (2018: £322) were reimbursed to 5 Trustees (2018: 2 Trustees).

12. Trustees' and Officers' insurance

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

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2018	24,409,810	1,092,136	1,572,143	879,482	30,084	27,983,655
Additions	299,803	19,287	109,477	98,644	-	527,211
Disposals	-	-	(138,750)	(147,400)	-	(286,150)
At 31 August 2019	24,709,613	1,111,423	1,542,870	830,726	30,084	28,224,716
Depreciation						
At 1 September 2018	2,647,747	1,050,033	1,419,927	780,605	22,819	5,921,131
Charge for the year	415,082	18,242	86,362	105,439	1,816	626,941
On disposals	-	-	(138,750)	(147,400)	-	(286,150)
At 31 August 2019	3,062,829	1,068,275	1,367,539	738,644	24,635	6,261,922
Net book value						
At 31 August 2019	21,646,784	43,148	175,331	92,082	5,449	21,962,794
At 31 August 2018	21,762,063	42,103	152,216	98,877	7,265	22,062,524

14. Stocks

	2019 £	2018 £
Shop Stock	24,018	19,130

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	45,013	21,257
VAT recoverable	181,990	108,122
Other debtors	87,243	12,228
Prepayments and accrued income	87,821	169,271
	402,067	310,878

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Current asset investments

	2019 £	2018 £
Unlisted investments (liquid)	<u>505,527</u>	<u>501,746</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	300,963	451,700
Other taxation and social security	99,769	108,667
Other creditors	98,106	138,056
Accruals and deferred income	148,478	325,646
	<u>647,316</u>	<u>1,024,069</u>

	2019 £	2018 £
Deferred income at 1 September 2018	151,931	284,677
Resources deferred during the year	87,475	151,931
Amounts released from previous periods	(151,931)	(284,677)
	<u>87,475</u>	<u>151,931</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for rates relief and trips relating to 2019/20.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	919,649	1,543,748
Financial assets that are debt instruments measured at amortised cost	132,256	113,422
	<u>1,051,905</u>	<u>1,657,170</u>
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(460,072)	(763,471)

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand, and current asset investments.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	238,767	263,256	(182,730)	-	-	319,293
Restricted general funds						
General Annual Grant (GAG)	298,903	5,749,832	(5,414,989)	(254,621)	-	379,125
High needs funding	-	79,112	(79,112)	-	-	-
Pupil Premium	-	296,414	(360,271)	63,857	-	-
Post 16 funding	-	805,200	(805,200)	-	-	-
Support centre funding	-	118,054	(118,054)	-	-	-
Other restricted funds	-	62,384	(62,384)	-	-	-
Provision of boarding	83,961	246,047	(324,094)	(5,914)	-	-
Pension reserve	(5,029,000)	-	(469,000)	-	(972,000)	(6,470,000)
	<u>(4,646,136)</u>	<u>7,357,043</u>	<u>(7,633,104)</u>	<u>(196,678)</u>	<u>(972,000)</u>	<u>(6,090,875)</u>
Restricted fixed asset funds						
Fixed Assets transferred on conversion	18,154,905	-	(333,980)	-	-	17,820,925
Fixed Assets purchased from GAG and other restricted funds	346,140	-	(169,749)	227,406	-	403,797
DfE/ESFA capital grants	3,320,059	-	(95,800)	-	-	3,224,259
Other capital grants	279,305	-	(8,031)	-	-	271,274
Devolved capital funds	190,171	102,477	(19,381)	(30,728)	-	242,539
	<u>22,290,580</u>	<u>102,477</u>	<u>(626,941)</u>	<u>196,678</u>	<u>-</u>	<u>21,962,794</u>
Total Restricted funds	<u>17,644,444</u>	<u>7,459,520</u>	<u>(8,260,045)</u>	<u>-</u>	<u>(972,000)</u>	<u>15,871,919</u>
Total funds	<u>17,883,211</u>	<u>7,722,776</u>	<u>(8,442,775)</u>	<u>-</u>	<u>(972,000)</u>	<u>16,191,212</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

FUND TRANSFERS

£227,406 (2018: £266,670) has been transferred from the GAG restricted fund to the restricted fixed asset fund which represents the cost fixed assets purchased from GAG.

£Nil (2018: £37,576) has been transferred from the boarding restricted reserve to the restricted fixed asset reserve fund which represents boarding assets purchased from boarding reserves.

£30,728 (2018: £Nil) has been transferred from restricted fixed asset reserve fund to restricted funds which represents capital funding which has been spent on repairs and maintenance.

£63,857 (2018: £18,061) has been transferred from the GAG restricted fund to Pupil Premium.

£5,914 (2018: £Nil) has been transferred from the boarding restricted fund to GAG restricted fund, which represents the academy winding up the boarding facility. The residual funds are to be used to advance the educational operations of the Academy Trust.

RESTRICTED FUNDS

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs funding - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Post 16 funding - Core income from the ESFA to provide education for students between 16 and 19 years of age.

Support centre funding - Restricted funding towards a specialist dyslexia unit.

Other restricted funds - This includes specific funding towards teacher training.

Provision of boarding - This represents the amounts paid by parents to enable a child to board at the Academy.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion - This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy

Fixed assets purchased from GAG and other restricted funds - This represents funds transferred from the restricted GAG fund to purchased fixed assets.

DfE/ESFA Capital grants - These government funds were received for direct expenditure on specific fixed asset projects. The fixed asset fund balance at the year end represents the net book value (NBV) of

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

assets and any unspent grant amounts.

Other capital grants - Other funds received for specific fixed asset projects.

Devolved capital funds - These funds were received for expenditure on fixed assets. The balance at the year end represents the NBV of assets.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	209,176	193,574	(163,983)	-	-	238,767
Restricted general funds						
General Annual Grant (GAG)	254,268	5,630,986	(5,339,196)	(247,155)	-	298,903
High needs funding	-	68,373	(68,373)	-	-	-
Pupil Premium	-	222,433	(240,494)	18,061	-	-
Post 16 funding	-	926,792	(926,792)	-	-	-
Support centre funding	-	98,400	(98,400)	-	-	-
Other restricted funds	-	66,573	(66,573)	-	-	-
Provision of boarding	79,507	630,088	(588,058)	(37,576)	-	83,961
Pension reserve	(5,770,000)	-	(463,000)	-	1,204,000	(5,029,000)
	<u>(5,436,225)</u>	<u>7,643,645</u>	<u>(7,790,886)</u>	<u>(266,670)</u>	<u>1,204,000</u>	<u>(4,646,136)</u>
Restricted fixed asset funds						
Fixed Assets transferred on conversion	18,489,808	-	(334,903)	-	-	18,154,905
Fixed Assets purchased from GAG and other restricted funds	216,603	-	(137,133)	266,670	-	346,140
DfE/ESFA capital grants	2,814,577	593,972	(88,490)	-	-	3,320,059
Other capital grants	286,412	-	(7,107)	-	-	279,305
Devolved capital funds	182,048	28,902	(20,779)	-	-	190,171

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
	21,989,448	622,874	(588,412)	266,670	-	22,290,580
Total Restricted funds	16,553,223	8,266,519	(8,379,298)	-	1,204,000	17,644,444
Total funds	16,762,399	8,460,093	(8,543,281)	-	1,204,000	17,883,211

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	21,962,794	21,962,794
Current assets	319,293	1,026,441	-	1,345,734
Creditors due within one year	-	(647,316)	-	(647,316)
Provisions for liabilities and charges	-	(6,470,000)	-	(6,470,000)
Total	319,293	(6,090,875)	21,962,794	16,191,212

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	22,062,524	22,062,524
Current assets	238,767	1,406,933	228,056	1,873,756
Creditors due within one year	-	(1,024,069)	-	(1,024,069)
Provisions for liabilities and charges	-	(5,029,000)	-	(5,029,000)
Total	238,767	(4,646,136)	22,290,580	17,883,211

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(719,998)	(83,188)
Adjustments for:		
Depreciation	479,540	441,012
Capital grants from DfE and other capital income	-	(850,122)
Interest received	(4,331)	(2,414)
Defined benefit pension scheme cost less contributions payable	335,000	313,000
Defined benefit pension scheme finance cost	134,000	150,000
(Increase)/decrease in stocks	(4,888)	2,058
(Increase)/decrease in debtors	(91,189)	262,751
(Decrease)/Increase in creditors	(279,460)	(191,786)
Net cash (used in)/provided by operating activities	(151,326)	41,311

22. Cash flows from investing activities

	2019 £	2018 £
Interest received	4,331	2,414
Purchase of tangible fixed assets	(477,104)	(894,530)
Capital grants from DfE Group	-	850,122
Net cash used in investing activities	(472,773)	(41,994)

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	414,122	1,042,002
Unlisted investments (liquid)	505,527	501,746
Total cash and cash equivalents	919,649	1,543,748

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Capital commitments

	2019	2018
	£	£
Contracted for but not provided in these financial statements	-	28,617

25. Pension commitments

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £482,260 (2018 - £504,299).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £357,000 (2018 - £348,000), of which employer's contributions totalled £280,000 (2018 - £268,000) and employees' contributions totalled £ 77,000 (2018 - £80,000). The agreed contribution rates for future years are 15.4 per cent plus £62,500 for the year commencing 1 April 2019 for employers and 5.5 to 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.20	2.30

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.5	23.5
Females	24.4	25.6
<i>Retiring in 20 years</i>		
Males	24.2	25.8
Females	26.2	28.0

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(261)	(219)
Discount rate -0.1%	267	224
Mortality assumption - 1 year increase	466	347
Mortality assumption - 1 year decrease	(448)	(336)
CPI rate +0.1%	240	202
CPI rate -0.1%	(234)	(198)

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

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	3,408,000	3,159,000
Debt instruments	101,000	97,000
Property	469,000	450,000
Cash and other liquid assets	72,000	77,000
Target return portfolio	753,000	710,000
Infrastructure and alternative assets	486,000	434,000
Asset backed securities	98,000	51,000
Total market value of assets	5,387,000	4,978,000

The actual return on scheme assets was £226,000 (2018 - £286,000).

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

	2019	2018
	£	£
Current service cost	(503,000)	(581,000)
Past service cost	(112,000)	-
Interest income	131,000	116,000
Interest cost	(265,000)	(266,000)
Total amount recognised in the Statement of Financial Activities	(749,000)	(731,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	10,007,000	10,230,000
Current service cost	503,000	581,000
Interest cost	265,000	266,000
Employee contributions	77,000	80,000
Actuarial losses/(gains)	1,064,000	(1,037,000)
Benefits paid net of transfers in	(171,000)	(113,000)
Past service costs	112,000	-
At 31 August	11,857,000	10,007,000

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

	2019 £	2018 £
At 1 September	4,978,000	4,460,000
Interest income	134,000	119,000
Actuarial gains	92,000	167,000
Employer contributions	280,000	268,000
Employee contributions	77,000	80,000
Benefits paid net of transfers in	(171,000)	(113,000)
Administrative expenses	(3,000)	(3,000)
At 31 August	5,387,000	4,978,000

26. Operating lease commitments

The Academy Trust had no commitments under non-cancellable operating leases at 31 August 2019.

27. Members' liability

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

28. General Information

The QE Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Queen Elizabeth's, Western Road, Crediton, Devon, EX17 3LU.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

29. Related party transactions

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

The following related party transactions took place in the year:

During the year J Baker, wife of K Baker who is a Trustee, was employed by the Academy Trust and was paid a salary of £20,000 - £25,000 (2018: £15,000 - £20,000). This salary is in line with other staff employed at her grade and K Baker was not involved in the recruitment process or decisions regarding her remuneration.

During the year F Williams, partner of P Tearle who is a Trustee, was employed by the Academy Trust and was paid a salary of £20,000 - £25,000 (2018: £20,000 - £25,000) in respect of the period that P Tearle was a Trustee. This salary is in line with other staff employed at her grade and P Tearle was not involved in the recruitment process or decisions regarding her remuneration.

Other than the transactions detailed above, no related party transactions took place in the period of account, with the exception Trustees' remuneration and expenses already disclosed in note 11.

30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the Academy Trust received £21,102 and disbursed £24,970 from the fund. An amount of £935 was retained towards the Academy Trust's administration expenses. As the Academy Trust carried forward an amount of £7,658 from prior year, an amount of £2,855 is included in other creditors relating to undistributed funds that is repayable to ESFA.

The Academy Trust distributes income received as agent in respect of the catering arrangement entered into by the Academy Trust during the year. The amount received and disbursed by the Academy Trust during the year ended 31 August 2019 was £304,977 (2018: £304,566).

The Academy Trust distributes income received as agent in respect of certain trips undertaken by pupils of the Academy Trust. The amount received and disbursed by the Academy Trust during the year ended 31 August 2019 was £25,030 (2018: £47,809).

QE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

31. Academy boarding trading account

	2019 £	2019 £	2018 £	2018 £
INCOME				
Boarding income		228,336		613,300
Other Income		17,711		16,788
DIRECT COSTS				
Goods and services	113,416		211,557	
Wages and salaries	112,054		251,322	
National insurance	8,351		16,154	
Pension costs	12,924		28,913	
		246,745		507,946
SUPPORT COSTS				
Rent and rates	5,186		10,908	
Energy costs	17,567		19,683	
Other indirect costs	25,211		12,358	
Wages and salaries	5,194		9,231	
Pension costs	3		1,123	
Buildings maintenance	24,188		26,809	
		77,349		80,112
SURPLUS/(DEFICIT) FOR THE YEAR ON BOARDING		(78,047)		42,030
TRANSFERS		(5,914)		(37,576)
SURPLUS/(DEFICIT) BROUGHT FORWARD		83,961		79,507
SURPLUS/(DEFICIT) CARRIED FORWARD		-		83,961