

**Company Registration Number: 07562194** (England & Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

THURSDAY



A25 \*A7L6P8BV\* #566  
20/12/2018  
COMPANIES HOUSE

 **Bishop Fleming**  
Chartered Accountants

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

**CONTENTS**

---

	Page
<b>Reference and administrative details of the academy, its Trustees and advisers</b>	<b>1 - 2</b>
<b>Trustees' report</b>	<b>3 - 12</b>
<b>Governance statement</b>	<b>13 - 17</b>
<b>Statement on regularity, propriety and compliance</b>	<b>18</b>
<b>Statement of Trustees' responsibilities</b>	<b>19</b>
<b>Independent auditors' report on the financial statements</b>	<b>20 - 22</b>
<b>Independent reporting accountant's assurance report on regularity</b>	<b>23 - 24</b>
<b>Statement of financial activities incorporating income and expenditure account</b>	<b>25</b>
<b>Balance sheet</b>	<b>26</b>
<b>Statement of cash flows</b>	<b>27</b>
<b>Notes to the financial statements</b>	<b>28 - 51</b>

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

**Members**

Mr D G Brenton  
Mrs S Williams  
Mr K Baker  
Mrs D J Leighton Plom (resigned 10 October 2017)  
Mr D G Morey (resigned 29 March 2018)  
Mrs S Leyman (appointed 20 November 2017, resigned 29 October 2018)  
Mrs G Poulton (appointed 17 April 2018)

**Trustees**

Mr S Hichens (resigned 12 July 2018)<sup>1</sup>  
Mr D G Brenton<sup>3</sup>  
Mr C J Cooper<sup>3</sup>  
Mr D G Morey (resigned 29 March 2018)<sup>2</sup>  
Cllr N A Way<sup>2</sup>  
Mrs S Williams<sup>3</sup>  
Mr K Baker, Chair from 20 October 2017 and until 17 September 2018  
Mr R Poole<sup>1,2,3</sup>  
Mr N Guthrie (resigned 30 November 2017)<sup>2</sup>  
Mrs G Poulton, Chair from 17 September 2018<sup>1</sup>  
Mrs C Reddick (resigned 1 October 2018)<sup>2</sup>  
Mrs S Leyman<sup>1</sup>  
Mr S Barnes<sup>1</sup>  
Mr R Angell (resigned 6 September 2017)  
Ms R Howard<sup>2</sup>  
Mr P Tearle<sup>1,2,3</sup>  
Mrs D J Leighton Plom (resigned 10 October 2017)  
Mrs C Thorne (appointed 24 November 2017)<sup>1</sup>  
Mrs J Laffar (appointed 20 October 2017)<sup>1</sup>  
Mr J Gregory (appointed 28 November 2017)

<sup>1</sup> Learning Committee

<sup>2</sup> People Committee

<sup>3</sup> Resources Committee

**Company registered  
number** 07562194

**Company name** QE Academy Trust

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**Advisers (continued)**

**Company secretary**      B Brook

**Accounting officer**      R Poole

**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 2018**

---

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. 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 1,344 in the school census October 2017.

**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. The charitable company is known as Queen Elizabeth's School.

Details of the Trustees who served throughout the year and up to the date the financial statements are approved, 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	<b>4</b>
Full-time equivalent employee number	<b>2.3</b>

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	<b>4</b>
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time**

Total cost of facility time	<b>£ -</b>
Total pay bill	<b>£6,041,827</b>
Percentage of total pay bill spent on facility time	<b>- %</b>

**Paid trade union activities**

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

**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

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £10 million on any one claim.

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

On 1st April 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 11 Trustees who are appointed by Members.
- up to 1 LA Trustee who is appointed by the Local Authority.
- minimum of 2 Parent Trustees who are elected by parents of registered pupils at the Academy
- up to 5 staff Trustees, one of whom is to be the Finance Director if he/she agrees to be appointed as a Trustee, appointed by the Board of Trustees.
- the Principal who is treated for all purposes as being an ex officio Trustee.
- up to 3 co-opted Trustees who are appointed by the Board of Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Principal. 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 Board of Trustees 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.

There is a Trustees' conference organised each year which includes sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

**Organisational Structure**

The Board of Trustees meets once every half 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 4 main committees as follows;

- Resources Committee - this meets once every half 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 performs the duties of the Audit committee receiving reports from Devon Audit Partnership (Internal Audit) and reviewing the Risk Register. This committee also considers Premises and Health & Safety on a regular basis.
- Value for Money Committee – The committee, meet as and when required throughout the year to consider tenders for purchasing of goods as defined in the Finance Policy.
- Learning Committee - this meets once every half term to monitor, evaluate and review Academy policy,

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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

practice and performance in relation to curriculum planning, communications, target setting and assessment and examinations.

- People Committee – this meets once every half term to consider student and staff welfare and consider policies relevant to this area.

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 - Additional Educational Need (AEN) and 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, though appointment panels for teaching posts always include a Trustee.

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

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

- the level of qualifications, skills and/or experience gained
- market conditions
- the wider school context

**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 and Ethos**

Our vision is to generate a scholarly culture where students take learning seriously and we empower our students through the education they receive.

We have an ethos based on two principles - Educating to Empower and Always Progressing. Education empowers people; it gives them the tools to thrive in a challenging and dynamic world. A positive mindset, based on the belief that we can always progress and the more we work at something the better we get at it, is an essential approach to learning and life. Empowering our students and ensuring they are always progressing is therefore our core purpose and it guides us in everything we do.

**Actions and Impact**

**Education to Empower – we generate a robust and scholarly learning culture whereby students are self-motivated and responsible, independent learners.**

The actions we take to achieve this are:

- We consistently and robustly operate systems that support our students to meet the highest possible expectations of respectful behaviour, generating an environment where all students are ready to learn
- We always deliver lessons that inspire, engage, challenge and support students to reflect on their learning
- We have a curriculum that is broad and balanced, both inside and outside the classroom, that encourages students to engage in a range of learning endeavours
- We make sure we understand the needs of our students, regardless of their starting point, socio-economic background or level of Additional Educational Need and we provide them with the appropriate level of support and excellence in teaching to enable them to make excellent progress

The impacts is:

- High standards of behaviour whereby students consistently display excellent attitudes to learning
- An atmosphere of mutual respect and engagement in all aspects of school life

**Always Progressing – we support our students to develop a positive mindset, based on the belief that the more we work at something the better we get at it.**

The actions we take to achieve this are:



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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

- We value all aspects of a child's personal development. We support our students and deliver lessons to increase their understanding of themselves and the learning process. We cover the full range of topics that students need to understand in order to stay safe and thrive
- We operate an assessment system that promotes student progress by accurately assessing students against clear criteria and we provide meaningful recognition, praise and feedback on how to improve. Students react positively to the feedback because they know what to do and want to improve their work
- We use the data from our assessments to inform our teaching and to ensure actions are taken in the classroom, and appropriate initiatives are taken across the school, to improve the progress of all students

The impact is:

- Progress measures in all subjects and for all students that exceed national averages and put QE students in the very best position for their global future
- Students feel safe and are confident, self-assured citizens who are well prepared for life and work

During the year ended 31 August 2018 the governance of the Academy was structured around the following aims

**Learning**

- 1 Building the learning community
- 2 Ensuring that all are able to achieve their full potential
- 3 Developing the highest quality learning experiences possible for all our students

**People**

- 4 Making sure that every child matters
- 5 Investing in and developing people at every opportunity
- 6 Being open, outward looking and responsive

**Resources**

- 7 Creating the best possible environment for learning
- 8 Managing the resources of the school to maximise our effectiveness and efficiency

**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 2018 – Provisional October 2018**

Progress 8 score	-0.09
Attainment 8 score	45.82
% of pupils entering the English Baccalaureate	54.8%
Average EBacc APS score per pupil	4.19
% achieving grade 5 or above in the English Baccalaureate	24%
% achieving grade 5 or above in English and Maths	42.71%

**A Level Results Summer 2018 – Provisional October 2018**

**Academic cohort results**

Average point score per A level entry expressed as an A level grade	C+
Average point score per academic entry	32.73

**English and maths progress measure**

Average progress made in English	1.00
Average progress made in maths	0.86

**Additional measures**

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

% of students who achieve three GCE A levels at grades AAB or higher, with two in facilitating subjects	12.9%
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	32.44

**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 Trust'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 2018 maintain our strong performance in post 16 results. We are yet to have confirmation of how these accountability measures compare to national figures and progress measures, however we expect the outstanding progress of students in our Sixth Form provision to remain.

The accountability measures at Key Stage 4 show an improvement on 2017, with the overall progress 8 score going up by 0.08 points to -0.09. This was mainly due to significant improvement in science and modern foreign languages results. This meant that our students achieved particularly well in the English Baccalaureate as well as in the wider curriculum, resulting in an Ebacc score above the national average. This reflects our commitment to a broad and balanced curriculum for all students in the school

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.

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 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 matched the previous year's level however the school was impacted by the market changes affecting school Sixth Forms in Devon; which resulted in a reduction of 39 students. This offset increases in key stage three and four numbers and resulted in a 2% reduction in the overall roll. Initial data for the autumn term 2018 indicates that the overall roll will increase by 1% in 2018/19, despite an anticipated reduction in our Boarding roll from 50 in the previous year to 20 materialising.

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

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

increasing pressure on employment costs within the sector, resulted in expenditure only increasing by 0.7%. However, government funding reduced by 2.5% and therefore staffing costs as a percentage of revenue income increased from 85% in 2016/17 to 87.8% in 2017/18. 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 Going Concern Policy.

**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 2018 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 2018 (excluding restricted fixed asset funds and pension reserves), total expenditure of £7,491,869, was covered by recurrent grant funding from the DfE, together with other incoming resources of £7,837,219. The excess of income over expenditure for the year (after transfers to fixed asset funds of £266,670) was £78,680. The Boarding surplus represents £4,454 of this value.

Trustees took action during the year to consolidate the school's boarding offer in light of significant changes to the national boarding market and an anticipated reduction in the school's boarding roll.

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 challenges of the current educational funding environment.

At 31 August 2018 the net book value of fixed assets was £22,062,524 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 non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity and Balance Sheet with details in Note 24 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, Anti-fraud and Bribery and, Gifts and Hospitality.

Trustees have appointed Devon Audit Partnership to undertake a programme of internal checks on financial controls (internal audit). During the year, the Trustees received the reports from Devon Audit Partnership 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

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

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

The level of free reserves improved over the year and at 31 August 2018 was £537,670, excluding Boarding reserves, representing 7.8% of annual expenditure. This level was due to improved efficiencies during the year enabling planned capital works to be funded from revenue 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 £5,029,000 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 89% 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, pressures on our key boarding markets and changes in funding arrangements for special educational needs mean that maximising efficiency continues to be a high priority for Trustees.

**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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

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 succession planning.

Fraud and mismanagement of funds - The Academy has appointed Devon Audit Partnership 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 outstanding 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.

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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**AUDITORS**

In so far as the Trustees are aware:

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

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.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 10 December 2018 and signed on the board's behalf by:



**Mrs G Poulton**  
Chair of Trustees

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

**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 in accordance with the responsibilities assigned to it in the funding agreement between QE Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

The Chair of Trustees changed early in the year when Mrs D. Leighton-Plom resigned from the Board of Trustees in October and was replaced by another experienced Trustee, Mr K. Baker.

Trustees considered at length the option to join the Dartmoor Multi Academy Trust as an inaugural member but after significant deliberation and consultation decided to remain as a standalone academy.

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 8 times during the year, and individual attendance was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Hichens	6	8
Mr D G Brenton	8	8
Mr C J Cooper	7	8
Mr D G Morey	4	5
Cllr N A Way	3	8
Mrs S Williams	7	8
Mr K Baker, Chair from 20 October 2017 and until 17 September 2018	8	8
Mr R Poole	8	8
Mr N Guthrie	2	3
Mrs G Poulton, Chair from 17 September 2018	8	8
Mrs C Reddick	7	8
Mrs S Leyman	5	8
Mr S Barnes	5	8
Mr R Angell	0	0
Ms R Howard	6	8
Mr P Tearle	8	8
Mrs D J Leighton Plom	0	0
Mrs C Thorne	5	5
Mrs J Laffar	5	7
Mr J Gregory	4	8

**Governance Reviews**

The Trust instructed the National Governors Association (NGA) to undertake a full review of governance during the year. Trustees have commenced implementing the recommendations within the review 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

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

**GOVERNANCE STATEMENT (continued)**

---

of the Board of Trustees. Updated draft Articles of Association have been prepared by the Trust's legal advisors and forwarded to the Department of Education (DFE) for approval. All the proposed amendments will be adopted when the approval from the DFE has been received.

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 and resources, including proper planning, monitoring and probity. The Terms of Reference of the Resources Committee are:

To use the advice received from the Principal and the Director of Finance and Resources to guide and assist the Board of Trustees and staff with all matters relating to:

**Finance:**

- a) to consider the Academy's indicative funding, notified annually by the ESFA and to assess its implications in advance of the financial year.
- b) to contribute to the formulation of the Annual Plan, through the consideration of financial priorities and proposals as set out within the aims and objectives of the Academy.
- c) to monitor the progress of the Aims delegated by the Board of Trustees
- d) to establish the annual and longer-term salary budgets and other costs relating to personnel e.g. staff development training; appraisal; newly qualified teacher education; initial teacher training.
- e) to consider and recommend acceptance of the budget before the start of each financial year to the Board of Trustees.
- f) to monitor and review expenditure and income on a regular basis and ensure compliance with the overall financial plan including Pupil Premium.
- g) to receive 'Value for Money Sub Committee' meeting minutes and to consider any tenders that could not be accepted by this subcommittee for any reason
- h) to receive reports on the progress of the boarding function and monitor its financial performance and all aspects of the development of the provision.
- i) to receive reports on the progress of the catering function and monitor its financial performance and all aspects of the development of the provision.
- j) to monitor non-financial data affecting budgets (principally but not exclusively free school meal entitlements and pupil numbers)
- k) to consider the list of aged debtors and authorise write offs as appropriate.
- l) to monitor and review the implementation of bank account arrangements and make recommendations for improvement.
- m) to agree the level of delegation to the Principal for the day-to-day financial management of the school.
- n) to approve virement and expenditure as per the limits in the Finance Policy.
- o) to receive a report on the year end position.
- p) to recommend to the Board of Trustees action as appropriate in response to all findings.

**Premises:**

- a) to monitor the implementation of the premises maintenance in the Annual Plan
- b) to approve the costs and arrangements for maintenance, repairs and redecoration within budget allocation.
- c) to ensure compliance with Health & Safety Regulations and to link with the Health and Safety Committee.
- d) to liaise with the Local Authority (the landlord) and notify them of any changes to the buildings and land.
- e) to work with funding bodies and the ESFA over securing capital support for maintenance and improvements.
- f) to recommend to the Board of Trustees action as appropriate in response to all findings.

**Environmental:**

- a) to ensure that the Board of Trustees' responsibilities are discharged regarding litter under the Environmental Protection Act 1990.
- b) to consider sustainability issues, e.g. energy saving / water usage / building depreciation.
- c) to recommend to the Board of Trustees action as appropriate in response to all findings.



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

**GOVERNANCE STATEMENT (continued)**

---

**Audit:**

- a) To review the internal and external financial statements and reports to ensure they reflect best practice.
- b) To delegate to the Director of Finance and Resources to discuss with the External Auditor the nature and scope of each forthcoming audit.
- c) To consider all relevant reports by the External Auditor, including reports on the accounts, achievement of value for money and the response to any management letters.
- d) 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.
- e) To consider and advise the Board of Trustees on the annual and long-term internal audit programme.
- f) To consider internal audit reports, including value-for-money reports and the arrangements for their implementation.
- g) To review and consider the Risk Register annually
- h) To consider any other matters where requested to do so by the Board of Trustees.
- i) To report to the Board of Trustees on the discharge of the above duties.
- j) To recommend to the Board of Trustees action as appropriate in response to all audit findings.
- k) To recommend to the Board of Trustees the appointment or reappointment of the External Auditors and Internal Auditors.
- l) To review the Anti-Fraud checklist
- m) To consider identified cases of theft or fraud and review school processes to minimise the risk of re-occurrence

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D G Brenton	6	6
Mr C J Cooper	6	6
Mr P Tearle	5	6
Mr R Poole	6	6
Mrs S Williams	5	6

**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:

- The Academy has used Condition Improvement Funds to improve fire safety across all of the Trust's buildings. This will result in reduced maintenance costs.
- External reviews of Pupil Premium, SEND and Safeguarding were undertaken during the year and the recommendations incorporated in the School Improvement Plan.
- The external review of governance found that 'Trustees have a good level of financial oversight and skills that enable them to ensure that money is well spent and the financial management systems are in place.'
- A review of the school's Boarding provision was undertaken during the year. In light of significant changes to the national boarding market and the financial risks associated with an anticipated reduction in the school's boarding roll the offer was consolidated.
- Additional action was taken during the year to obtain further efficiencies across a number of non-staffing budget lines resulting in significant savings. Staffing costs were also constrained within budget.

**GOVERNANCE STATEMENT (continued)**

---

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in QE Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**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 Resources 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, Devon Audit Partnership to carry out this role. Devon Audit Partnership gives 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:

**Internal Control framework**

- Roles and responsibilities
- Delegation & segregation of duties

**Financial & Budgetary monitoring**

- Financial Accounting

**Fraud Prevention**

**Payroll & expenses**

**Fixed Assets**

**Income**

- Grants
- Cash collection & banking

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

**GOVERNANCE STATEMENT (continued)**

---

- Donations & legacies
- Trading income
- Income records
- Security

**Banking & Investment**

**Purchasing**

- Procurement
- Authorisation of expenditure
- Payment control cheque, direct debit, standing orders, BACS, cash
- Records

**Review of the School's Risk Management Framework**

The internal auditor has delivered their schedule of work as planned, and has not identified any material control issues arising as a result of their work.

The internal auditor reports to the Board of Trustees three times a year through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**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 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 10 December 2018 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 2017.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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: 10 December 2018

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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: 10 December 2018**

**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 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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.

**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. 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

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

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

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 incorporating the Strategic Report and the Directors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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.

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.

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

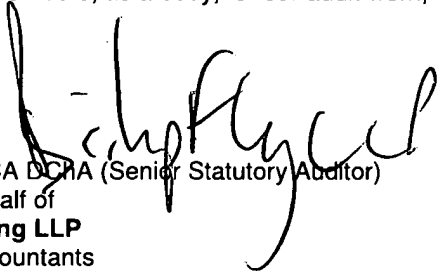
**QE ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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

---

**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:

18 Dec 2018



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

**INDEPENDENT REPORTING ACCOUNTANTS' 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 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than QE Academy Trust and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the 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 ACCOUNTANTS' 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 suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have 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**  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

Date:

18 Dec 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	923	2,936	622,874	626,733	731,583
Charitable activities	3	137,950	7,640,709	-	7,778,659	8,132,058
Other trading activities	4	52,287	-	-	52,287	60,111
Investments	5	2,414	-	-	2,414	914
<b>TOTAL INCOME</b>		<b>193,574</b>	<b>7,643,645</b>	<b>622,874</b>	<b>8,460,093</b>	<b>8,924,666</b>
<b>EXPENDITURE ON:</b>						
Raising funds		32,965	-	-	32,965	43,045
Charitable activities		131,018	7,790,886	588,412	8,510,316	8,541,879
<b>TOTAL EXPENDITURE</b>	6	<b>163,983</b>	<b>7,790,886</b>	<b>588,412</b>	<b>8,543,281</b>	<b>8,584,924</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	29,591	(147,241)	34,462	(83,188)	339,742
		-	(266,670)	266,670	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		29,591	(413,911)	301,132	(83,188)	339,742
Actuarial gains on defined benefit pension schemes	24	-	1,204,000	-	1,204,000	1,093,000
<b>NET MOVEMENT IN FUNDS</b>		<b>29,591</b>	<b>790,089</b>	<b>301,132</b>	<b>1,120,812</b>	<b>1,432,742</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		209,176	(5,436,225)	21,989,448	16,762,399	15,329,657
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>238,767</b>	<b>(4,646,136)</b>	<b>22,290,580</b>	<b>17,883,211</b>	<b>16,762,399</b>

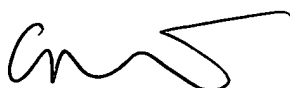
The notes on pages 28 to 51 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>22,062,524</b>		21,803,928
<b>CURRENT ASSETS</b>					
Stocks	14	<b>19,130</b>		21,188	
Debtors	15	<b>310,878</b>		573,629	
Investments	16	<b>501,746</b>		-	
Cash at bank and in hand		<b>1,042,002</b>		1,544,431	
		<b>1,873,756</b>		<b>2,139,248</b>	
<b>CREDITORS:</b> amounts falling due within one year	17	<b>(1,024,069)</b>		<b>(1,410,777)</b>	
<b>NET CURRENT ASSETS</b>			<b>849,687</b>		728,471
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>22,912,211</b>		22,532,399
Defined benefit pension scheme liability	24		<b>(5,029,000)</b>		<b>(5,770,000)</b>
<b>NET ASSETS</b>			<b>17,883,211</b>		16,762,399
<b>FUNDS OF THE ACADEMY TRUST</b>					
Restricted funds:					
General funds	19	<b>382,864</b>		333,775	
Fixed asset funds	19	<b>22,290,580</b>		21,989,448	
Restricted funds excluding pension liability		<b>22,673,444</b>		22,323,223	
Pension reserve	24	<b>(5,029,000)</b>		<b>(5,770,000)</b>	
Total restricted funds			<b>17,644,444</b>		16,553,223
Unrestricted funds	19		<b>238,767</b>		209,176
<b>TOTAL FUNDS</b>			<b>17,883,211</b>		16,762,399

The financial statements on pages 25 to 51 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:



**Mrs G Poulton**  
**Chair of Trustees**

The notes on pages 28 to 51 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>41,311</u>	<u>592,262</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		2,414	914
Purchase of tangible fixed assets		(894,530)	(799,099)
Capital grants from DfE Group		<u>850,122</u>	<u>604,966</u>
<b>Net cash used in investing activities</b>		<u>(41,994)</u>	<u>(193,219)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(683)</b>	<b>399,043</b>
Cash and cash equivalents brought forward		<u>1,544,431</u>	<u>1,145,388</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>1,543,748</u></u>	<u><u>1,544,431</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015 (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

QE Academy Trust constitutes a public benefit entity as defined by 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 Trust 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 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.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE**

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

Expenditure on raising funds 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 those costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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 at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives 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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

**1.7 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.

**1.8 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.

**1.9 LIABILITIES AND PROVISIONS**

Liabilities and provisions 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. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.10 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15 and 16. 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 costs 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 instruments.

**1.11 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.



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**1. ACCOUNTING POLICIES (continued)**

**1.12 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to net income / expenditure 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.13 FUND ACCOUNTING**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT**

Estimates and judgments 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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 judgment:

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.'

**1.15 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**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 is based on the cost of purchases on a first in first out basis.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**1. ACCOUNTING POLICIES (continued)**

**1.17 AGENCY ARRANGEMENTS**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. 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 26.

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 26.

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 26.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	923	2,936	-	3,859	4,604
Capital Grants	-	-	622,874	622,874	726,979
	<u>923</u>	<u>2,936</u>	<u>622,874</u>	<u>626,733</u>	<u>731,583</u>
Total 2017	<u>2,618</u>	<u>1,986</u>	<u>726,979</u>	<u>731,583</u>	

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	137,950	7,010,621	7,148,571	7,551,362
Boarding	-	630,088	630,088	580,696
	<u>137,950</u>	<u>7,640,709</u>	<u>7,778,659</u>	<u>8,132,058</u>
Total 2017	<u>342,738</u>	<u>7,789,320</u>	<u>8,132,058</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	5,630,986	5,630,986	5,778,170
Other DfE Group grants	-	1,149,225	1,149,225	1,127,447
	-	6,780,211	6,780,211	6,905,617
<b>Other Government grants</b>				
High Needs	-	68,373	68,373	112,292
Other government grants non capital	-	105,800	105,800	115,034
	-	174,173	174,173	227,326
<b>Other income from the Academy Trust's educational operations</b>				
Internal catering income	-	-	-	188,711
Income for hosting trainee teachers	9,384	-	9,384	14,474
Other	128,566	56,237	184,803	215,234
	137,950	56,237	194,187	418,419
	137,950	7,010,621	7,148,571	7,551,362
Total 2017	342,738	7,208,624	7,551,362	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	32,516	-	32,516	34,585
Catering	-	-	-	8,163
Other	19,771	-	19,771	17,363
	52,287	-	52,287	60,111
Total 2017	60,111	-	60,111	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	2,414	-	2,414	914
Total 2017	914	-	914	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds	-	-	32,965	32,965	43,045
Educational operations:					
Direct costs	4,987,490	314,820	567,965	5,870,275	5,696,505
Support costs	1,166,279	322,867	562,837	2,051,983	2,328,110
Boarding:					
Direct costs	247,219	-	260,727	507,946	410,797
Support costs	10,354	57,400	12,358	80,112	106,467
	6,411,342	695,087	1,436,852	8,543,281	8,584,924
Total 2017	6,338,020	680,237	1,566,667	8,584,924	

**7. DIRECT COSTS**

	Education £	Boarding £	Total 2018 £	Total 2017 £
Pension finance costs	150,000	-	150,000	144,000
Educational and boarding supplies	181,349	211,557	392,906	284,156
Examination fees	106,004	-	106,004	109,954
Staff development	24,591	-	24,591	32,364
Other costs	17,187	-	17,187	14,585
Supply teachers	57,165	-	57,165	85,451
Wages and salaries	3,649,757	251,322	3,901,079	3,908,311
National insurance	364,024	16,154	380,178	386,367
Pension cost	867,374	28,913	896,287	667,347
Depreciation	452,824	-	452,824	474,767
	5,870,275	507,946	6,378,221	6,107,302
Total 2017	5,696,505	410,797	6,107,302	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**8. SUPPORT COSTS**

	Education £	Boarding £	Total 2018 £	Total 2017 £
Boarding indirect costs	-	42,949	42,949	62,222
Other costs	4,231	-	4,231	12,481
Recruitment and support	11,026	-	11,026	16,697
Maintenance of premises and equipment	120,984	-	120,984	80,294
Cleaning	35,300	-	35,300	41,664
Rent and rates	76,640	-	76,640	84,251
Energy costs	121,592	-	121,592	107,362
Insurance	46,717	-	46,717	49,812
Security and transport	58,249	-	58,249	69,107
Catering	8,929	-	8,929	173,920
Technology costs	23,735	-	23,735	24,988
Office overheads	96,377	-	96,377	122,547
Legal and professional	130,028	-	130,028	103,212
Bank interest and charges	7,864	-	7,864	5,230
Governance	35,253	-	35,253	38,658
Wages and salaries	912,545	9,231	921,776	1,024,968
National insurance	66,231	-	66,231	66,994
Pension cost	187,503	1,123	188,626	198,582
Depreciation	108,779	26,809	135,588	151,588
	<u>2,051,983</u>	<u>80,112</u>	<u>2,132,095</u>	<u>2,434,577</u>
Total 2017	<u>2,328,110</u>	<u>106,467</u>	<u>2,434,577</u>	

Support costs are allocated to education and boarding activities on a usage basis.

**9. NET INCOME/EXPENDITURE**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Academy Trust	588,412	626,355
Auditors' remuneration - audit	8,050	7,850
Auditors' remuneration - other services	1,500	1,980
Operating lease rentals	<u>18,917</u>	<u>20,483</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,773,685	4,933,279
Social security costs	446,409	453,361
Pension costs	1,084,913	865,929
	<u>6,305,007</u>	<u>6,252,569</u>
Agency staff costs	57,165	85,451
Staff restructuring costs	49,170	-
	<u><u>6,411,342</u></u>	<u><u>6,338,020</u></u>
Staff restructuring costs comprise:		
Redundancy payments	<u>49,170</u>	<u>-</u>

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

No non-statutory/non-contractual severance payments were made by the Academy Trust during the year.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	84	84
Administration and Support	110	123
Management	7	8
	<u>201</u>	<u>215</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	70	72
Administration and Support	68	71
Management	7	8
	<u>145</u>	<u>151</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**10. STAFF COSTS (continued)**

**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:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	1	0
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 Support and Leadership Team as listed on page 2. The total amount of employee benefits (including employer National Insurance and employer pension contributions) received by key management personnel for their services to the Academy Trust was £542,656 (2017: £612,910).

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.

**11. TRUSTEES' REMUNERATION AND EXPENSES**

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, expenses totalling £322 (2017: £1,924) were reimbursed to 2 Trustees (2017: 9).

Principal and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the academy 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 (2017: £85,000 - £90,000), Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000); C Reddick: Remuneration £20,000 - £25,000 (2017: £5,000 - £10,000), Employer's pension contributions £0 - £5,000 (2017: £0 - £5,000); R Angell: Remuneration £0 - £5,000 (2017: £5,000 - £10,000), Employer's pension contributions £0 - £5,000 (2017: £0 - £5,000); S Hichens: Remuneration £35,000 - £40,000 (2017: £35,000 - £40,000), Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000); P Tearle: Remuneration £30,000 - £35,000 (2017: £30,000 - £35,000), Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000); J Laffar: Remuneration £15,000 - £20,000, Employer's pension contributions £0 - £5,000.

Other related party transactions involving the Trustees are set out in note 27.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

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



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**13. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Plant and machinery £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
<b>COST</b>						
At 1 September 2017	23,681,325	1,547,598	1,083,107	24,089	947,928	27,284,047
Additions	728,485	24,545	9,029	5,995	78,954	847,008
Disposals	-	-	-	-	(147,400)	(147,400)
At 31 August 2018	<u>24,409,810</u>	<u>1,572,143</u>	<u>1,092,136</u>	<u>30,084</u>	<u>879,482</u>	<u>27,983,655</u>
<b>DEPRECIATION</b>						
At 1 September 2017	2,238,661	1,353,064	1,015,096	20,397	852,901	5,480,119
Charge for the year	409,086	66,863	34,937	2,422	75,104	588,412
On disposals	-	-	-	-	(147,400)	(147,400)
At 31 August 2018	<u>2,647,747</u>	<u>1,419,927</u>	<u>1,050,033</u>	<u>22,819</u>	<u>780,605</u>	<u>5,921,131</u>
<b>NET BOOK VALUE</b>						
At 31 August 2018	<u>21,762,063</u>	<u>152,216</u>	<u>42,103</u>	<u>7,265</u>	<u>98,877</u>	<u>22,062,524</u>
At 31 August 2017	<u>21,442,664</u>	<u>194,534</u>	<u>68,011</u>	<u>3,692</u>	<u>95,027</u>	<u>21,803,928</u>

**14. STOCKS**

	2018 £	2017 £
Raw materials	<u>19,130</u>	<u>21,188</u>

**15. DEBTORS**

	2018 £	2017 £
Trade debtors	21,257	56,800
VAT recoverable	108,122	127,245
Other debtors	12,228	271,273
Prepayments and accrued income	169,271	118,311
	<u>310,878</u>	<u>573,629</u>

**16. CURRENT ASSET INVESTMENTS**

	2018 £	2017 £
Unlisted investments (liquid)	<u>501,746</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade creditors	451,700	627,092
Other taxation and social security	108,667	108,502
Other creditors	138,056	226,098
Accruals and deferred income	325,646	449,085
	<u>1,024,069</u>	<u>1,410,777</u>

	2018 £	2017 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2017	284,677	296,779
Resources deferred during the year	151,931	284,677
Amounts released from previous years	(284,677)	(296,779)
Deferred income at 31 August 2018	<u>151,931</u>	<u>284,677</u>

At the balance sheet date the Academy was holding funds received in advance for boarding fees invoiced in advance, rates relief and trips for 2018/19.

**18. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
Financial assets measured at amortised cost	<u>101,194</u>	<u>347,101</u>
Financial liabilities measured at amortised cost	<u>(763,471)</u>	<u>(1,017,598)</u>

Financial assets measured at amortised cost comprise trade debtors, accrued income and grants receivable.

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 2018**

**19. STATEMENT OF FUNDS**

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	209,176	193,574	(163,983)	-	-	238,767
<b>RESTRICTED FUNDS</b>						
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)
	(5,436,225)	7,643,645	(7,790,886)	(266,670)	1,204,000	(4,646,136)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	18,489,808	-	(334,903)	-	-	18,154,905
Fixed assets purchases from GAG and other restricted funds	216,603	593,972	(137,133)	266,670	-	940,112
DfE/ESFA Capital grants	2,814,577	-	(88,490)	-	-	2,726,087
Other capital grants	286,412	-	(7,107)	-	-	279,305
Devolved capital funds	182,048	28,902	(20,779)	-	-	190,171
	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 of funds	16,762,399	8,460,093	(8,543,281)	-	1,204,000	17,883,211

**Fund Transfers**

£266,670 (2017: £161,667) has been transferred from the GAG restricted fund to the restricted fixed asset fund which represents the cost of fixed assets purchased from GAG.

£37,576 (2017: £46,697) has been transferred from the boarding restricted reserve to the restricted fixed asset reserve fund which represents boarding assets purchased from boarding reserves.

£nil (2017: £27,822) has been transferred from restricted fixed asset reserve fund to restricted funds which represents capital funding which has been spent on repairs and maintenance.

£18,061 has been transferred from the GAG restricted fund to the pupil premium

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

**19. STATEMENT OF FUNDS (continued)**

**Restricted Funds**

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

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

Pupil Premium - 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.

CIF revenue - Revenue element of funding received from the ESFA for capital and repairs and maintenance projects.

Post 16 Funding - Core income from the ESFA to provide education for students between 16 and 18 years of age.

Support Centre Funding - Restricted funding towards specialist dyslexia unit.

Other Restricted Funding - 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.

**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 - This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/ESFA Capital Grants – These Government funds were received for direct expenditure on specific fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts.

Other Capital Funds - Other funds received for specific fixed asset projects.

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>GENERAL FUNDS</b>						
Unrestricted funds	134,686	406,381	(331,891)	-	-	209,176
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	58,917	5,778,170	(5,421,152)	(161,667)	-	254,268
High needs funding	-	112,292	(112,292)	-	-	-
Pupil premium	-	218,693	(218,693)	-	-	-
CIF revenue funding	-	-	(27,822)	27,822	-	-
Post 16 funding	-	908,754	(908,754)	-	-	-
Support centre funding	-	98,400	(98,400)	-	-	-
Other restricted funds	-	94,301	(94,301)	-	-	-
Provision of boarding	62,772	580,696	(517,264)	(46,697)	-	79,507
Pension reserve	(6,635,000)	-	(228,000)	-	1,093,000	(5,770,000)
	<u>(6,513,311)</u>	<u>7,791,306</u>	<u>(7,626,678)</u>	<u>(180,542)</u>	<u>1,093,000</u>	<u>(5,436,225)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	18,825,018	-	(335,210)	-	-	18,489,808
Fixed assets purchases from GAG and other restricted funds	137,902	-	(129,663)	208,364	-	216,603
DfE/ESFA Capital grants	2,278,673	697,925	(134,199)	(27,822)	-	2,814,577
Other capital grants	293,519	-	(7,107)	-	-	286,412
Devolved capital funds	173,170	29,054	(20,176)	-	-	182,048
	<u>21,708,282</u>	<u>726,979</u>	<u>(626,355)</u>	<u>180,542</u>	<u>-</u>	<u>21,989,448</u>
Total restricted funds	<u>15,194,971</u>	<u>8,518,285</u>	<u>(8,253,033)</u>	<u>-</u>	<u>1,093,000</u>	<u>16,553,223</u>
Total of funds	<u>15,329,657</u>	<u>8,924,666</u>	<u>(8,584,924)</u>	<u>-</u>	<u>1,093,000</u>	<u>16,762,399</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrest'd 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)
Pension scheme liability	-	(5,029,000)	-	(5,029,000)
	<u>238,767</u>	<u>(4,646,136)</u>	<u>22,290,580</u>	<u>17,883,211</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	21,803,928	21,803,928
Current assets	209,176	1,744,552	185,520	2,139,248
Creditors due within one year	-	(1,410,777)	-	(1,410,777)
Provisions for liabilities and charges	-	(5,770,000)	-	(5,770,000)
	<u>209,176</u>	<u>(5,436,225)</u>	<u>21,989,448</u>	<u>16,762,399</u>

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(83,188)	339,742
<b>Adjustment for:</b>		
Depreciation charges	441,012	626,355
Interest received	(2,414)	(914)
Decrease in stocks	2,058	7,085
Decrease in debtors	262,751	7,333
(Decrease)/increase in creditors	(191,786)	111,640
Capital grants from DfE and other capital income	(850,122)	(726,979)
Defined benefit pension scheme cost less contributions payable	313,000	84,000
Defined benefit pension scheme finance cost	150,000	144,000
<b>Net cash provided by operating activities</b>	<u>41,311</u>	<u>592,262</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash at bank and in hand	1,543,748	1,544,431
	<u>1,543,748</u>	<u>1,544,431</u>

**23. CAPITAL COMMITMENTS**

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	28,617	15,163
	<u>28,617</u>	<u>15,163</u>

**24. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's 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 Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 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**

**Introduction**

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

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

**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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**24. PENSION COMMITMENTS (continued)**

- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from September 2019.

The employer's pension costs paid to TPS in the period amounted to £504,299 (2017: £514,725).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £348,000 (2017: £350,000), of which employer's contributions totalled £268,000 (2017: £269,000) and employees' contributions totalled £80,000 (2017: £81,000). The agreed contribution rates for future years are 15.4% plus £62,000 per annum for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.5	23.4
Females	25.6	25.5
Retiring in 20 years		
Males	25.8	25.7
Females	28.0	27.9



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**24. PENSION COMMITMENTS (continued)**

<b>Sensitivity analysis</b>	<b>At 31 August 2018 £</b>	<b>At 31 August 2017 £</b>
Discount rate +0.1%	219,000	224,000
Discount rate -0.1%	(224,000)	(229,000)
Mortality assumption - 1 year increase	(347,000)	(355,000)
Mortality assumption - 1 year decrease	336,000	343,000
CPI rate +0.1%	(202,000)	(197,000)
CPI rate -0.1%	198,000	192,000

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

	<b>Fair value at 31 August 2018 £</b>	<b>Fair value at 31 August 2017 £</b>
Equities and gilts	3,210,000	2,778,000
Debt instruments	97,000	111,000
Property	450,000	390,000
Cash	77,000	105,000
Target return portfolio	710,000	662,000
Infrastructure and alternative assets	434,000	414,000
<b>Total market value of assets</b>	<b>4,978,000</b>	<b>4,460,000</b>

The actual return on scheme assets was £286,000 (2017: £497,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018 £</b>	<b>2017 £</b>
Current service cost	(581,000)	(563,000)
Past service cost	-	(9,381)
Interest income	116,000	88,000
Interest cost	(266,000)	(232,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	199,000
<b>Total</b>	<b>(731,000)</b>	<b>(517,381)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**24. PENSION COMMITMENTS (continued)**

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	10,230,000	10,818,000
Current service cost	581,000	563,000
Interest cost	266,000	232,000
Employee contributions	80,000	81,000
Change in financial assumptions	(1,037,000)	(757,000)
Benefits paid	(113,000)	(299,000)
Effect of non-routine settlements	-	(408,000)
	<u>10,007,000</u>	<u>10,230,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	4,460,000	4,183,000
Interest income	119,000	91,000
Return on assets less interest	167,000	336,000
Employer contributions	268,000	280,000
Employee contributions	80,000	81,000
Benefits paid	(113,000)	(299,000)
Effect of non-routine settlements	-	(209,000)
Administration expenses	(3,000)	(3,000)
	<u>4,978,000</u>	<u>4,460,000</u>

**25. OPERATING LEASE COMMITMENTS**

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Non Land and Buildings 2018 £	Non Land and Buildings 2017 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	9,448	18,897
Between 1 and 5 years	-	9,448
	<u>9,448</u>	<u>28,345</u>
<b>Total</b>		

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

---

**26. AGENCY ARRANGEMENTS**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2018 the Academy Trust received £22,539 (2017 - £20,684) and disbursed £27,596 (2017 - £20,684) from the fund. At the year end there was a balance included in creditors of £7,658 (2017 - £12,715) in respect of bursaries yet to be disbursed.

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 2018 was £304,566 (2017 - £86,008).

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

**27. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year J Baker, wife of K Baker who is a Trustee, was employed by the academy and was paid a salary of £15,000 - £20,000 (2017: £10,000 - £15,000). 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 remunerations.

During the year F Evans, wife of S Hitchens who is a Trustee, was employed by the academy and was paid a salary of £15,000 - £20,000 (2017: £10,000 - £15,000) in respect of the period that S Hitchens was a Trustee. This salary is in line with other staff employed at her grade and S Hitchens was not involved in the recruitment process or decisions regarding her remunerations.

During the year F Williams, partner of P Tearle who is a Trustee, was employed by the academy and was paid a salary of £20,000 - £25,000 (2017: £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 remunerations.

During the year Laser Adventure Ltd, a company of which P Tearle who is a Trustee is a director and shareholder, made a donation to the academy. No balance was outstanding at the year end.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**28. ACADEMY BOARDING TRADING ACCOUNT**

	2018 £	2017 £
<b>INCOME</b>		
Fee Income	613,300	564,422
Other Income	16,788	16,274
	<u>630,088</u>	<u>580,696</u>
<b>DIRECT COSTS</b>		
Goods and services	211,557	149,695
Wages and salaries	251,322	219,702
National insurance	16,154	14,735
Pension costs	28,913	26,665
	<u>507,946</u>	<u>410,797</u>
<b>SUPPORT COSTS</b>		
Rent and rates	10,908	2,730
Energy costs	19,683	28,217
Other indirect costs	12,358	31,275
Wages and salaries	9,231	13,637
Pension costs	1,123	3,432
Buildings maintenance	26,809	27,176
	<u>80,112</u>	<u>106,467</u>
<b>SURPLUS / (DEFICIT) ON BOARDING</b>	<u>42,030</u>	<u>63,432</u>
<b>SURPLUS / (DEFICIT) BROUGHT FORWARD</b>	<u>79,507</u>	<u>62,772</u>
Transfer to Restricted fixed asset fund - boarding assets purchased	(37,576)	(46,697)
<b>SURPLUS / (DEFICIT) CARRY FORWARD</b>	<u><u>83,961</u></u>	<u><u>79,507</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

---

**29. 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.

**30. GENERAL INFORMATION**

The QE Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is shown on page 1.