

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

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Annual Report and Financial Statements

Year Ended 31 August 2013

Company Registration Number: 07438425 (England & Wales)

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2013

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The governors (trustees) who served the company during the period were as follows:

F Pearson\*  
J Armitage (resigned 13 November 2012)  
R Bingham  
J Burch  
M Burrow (resigned 15 January 2013)  
C Clarke\*  
M Cunningham  
S Dent  
T Felix  
P Gregson  
S Holmes\*  
P Howden  
S Lawrenson  
D McGregor  
S Nelson (appointed 5 March 2013)  
T Power\*  
R Shepherd\*  
E Shuttleworth  
D Tomlinson  
P Weston  
\* indicates member of the Finance Committee

**Company Secretary**

A Johnson

**Principal & Registered Office**

Queen Elizabeth School  
Kirkby Lonsdale, Cumbria, LA6 2HJ

**Company Registration Number**

07438425 (England and Wales)

**Auditors**

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

**Bankers**

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## GOVERNORS' ANNUAL REPORT

YEAR ENDED 31 AUGUST 2013

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The governors present their report together with the financial statements of the charitable company for the period ended 31 August 2013.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

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

#### **Members' liability**

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

#### **Governors' Indemnities**

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

#### **Governors**

The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The governors who were in office at 31 August 2013 and served throughout the year, except where shown are listed on reference and administrative details page.

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

#### **Organisational Structure**

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

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

#### **Risk Management**

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

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## OBJECTIVES AND ACTIVITIES

### Objects, Aims and Objectives

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

### Strategies and Activities

The Academy commenced its charitable activities on 1 December 2010.

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

To this end the aims of the school are:

Equal opportunities for every child to develop their full potential enabling them to leave our school well prepared for the next stage of their educational, social and spiritual development,

A curriculum which is broad and well balanced, responsive to the needs of the individual child and relevant to the wider world,

A staff who are committed, motivated, caring and able to meet the school curriculum requirements, Resources that match the needs of the children and the school as fully as possible, Communications with parents which are open, effective and timely.

### Equal Opportunities Policy

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

### Disabled Persons

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

## ACHIEVEMENTS AND PERFORMANCE

The school has completed its third year of operation as an Academy, and continues to achieve the forecast numbers of students. Total students in the period ended 31st August 2013 numbered 1450 and the Academy has a full complement in all year groups.

Examination results for 2013 were very pleasing.

At A level, the average point score per student was 332.2 and 33 subjects achieved a 100% A to E pass rate.

At GCSE, candidates continue to secure good results, with 83.6% obtaining 5 or more grades A\* - C.

### Going Concern

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

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## FINANCIAL REVIEW

### Financial Report for the Period

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2013, total restricted general expenditure of £8,359,890 was in excess of the recurrent grant funding from the DfE together with other restricted incoming resources totalling £8,224,531. The excess of restricted general expenditure over income for the year (excluding the pension fund movements) was £110,680.

At 31 August 2013 the net book value of fixed assets was £13,804,869 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

### Reserves Policy

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

### Financial Position

The academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £785,690. Included in these reserves there are designated School Funds of £102,498, leaving £683,192 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £13,804,869 and a restricted fund deficit of £704,489. This deficit is a result of the Local Government Pension Scheme liability acquired on conversion to an Academy of £1,264,000 and together with movements since conversion amounting to £249,000, the total pension provision of £1,513,000 has been offset against the restricted General Annual Grant in accordance with EFA guidance.

Details of restricted funds are shown in notes to the accounts.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

GOVERNORS' ANNUAL REPORT *(continued)*

YEAR ENDED 31 AUGUST 2013

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## PLANS FOR FUTURE PERIODS

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

## AUDITOR

In so far as the governors are aware:

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

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

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

.....  
Mr Fenner Pearson (Chair)

Date .....

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2013

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### Scope of Responsibility

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

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

### Governance

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

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
F Pearson (Chair)	3	5
R Bingham	3	5
J Burch	4	5
C Clarke (Headteacher and Accounting Officer)	5	5
M Cunningham	4	5
S Dent	5	5
T Felix	3	5
P Gregson	2	5
S Holmes	5	5
P Howden	5	5
S Lawrenson	5	5
D McGregor	5	5
S Nelson	1	1
T Power	5	5
R Shepherd	5	5
E Shuttleworth	2	5
D Tomlinson	3	5
P Weston	4	5

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

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
T Power	8	8
C Clarke (Headteacher and Accounting Officer)	7	8
F Pearson	4	8
S Holmes	8	8
R Shepherd	7	8

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## GOVERNANCE STATEMENT *(continued)*

YEAR ENDED 31 AUGUST 2013

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### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Queen Elizabeth School for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

### **The Risk and Control Framework**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint an audit committee for the last financial year. The audit committee's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. The audit committee tested the systems and discussed the operation of the systems of control and the discharge of the Governing Body's financial responsibilities.

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

**GOVERNANCE STATEMENT *(continued)***

**YEAR ENDED 31 AUGUST 2013**

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**Review of Effectiveness**

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

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

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

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

.....  
**Mr Fenner Pearson**  
**Chair**

.....  
**Mr Chris Clarke**  
**Accounting Officer**

Date .....

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2013

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

.....  
**Mr Chris Clarke**  
**Accounting Officer**

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2013

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 governors are required to:

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

The governors 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 governors 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 the EFA/DfE have been applied for the purposes intended.

The governors 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 Governing Body and signed on its behalf by:

.....  
**Mr Fenner Pearson**  
**Chair**

Date .....

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2013

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We have audited the financial statements of Queen Elizabeth School, Kirkby Lonsdale for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR

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

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

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the EFA.

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

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

**YEAR ENDED 31 AUGUST 2013**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

.....  
**Mr Ian Thompson (Senior Statutory Auditor)**

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

Date .....

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

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

**YEAR ENDED 31 AUGUST 2013**

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In accordance with the terms of our engagement letter dated 14 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Queen Elizabeth School, Kirkby Lonsdale during the period 01 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Queen Elizabeth School, Kirkby Lonsdale and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Queen Elizabeth School, Kirkby Lonsdale and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Queen Elizabeth School, Kirkby Lonsdale and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Queen Elizabeth School, Kirkby Lonsdale's funding agreement with the Secretary of State for Education dated 01 December 2010 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **APPROACH**

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**YEAR ENDED 31 AUGUST 2013**

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The work undertaken to draw our conclusion includes:

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

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....  
**Mr Ian Thompson (Senior Statutory Auditor)**

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

Date .....

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT AND THE STATEMENT OF RECOGNISED GAINS AND LOSSES)

YEAR ENDED 31 AUGUST 2013

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
<b>Incoming resources</b>						
Incoming resources from generating funds:						
Voluntary income	3	17,259	21,678	–	38,937	37,132
Activities for generating funds	4	448,279	–	–	448,279	439,832
Investment income	5	8,913	–	–	8,913	5,287
Incoming resources from charitable activities -						
Funding for the Academy's educational operations	6	66,004	8,202,853	593,691	8,862,548	8,495,554
<b>Total incoming resources</b>		<b>540,455</b>	<b>8,224,531</b>	<b>593,691</b>	<b>9,358,677</b>	<b>8,977,805</b>
<b>Resources expended</b>						
Costs of generating funds						
Charitable activities - Academy's educational operations	7	(428,835)	(49,859)	–	(478,694)	(480,853)
Governance costs	8	(71,965)	(8,237,117)	(716,716)	(9,025,798)	(7,927,524)
Other resources expended	9	–	(72,914)	–	(72,914)	(76,877)
	10	–	–	(4,461)	(4,461)	(5,913)
<b>Total resources expended</b>		<b>(500,800)</b>	<b>(8,359,890)</b>	<b>(721,177)</b>	<b>(9,581,867)</b>	<b>(8,491,167)</b>
<b>Net (outgoing) / incoming resources before transfers</b>						
Transfer between funds	11	39,655	(135,359)	(127,486)	(223,190)	486,638
	12	(24,679)	24,679	–	–	–
<b>Net (outgoing) / incoming resources for the year</b>		<b>14,976</b>	<b>(110,680)</b>	<b>(127,486)</b>	<b>(223,190)</b>	<b>486,638</b>
Gains/(losses) on investments		804	–	–	804	1,124
<b>Net (expenditure)/income for the year</b>		<b>15,780</b>	<b>(110,680)</b>	<b>(127,486)</b>	<b>(222,386)</b>	<b>487,762</b>
Actuarial gains/(losses) in respect of defined benefit pension schemes						
		–	52,000	–	52,000	(189,000)
<b>Net movement in funds</b>		<b>15,780</b>	<b>(58,680)</b>	<b>(127,486)</b>	<b>(170,386)</b>	<b>298,762</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 01 September 2012						
		769,910	(645,809)	13,932,355	14,056,456	13,757,694
<b>Total funds carried forward at 31 August 2013</b>		<b>785,690</b>	<b>(704,489)</b>	<b>13,804,869</b>	<b>13,886,070</b>	<b>14,056,456</b>

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

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

The notes on pages 18 to 40 form part of these financial statements.

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

**BALANCE SHEET**

**31 AUGUST 2013**

	Note	2013 £	2012 £
<b>Fixed Assets</b>			
Tangible assets	14	13,804,869	13,786,384
Investments	15	33,160	32,269
		<b>13,838,029</b>	13,818,653
<b>Current Assets</b>			
Stocks	16	34,108	12,952
Debtors	17	259,146	178,620
Cash at bank and in hand		1,976,266	2,383,270
		<b>2,269,520</b>	2,574,842
<b>Creditors: Amounts falling due within one year</b>	18	<b>(708,479)</b>	(834,039)
<b>Net Current Assets</b>		<b>1,561,041</b>	1,740,803
<b>Total Assets less Current Liabilities</b>		<b>15,399,070</b>	15,559,456
<b>Provisions for Liabilities</b>			
Pensions scheme liability	19	(1,513,000)	(1,503,000)
<b>Net Assets</b>		<b>13,886,070</b>	14,056,456
<b>Funds of the Academy Trust:</b>			
<b>Restricted Fixed Asset Funds</b>	21	13,804,869	13,932,355
<b>Restricted Income Funds:</b>			
General funds	22	808,511	857,191
Pension reserve	22	(1,513,000)	(1,503,000)
<b>Total Restricted Income Funds</b>		<b>(704,489)</b>	(645,809)
<b>Unrestricted Income Funds</b>	23	<b>785,690</b>	769,910
<b>Total funds</b>		<b>13,886,070</b>	14,056,456

These financial statements were approved by order of the members of the Governing Body and signed on its behalf by:

.....  
**Mr Fenner Pearson**  
**Chair**

Date .....

Company Registration Number: 07438425

The notes on pages 18 to 40 form part of these financial statements.

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

**CASH FLOW STATEMENT**

**YEAR ENDED 31 AUGUST 2013**

	2013		2012
	£	£	£
<b>Reconciliation of Net Incoming Resources before Transfers to Net Cash Inflow from Operating Activities</b>			
Net (outgoing)/incoming resources before transfers	(223,190)		486,638
Income from investments	(1,130)		(1,083)
Interest receivable	(7,783)		(4,204)
Loss on disposal of fixed assets	4,461		5,912
Depreciation	434,932		407,218
Capital grants from DfE	(593,691)		(107,536)
Increase in stocks	(21,156)		(3,712)
(Increase)/Decrease in debtors	(80,526)		140,906
(Decrease)/Increase in creditors	(125,560)		86,687
FRS 17 pension cost less contributions payable	-		(39,000)
FRS 17 net pension finance cost	62,000		67,000
<b>Net cash inflow / (outflow) from operating activities</b>	<b>(551,643)</b>		<b>1,038,826</b>
<b>Returns on Investments and Servicing of Finance</b>			
Income from fixed asset investments	1,130		1,083
Interest retained in investment fund	(87)		(93)
Interest received	7,783		4,204
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>8,826</b>	<b>5,194</b>
<b>Capital Expenditure and Financial Investment</b>			
Payments to acquire tangible fixed assets	(457,878)		(317,044)
Capital grants from DfE	593,691		107,536
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<b>135,813</b>	<b>(209,508)</b>
<b>Decrease (increase) in cash in the year</b>		<b>(407,004)</b>	<b>834,512</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>			
	2013		2012
	£		£
(Decrease)/Increase in cash in the period	(407,004)		834,512
Change in net funds	(407,004)		834,512
Net funds at 1 September 2012	2,383,270		1,548,758
Net funds at 31 August 2013	1,976,266		2,383,270
<b>Analysis of Changes in Net Funds</b>			
	£	£	£
	1 Sep 12	Cash flows	31 Aug 13
	£	£	£
Cash in hand and at bank	2,383,270	(407,004)	1,976,266

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

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

#### **Going concern**

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

#### **Incoming resources**

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

Grants 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.

General annual grant (gag) is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

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

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

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

#### **Deferred income**

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Funds held by the academy as principal**

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

#### **Investment assets and income**

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

The dividends from the income unit funds are credited to the designated school fund and the interest received from the deposit fund is retained in the deposit fund.

#### **Fund accounting**

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

Designated school funds relate to school funds that are not otherwise restricted. The designated COIF investments fund reflects the market value of those investments, including income retained in the accounts and gains/losses. The designated catering fund is in respect of the provision of catering to the local primary school.

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

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

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

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

#### **Resources expended**

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

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

Catering costs are allocated to the restricted catering fund (catering provision to Academy's pupils, staff and visitors) and to the designated catering fund (catering provision to local primary school) pro-rata to the amount of income received in respect of those catering activities.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

---

### 1. ACCOUNTING POLICIES *(continued)*

#### **Fixed assets**

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

Since the Academy was established, assets costing £1,000 or more are capitalised as tangible fixed assets.

Assets are carried at valuation/cost, net of depreciation.

#### **Depreciation**

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

Freehold buildings - straight line over economic life (ranging from 6 to 56 years)  
Plant and machinery - straight line over economic life (ranging from 6 to 27 years)  
Information communications and technology equipment - 25% straight line  
Furniture and equipment - 10% straight line  
Bicycles - 25% straight line

A full years depreciation charge is made in the year of purchase and no charge in the year of disposal.

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

No depreciation is provided on land.

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees (year ended 31 August 2012: allocated firstly to catering costs based on a proportion of the floor area of the main block, then secondly to teaching costs and administration and support costs pro-rata to the number of employees).

#### **Stocks**

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

#### **Operating lease agreements**

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

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Pension costs**

Retirement benefits to employees of the Charitable Company are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Charitable Company.

#### **Teachers' pension scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charitable Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in notes, the TPS is a multi-employer scheme and the Charitable Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

#### **Local Government Pension Scheme**

The LGPS is a funded scheme and the assets are held separately from those of the Charitable Company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of the staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits are vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net amount of other finance costs or credits. Actuarial gains and losses are recognised immediately in other gains and losses.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013, as shown below:

	2013	2012
	£	£
<b>a. Results and Carry Forward for the Year</b>		
GAG brought forward from previous year	661,532	73,582
GAG allocation for current year	<u>7,098,998</u>	<u>7,286,633</u>
<b>Total GAG available to spend</b>	<b>7,760,530</b>	<b>7,360,215</b>
Recurrent expenditure from GAG	(6,903,820)	(6,595,777)
Less expenditure funded from School Fund	688	13,387
Less expenditure funded from designated reserves	14,256	–
Less expenditure funded from general reserves	5,662	–
Less expenditure funded from Restricted Funds	2,108	658
Fixed assets purchased from GAG	–	(116,951)
Capital project premises expenses funded by GAG	<u>(178,359)</u>	<u>–</u>
<b>GAG carried forward to next year</b>	<b>701,065</b>	<b>661,532</b>
Maximum permitted GAG carried forward at end of current year (12% of allocation for current year)	<u>(851,880)</u>	<u>(874,396)</u>
<b>GAG to surrender to DfE</b> (12% rule breached if result is positive)	<u>(150,815)</u>	<u>(212,864)</u>
<b>b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes</b> (Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12%, can only be used for capital purposes)		
Recurrent expenditure from GAG in current year	6,903,820	6,595,777
GAG allocation for current year	(7,098,998)	(7,286,633)
GAG allocation for previous year x 2%	<u>(145,733)</u>	<u>(103,507)</u>
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year</b>	<u>(340,911)</u>	<u>(794,363)</u>
(2% rule breached if result is positive)		

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 3. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
<b>Donations</b>				
School fund donations	17,259	19,825	37,084	35,172
Miscellaneous donations	–	1,853	1,853	1,960
	<u>17,259</u>	<u>21,678</u>	<u>38,937</u>	<u>37,132</u>

### 4. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Catering	400,915	400,915	388,745
Consultancy and other services	41,662	41,662	40,565
Sports lettings	3,376	3,376	4,822
Other lettings	2,326	2,326	5,700
	<u>448,279</u>	<u>448,279</u>	<u>439,832</u>

Catering and consultancy income have been reclassified as income from activities for generating funds in line with the Accounts Direction 2013. The comparative figures have been reclassified from funding from the academy's educational operations to disclose the comparative figure against activities for generating funds.

### 5. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Bank interest receivable	7,783	7,783	4,204
COIF dividends	1,043	1,043	990
COIF interest	87	87	93
	<u>8,913</u>	<u>8,913</u>	<u>5,287</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

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

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
<b>DfE / EFA grants</b>					
General Annual Grant (GAG)	-	7,098,998	-	7,098,998	7,286,633
Capital grants	-	-	593,691	593,691	107,536
Pupil premium	-	64,201	-	64,201	21,656
Bursary grant	-	13,912	-	13,912	10,702
Other DfE/EFA grants	-	14,000	-	14,000	13,403
<b>Other Government grants</b>					
Local authority funded statements	-	170,281	-	170,281	281,253
Special educational projects	-	228,893	-	228,893	252,809
Other government grants	-	19,576	-	19,576	16,882
<b>School fund income</b>	<b>66,004</b>	<b>26,227</b>	<b>-</b>	<b>92,231</b>	<b>50,938</b>
<b>Trips income</b>	<b>-</b>	<b>436,921</b>	<b>-</b>	<b>436,921</b>	<b>293,659</b>
<b>Other educational income</b>	<b>-</b>	<b>129,844</b>	<b>-</b>	<b>129,844</b>	<b>160,083</b>
	<u><b>66,004</b></u>	<u><b>8,202,853</b></u>	<u><b>593,691</b></u>	<u><b>8,862,548</b></u>	<u><b>8,495,554</b></u>

Catering and consultancy income have been reclassified as income from activities for generating funds in line with the Accounts Direction 2013. The comparative figures have been reclassified from funding from the academy's educational operations to disclose the comparative figure against activities for generating funds.

**7. COSTS OF ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Catering	386,659	49,859	436,518	429,766
Consultancy and other services	36,000	-	36,000	40,565
Lettings	6,176	-	6,176	10,522
	<u><b>428,835</b></u>	<u><b>49,859</b></u>	<u><b>478,694</b></u>	<u><b>480,853</b></u>

Catering and consultancy expenditure have been reclassified as costs of activities for generating funds in line with the Accounts Direction 2013. The comparative figures have been reclassified from costs of charitable activities - academy's educational operations to disclose the comparative figure against costs of activities for generating funds.

For details of costs of activities for generating funds see Note 28.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
Educational activities	–	6,203,055	345,715	6,548,770	6,231,784
Trips	–	458,035	–	458,035	303,929
School Fund	71,965	35,061	–	107,026	71,313
Allocated support costs	–	1,540,966	371,001	1,911,967	1,320,498
	<u>71,965</u>	<u>8,237,117</u>	<u>716,716</u>	<u>9,025,798</u>	<u>7,927,524</u>

Catering and consultancy expenditure have been reclassified as costs of activities for generating funds in line with the Accounts Direction 2013. The comparative figures have been reclassified from costs of charitable activities - academy's educational operations to disclose the comparative figure against costs of activities for generating funds.

For details of costs of charitable activities see Note 29.

### 9. GOVERNANCE COSTS

	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Accountancy and assurance services	5,715	5,715	3,000
Audit fees	4,250	4,250	2,250
Legal and professional fees	949	949	4,627
Net finance costs in respect of defined benefit pension schemes	62,000	62,000	67,000
	<u>72,914</u>	<u>72,914</u>	<u>76,877</u>

### 10. OTHER RESOURCES EXPENDED

	Restricted Fixed Asset Funds £	Total Funds 2013 £	Total Funds 2012 £
Losses on disposal of tangible fixed assets for charity's own use	4,461	4,461	5,913

### 11. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

	2013 £	2012 £
Depreciation	434,932	407,218
Auditors' remuneration:		
- audit of the financial statements	4,250	2,250
- accountancy	4,900	3,000
- assurance services	815	–

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

**12. FUND TRANSFERS**

	2013 £
<b>Unrestricted funds</b>	
Catering to GAG to cover overheads not allocated in resources expended	(14,256)
Consultancy and other services to GAG to cover overheads not allocated in resources expended	(5,662)
Designated school fund contributions to trips	(4,498)
Designated school fund contributions to GAG	(263)
Bank interest to lettings to cover deficit	(474)
Lettings from bank interest to cover deficit	474
	(24,679)
<b>Restricted general funds</b>	
GAG from designated catering to cover overheads not allocated in resources expended	14,256
GAG from consultancy and other services to cover overheads not allocated	5,662
GAG to restricted Catering to cover the catering deficit for the year	(49,859)
Catering from GAG to cover the excess of catering expenditure over income	49,859
Other EFA - Summer school - to South Lakes Federation transition project	(405)
South Lakes Federation transition project from summer school	405
Other EFA - Summer school - surplus to GAG to cover costs not allocated	(2,108)
GAG from summer school to cover costs not allocated in resources expended	2,108
School funds contributions to trips	(12,160)
Trips contributions from restricted school funds	12,160
Trips contributions from designated school funds	4,498
GAG contributions to trips	(4,216)
Trips contributions from GAG	4,216
Access Fund contribution to trips	(240)
Trips contributions from Access Fund	240
School fund contributions to GAG	(425)
GAG contributions from restricted school funds	425
GAG contributions from designated school funds	263
	24,679
<b>Restricted fixed asset funds</b>	
DfE/EFA formula grant to fixed assets fund - purchases of fixed assets	(28,637)
DfE/EFA capital maintenance grant to fixed assets fund - purchases of fixed assets	(360,033)
Bective Road fund to fixed assets fund - purchases of fixed assets	(69,208)
Fixed assets used for charitable purposes - purchases from funds per above	457,878
	-

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 13. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2013	2012
	£	£
Wages and salaries	5,311,288	5,191,492
Social security costs	389,302	381,153
Other pension costs	786,289	705,975
	6,486,879	6,278,620

Wages and salaries includes the following:

Agency staff cover	21,140	22,023
Compensation payments	-	-

Other pension costs includes the following:

LGPS ill-health early retirement payments	20,761	-
---	--------	---

#### Particulars of employees:

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

	2013	2012
	No	No
Teaching	124	128
Catering	10	10
Administration and support	32	32
	166	170

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

	2013	2012
	No	No
£70,000 to £79,999 (annual equivalent)	1	1
£110,000 to £119,999 (annual equivalent)	1	1
	2	2

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, the employer's pension contributions in respect of these employees amounted to £26,776 (2012: £27,540).

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

**14. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Furniture and equipment £	Plant and machinery £	ICT equipment £	Bicycles £	Total £
<b>COST</b>						
At 1 Sep 2012	11,602,450	51,117	2,668,399	159,399	3,895	14,485,260
Additions	379,269	7,230	30,724	40,655	-	457,878
Disposals	-	(2,000)	-	(5,000)	-	(7,000)
Transfers	-	30,120	(30,120)	-	-	-
<b>At 31 Aug 2013</b>	<u><u>11,981,719</u></u>	<u><u>86,467</u></u>	<u><u>2,669,003</u></u>	<u><u>195,054</u></u>	<u><u>3,895</u></u>	<u><u>14,936,138</u></u>
<b>DEPRECIATION</b>						
At 1 Sep 2012	377,746	7,212	246,834	66,110	974	698,876
Charge for the year	229,221	8,647	144,400	51,691	973	434,932
On disposals	-	(351)	-	(2,188)	-	(2,539)
<b>At 31 Aug 2013</b>	<u><u>606,967</u></u>	<u><u>15,508</u></u>	<u><u>391,234</u></u>	<u><u>115,613</u></u>	<u><u>1,947</u></u>	<u><u>1,131,269</u></u>
<b>NET BOOK VALUE</b>						
<b>At 31 Aug 2013</b>	<u><u>11,374,752</u></u>	<u><u>70,959</u></u>	<u><u>2,277,769</u></u>	<u><u>79,441</u></u>	<u><u>1,948</u></u>	<u><u>13,804,869</u></u>
At 31 Aug 2012	<u><u>11,224,704</u></u>	<u><u>43,905</u></u>	<u><u>2,421,565</u></u>	<u><u>93,289</u></u>	<u><u>2,921</u></u>	<u><u>13,786,384</u></u>

**Valuation**

The freehold land and buildings and the plant and machinery integral to the buildings include valuations of £11,431,130 and £2,609,929 respectively made in 2010 by A T Snape RICS Registered Valuer, who was independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a Depreciated Replacement Cost approach in accordance with FRS15 Tangible Fixed Assets.

**Capital commitments**

	2013 £	2012 £
Contracted but not provided for in the financial statements	<u><u>62,649</u></u>	<u><u>110,482</u></u>

The academy entered into a building contract in relation to landscaping works around the 6th Form Common Room before the year end. At the balance sheet date £16,202 remains contracted for but not provided for in the accounts.

The academy entered into a building contract in relation to roof and pointing works on the Burnett building before the year end. At the balance sheet date £46,447 remains contracted for but not provided for in the accounts.

**QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

**15. INVESTMENTS**

**Movement in market value**

	<b>2013</b>	<b>2012</b>
	£	£
Market value at 1 Sep 2012	32,269	31,052
Interest retained	87	93
Net gains on revaluations in the year ended 31 August 2013	804	1,124
	<u>33,160</u>	<u>32,269</u>
Market value at 31 Aug 2013	<u>33,160</u>	<u>32,269</u>
Historical cost at 31 Aug 2013	<u>31,190</u>	<u>31,190</u>

**Analysis of unrestricted investments at 31 Aug 2013**

	<b>Total Funds 2013</b>	<b>Total Funds 2012</b>
COIF Investment income units	14,822	13,578
COIF Fixed interest income units	6,565	7,005
COIF Deposit fund	11,773	11,686
	<u>33,160</u>	<u>32,269</u>

**16. STOCKS**

	<b>2013</b>	<b>2012</b>
	£	£
Catering	2,500	2,500
Stationery	11,666	10,452
Clothing	19,942	-
	<u>34,108</u>	<u>12,952</u>

**17. OTHER DEBTORS**

	<b>2013</b>	<b>2012</b>
	£	£
Trade debtors	19,145	14,223
Other debtors	149,260	99,362
Prepayments	90,741	65,035
	<u>259,146</u>	<u>178,620</u>

**QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

**18. CREDITORS: Amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	133,273	174,441
Taxation and social security	113,840	115,969
Deferred income	209,987	314,224
Other creditors	126,815	117,575
Accruals	124,564	111,830
	<u>708,479</u>	<u>834,039</u>

**Deferred income**

Balance brought forward	314,224	243,025
Amounts released from previous years	(314,224)	(243,025)
Resources deferred in the year	209,987	314,224
Deferred income carried forward	<u>209,987</u>	<u>314,224</u>

Deferred income at 31 August 2013 comprises:

Local authority funded statements grant (section 215) for the period September 2013 to March 2014	72,521	
Deposits in advance for trips in the following academic year	22,545	
DfE/EFA grant for insurance costs 1 September 2013 to 30 November 2013	13,962	
DfE/EFA grant for rates costs 1 September 2013 to 31 March 2014	17,959	
Teaching school initial teacher training grant for the 2013/14 academic year	33,000	
Teaching school core grant for the 2013/14 academic year	40,000	
Teaching school R&D themes project grant for the 2013/14 academic year	5,000	
Teaching school closing the gap project grant for the 2013/14 academic year	5,000	
	<u>209,987</u>	

**Funds held by the Academy as principal**

Balance brought forward	6,451	83,499
Amounts received in the year	17,822	2,000
Charitable expenditure applied during the year	(18,739)	(65,317)
Transfer from/(to) restricted funds	405	(13,731)
Creditor carried forward	<u>5,939</u>	<u>6,451</u>

Other creditors includes £5,939 where the Academy acts as principal and comprises:

£5,939 6th Form Bursaries - funding issued by the Department for Education for distribution to disadvantaged 6th form students

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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### 19. PENSIONS

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

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

Contributions amounting to £98,739 (2012: £91,813) were payable to the schemes as at 31 August and are included within creditors, comprising of TPS £75,473 (2012: £69,679) and LGPS £22,906 (2012: £22,134).

The total pension costs to the Charitable Company during the year ended 31 August 2013 and included in staff costs were £786,289 (2012: £705,975) comprising of TPS £556,248 (2012: £537,975), LGPS £209,280 (2012: £168,000) and ill-health early retirement payments £20,761 (2012: £Nil). In addition, the Charitable Company incurred finance costs amounting to £62,000, being interest on LGPS pension liabilities £97,000 less expected returns on LGPS assets £35,000, included in governance costs (2012: finance costs £67,000, being interest on LGPS pension liabilities £89,000 less expected returns on LGPS assets £22,000).

#### Teachers' Pension Scheme (TPS)

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

#### The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

#### Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by the standard contributions to be paid in the future by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

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The last valuation of the TPS related to the period 01 April 2001 - 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Services Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is unlikely to be before the reformed schemes are introduced in 2015.

### Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

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

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

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £275,820 (2012: £273,000), of which employers' contributions totalled £209,280 (2012: £207,000) and employees' contributions totalled £66,540 (2012: £66,000). Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

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

	2013	2012
<b>The principal actuarial assumptions are:</b>		
Rate of CPI inflation	2.40%	2.30%
Rate of increase in salaries	4.15%	4.05%
Rate of increase in pensions	2.40%	2.30%
Discount rate	4.60%	4.50%
Post retirement mortality assumptions are:		
	2013	2012
Longevity at age 65 for current pensioners		
Male	22.2 Yrs	22.2 Yrs
Female	24.9 Yrs	24.8 Yrs
Longevity at age 65 for future pensioners		
Male	24.1 Yrs	24.0 Yrs
Female	26.9 Yrs	26.8 Yrs

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

	2013 (2012)	2013	2012
	Expected	Fair value of	Fair value of
	return	assets	assets
		£	£
Equities	7.0% (7.0%)	515,000	279,000
Government bonds	3.4% (2.5%)	133,000	92,000
Other bonds	4.4% (3.4%)	138,000	94,000
Property	5.7% (6.0%)	54,000	36,000
Cash / liquidity	0.5% (0.5%)	7,000	9,000
Other	7.0% (7.0%)	46,000	49,000
Fair value of scheme assets		893,000	559,000
Present value of scheme liabilities			
Funded		(2,406,000)	(2,062,000)
Unfunded		-	-
Deficit in the scheme		(1,513,000)	(1,503,000)

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 AUGUST 2013**

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

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

The actual return on the scheme assets in the year was £87,000 (2012: £38,000).

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

	2013	2012
	£	£
Current service cost	209,000	168,000
Expected return on scheme assets	(35,000)	(22,000)
Interest cost	97,000	89,000
Total cost recognised in SOFA	<u>271,000</u>	<u>235,000</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £139,000 loss (2012: £191,000 loss).

### Contributions

The total contributions made by the employer in the year were £209,000 (2012: £207,000). The level of contributions will be reviewed as a result of the triennial valuation of the scheme as at 31 March 2013.

The best estimate of contributions to be paid by the employer to the scheme for the year beginning after 31 Aug 2013 is £209,000 (2012: £207,000).

Movement in deficit in the year:

	2013	2012
	£	£
Deficit in scheme at 1 September	(1,503,000)	(1,286,000)
Current service cost	(209,000)	(168,000)
Employer contributions	209,000	207,000
Expected return on assets	35,000	22,000
Interest on pension liabilities	(97,000)	(89,000)
Actuarial gain or (loss)	52,000	(189,000)
Deficit at 31 August	<u>(1,513,000)</u>	<u>(1,503,000)</u>

Change in the present value of the defined pension benefit obligations are as follows:

	2013	2012
	£	£
Benefit obligation at 1 September	(2,062,000)	(1,547,000)
Current service cost	(209,000)	(168,000)
Interest cost	(97,000)	(89,000)
Actuarial gain or (loss)	-	(206,000)
Contributions by scheme participants	(67,000)	(66,000)
Benefits / transfers paid	29,000	14,000
Benefit obligation at 31 August	<u>(2,406,000)</u>	<u>(2,062,000)</u>

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

Change in the fair value of scheme assets are as follows:

	2013	2012
	£	£
Opening fair value of scheme assets at 1 September	559,000	261,000
Expected return on scheme assets	35,000	22,000
Contributions by employer	209,000	207,000
Contributions by scheme participants	67,000	66,000
Actuarial gains or (loss)	52,000	17,000
Benefits / transfers paid	(29,000)	(14,000)
Closing fair value of scheme assets at 31 August	<u>893,000</u>	<u>559,000</u>
Experience adjustment on scheme assets	52,000	17,000
Percentage of scheme assets	5.8%	3.0%
Experience adjustment on scheme liabilities	-	-
Percentage of scheme liabilities	0.0%	0.0%

### 20. COMMITMENTS UNDER OPERATING LEASES

At 31 Aug 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than Land and buildings	
	2013	2012
	£	£
<b>Operating leases which expire:</b>		
Within 1 year	482	4,220
Within 2 to 5 years	9,341	7,198
	<u>9,823</u>	<u>11,418</u>

### 21. RESTRICTED FIXED ASSET FUNDS

	Balance at 1 Sep 2012	Incoming resources	Outgoing resources	Transfers	Balance at 31 Aug 2013
	£	£	£	£	£
DfE/EFA capital grants	76,763	593,691	(281,784)	(388,670)	-
Bective Road fund	69,208	-	-	(69,208)	-
Fixed assets used for charitable purposes	13,786,384	-	(439,393)	457,878	13,804,869
	<u>13,932,355</u>	<u>593,691</u>	<u>(721,177)</u>	<u>-</u>	<u>13,804,869</u>

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

Details of transfers are shown in Note 12.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 AUGUST 2013**

**22. RESTRICTED INCOME FUNDS**

	Balance at 1 Sep 2012 £	Incoming resources £	Outgoing resources £	Transfers and Gains/(losses) £	Balance at 31 Aug 2013 £
<b>DfE / EFA grants</b>					
General Annual Grant (GAG)	661,532	7,098,998	(7,028,104)	(31,361)	701,065
Pupil Premium	-	64,201	(64,201)	-	-
Bursary grant	-	13,912	(13,912)	-	-
Defined benefit pension scheme deficit	(1,503,000)	-	(62,000)	52,000	(1,513,000)
Other DfE/EFA grants	-	14,000	(11,487)	(2,513)	-
<b>Other Government grants</b>					
LA Funded Statements	-	170,281	(170,281)	-	-
Special educational projects	180,868	228,893	(315,677)	165	94,249
Other government grants	-	19,576	(19,576)	-	-
Catering	-	-	(49,859)	49,859	-
Trips	-	436,921	(458,035)	21,114	-
<b>School funds - restricted</b>	14,791	46,052	(35,061)	(12,585)	13,197
<b>Other educational income</b>	-	129,844	(129,844)	-	-
<b>Other restricted general funds</b>	-	1,853	(1,853)	-	-
	<u>(645,809)</u>	<u>8,224,531</u>	<u>(8,359,890)</u>	<u>76,679</u>	<u>(704,489)</u>

**Transfers and gains and losses**

Transfers - see note 12 for details

24,679

Gains on the defined benefit pension scheme

52,000

76,679

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2013. Note 2 discloses whether the limit was exceeded.

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

**Defined benefit pension scheme deficit fund:**

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

**General Annual Grant (GAG) fund:**

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

**Pupil premium fund:**

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

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 22. RESTRICTED INCOME FUNDS *(continued)*

**Local authority funded statements:**

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

**Special educational projects fund:**

This includes grants received for the Teaching School and National College grants.

**Restricted catering fund:**

This relates to the provision of free school meals and hospitality.

### 23. UNRESTRICTED INCOME FUNDS

	Balance at 1 Sep 2012 £	Incoming resources £	Outgoing resources £	Transfers and Gains/(losses) £	Balance at 31 Aug 2013 £
Catering - designated	-	400,915	(386,659)	(14,256)	-
School Funds - designated	94,918	84,306	(71,965)	(4,761)	102,498
COIF investments	32,269	87	-	804	33,160
General Funds	642,723	55,147	(42,176)	(5,662)	650,032
	<u>769,910</u>	<u>540,455</u>	<u>(500,800)</u>	<u>(23,875)</u>	<u>785,690</u>

**Transfers and gains and losses**

Transfers - see Note 12 for details

(24,679)

Gains on COIF investments

804

(23,875)

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

Unrestricted general funds includes consultancy and lettings.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2013 are represented by:

	Tangible fixed assets and investments £	Net current assets £	Defined benefit pension liability £	Total £
<b>Restricted Income Funds:</b>				
General Annual Grant (GAG)	–	701,065	–	701,065
Defined benefit pension scheme deficit	–	–	(1,513,000)	(1,513,000)
Special educational projects	–	94,249	–	94,249
School funds - restricted	–	13,197	–	13,197
	–	808,511	(1,513,000)	(704,489)
<b>Restricted Fixed Assets Funds:</b>				
Fixed assets used for charitable purposes	13,804,869	–	–	13,804,869
<b>Unrestricted Income Funds:</b>				
Designated Funds	33,160	102,498	–	135,658
General Funds	–	650,032	–	650,032
	33,160	752,530	–	785,690
<b>Total Funds</b>	<b>13,838,029</b>	<b>1,561,041</b>	<b>(1,513,000)</b>	<b>13,886,070</b>
Tangible fixed assets	13,804,869			
Investments	33,160			
<b>Total Funds</b>	<b>13,838,029</b>			

### 25. RELATED PARTY TRANSACTIONS

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

Mr P Howden, a director/governor of the academy, has an interest in Approved Inspectors Ltd. During the year the academy paid £3,750 (2012: £1,900) to Approved Inspectors Ltd for building regulation application fees. There was a balance of £Nil (2012: £Nil) due at the year end to Approved Inspectors Ltd.

Mr P Howden, a director/governor of the academy, has an interest in Thomas Consulting Ltd. During the year the academy paid £1,435 (2012: £Nil) to Thomas Consulting Ltd for engineering fees. There was a balance of £Nil (2012: £Nil) due at the year end to Thomas Consulting Ltd.

Related party transactions with staff governors are detailed in the note below.

# QUEEN ELIZABETH SCHOOL, KIRKBY LONSDALE COMPANY LIMITED BY GUARANTEE

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

### 26. GOVERNORS' REMUNERATION AND EXPENSES

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

C Clarke	£110,000 to £114,999	(2012: £115,000 to £119,999)
S Dent	£15,000 to £19,999	(2012: £20,000 to £24,999)
S Holmes	£55,000 to £59,999	(2012: £50,000 to £54,999)
D McGregor	£45,000 to £49,999	(2012: £45,000 to £49,999)
P Weston	£45,000 to £49,999	(2012: £45,000 to £49,999)

During the year ended 31 August 2013, travel accommodation and subsistence expenses totalling £3,432 were reimbursed to four governors (2012: £2,954 to four governors)

### GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,080 (2012: £2,000,000 cover cost £1,080).

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

### 27. COMPANY LIMITED BY GUARANTEE

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

### 28. DETAILS OF COSTS OF ACTIVITIES FOR GENERATING FUNDS

	2013 £	2012 £
<b>Catering</b>		
Purchases	247,984	223,463
Depreciation	-	6,526
Staff costs	162,740	162,078
Equipment maintenance	8,475	15,316
Other catering costs	17,319	22,383
	<u>436,518</u>	<u>429,766</u>
<b>Consultancy and other services</b>		
Staff costs	36,000	34,202
Other consultancy and services costs	-	6,363
	<u>36,000</u>	<u>40,565</u>
<b>Lettings</b>		
Staff costs	6,176	9,500
Other lettings costs	-	1,022
	<u>6,176</u>	<u>10,522</u>
	<u><u>478,694</u></u>	<u><u>480,853</u></u>

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

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED 31 AUGUST 2013**

**29. DETAILS OF COSTS OF CHARITABLE ACTIVITIES**

	2013 £	2012 £
<b>Educational activities</b>		
<i>Direct costs</i>		
Depreciation	345,715	320,554
Teaching and educational support staff costs	5,419,737	5,393,980
Educational supplies	232,645	200,431
Examination fees	158,921	152,640
Staff development	20,317	21,650
Educational consultancy	5,418	8,315
External course costs	20,527	14,792
Other direct costs	8,333	18,936
	<u>6,211,613</u>	<u>6,131,298</u>
<i>Teaching school and special educational projects</i>		
Direct staff costs	122,081	2,954
External services	186,551	92,560
Other teaching school and educational project costs	28,525	4,972
	<u>337,157</u>	<u>100,486</u>
<i>Allocated support costs</i>		
Depreciation	89,217	80,138
Staff costs	728,430	666,273
Staff development	3,119	5,281
Counselling	18,412	50,208
Maintenance of premises and equipment	585,373	125,597
Information communications and technology	91,719	75,546
Rates and water	68,193	57,371
Heat light and power	90,389	80,102
Insurance	57,769	51,989
Transport	26,590	28,626
Legal and professional	37,946	4,911
South Lakes Federation charges	73,613	59,000
Other support costs	41,197	35,456
	<u>1,911,967</u>	<u>1,320,498</u>
	<u>8,460,737</u>	<u>7,552,282</u>
<b>Trips</b>		
<i>Direct costs</i>		
Staff costs	11,085	7,594
Transport, accommodation and other expenses	446,950	296,335
	<u>458,035</u>	<u>303,929</u>
<b>School Fund</b>		
<i>Direct costs</i>		
Staff costs	630	2,039
Gifts and donations	9,281	12,432
Miscellaneous	97,115	56,842
	<u>107,026</u>	<u>71,313</u>
	<u>9,025,798</u>	<u>7,927,524</u>