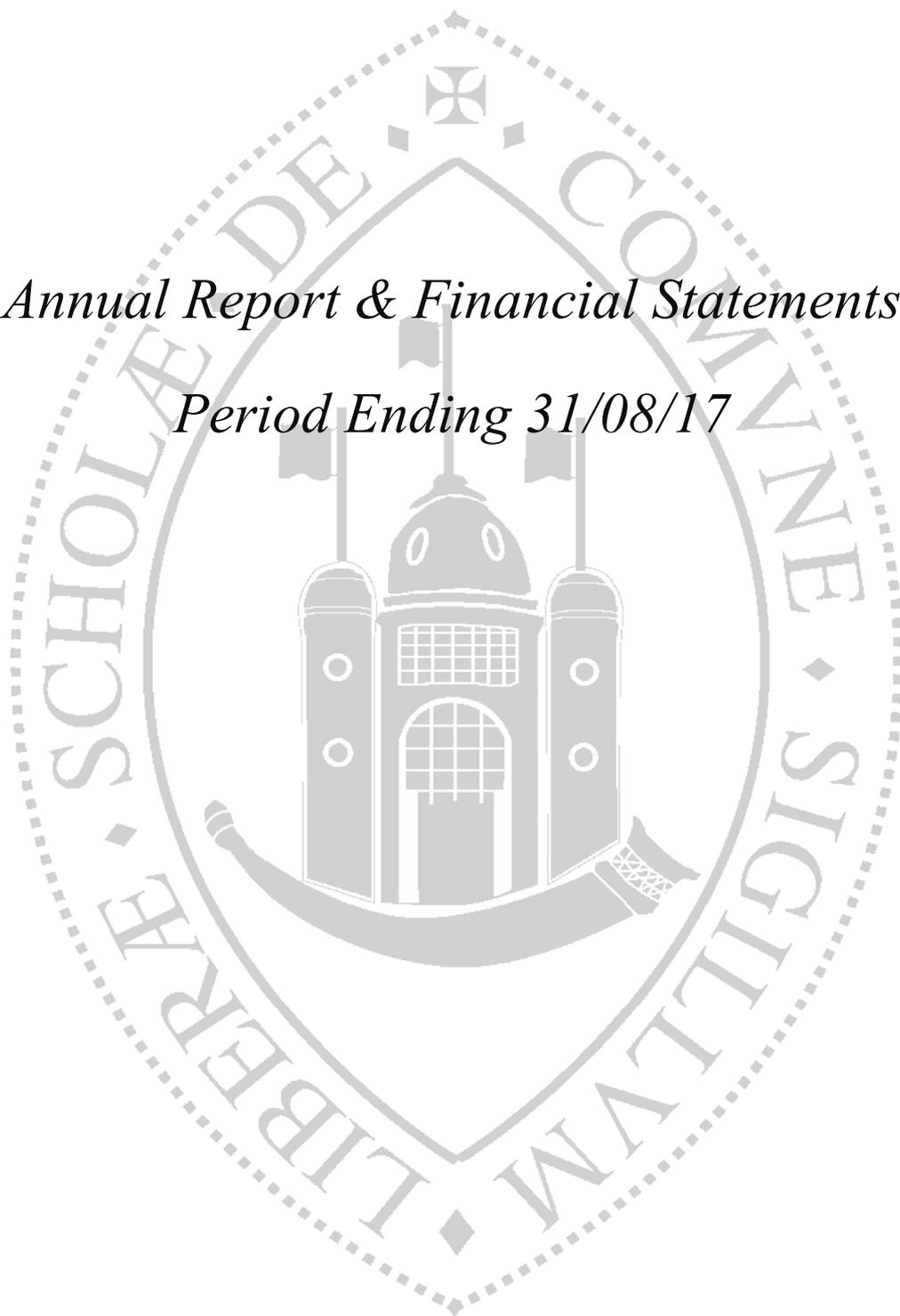


# Queen Elizabeth's Grammar School Horncastle

*Annual Report & Financial Statements*

*Period Ending 31/08/17*



Company registered number  
08175402 (England & Wales)

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## Reference and Administrative Details

Members and Trustees	Mr D Bennett (Chair of Governors) Mr I Birchall Mrs A Bourn (Staff Trustee) (Chair of Wellbeing Committee) Mr P Brewster Mr M Cherry (Staff Trustee) Mr P Cordingley (until 08/05/17) Mr J Finley (Chair of Finance Committee) (until 26/06/17) Mrs A Hurrell (Chair of Personnel Committee) Mr P Jackson Mr S Jackson (Staff Trustee) Mr J Kwee Mrs H Payne Mr J Pearson (until 06/02/17) Mr A Rajput Dr G Samra Mr A Turner Mr C Waters (Chair of Standards Committee) Mrs K Wingate
Company Secretary	Mrs J Hastings (Clerk to the Governors)
Senior Leadership Team	Mrs H Payne (Headteacher & Accounting Officer) Mr S Furness (Deputy Headteacher) Mrs L Divers (Deputy Headteacher) Mr G Forster (Assistant Headteacher) (until 31/08/17) Mrs J Bargh (Assistant Headteacher) Mrs S James (Director of Finance & Resources)
Company Name	Queen Elizabeth's Grammar School Horncastle
Principal and Registered Office	West Street Horncastle Lincolnshire LN9 5AD
Company Registration Number	08175402
Independent Auditor	Duncan & Toplis Ltd 15 Chequergate Louth Lincs LN11 0LJ
Bankers	Lloyds Bank 4 High Street Horncastle LN9 5BL
Solicitors	Chattertons Solicitors 5 South Street Horncastle Lincolnshire LN9 6DS

## **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Formally commencing operations on the 1st September 2012, Queen Elizabeth's Grammar School is a selective academy for students aged 11 to 18 and is located in Horncastle. The catchment area extends across Lincolnshire and it has a capacity of 920. The number of students on roll as at the October 2016 census was 778.

### **Structure, Governance and Management**

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 are also the directors of the charitable company for the purposes of company law. The charitable company is known as Queen Elizabeth's Grammar School. Details of the trustees who served during the year are included in the Reference and Administrative Details on page one.

### **Members' Liability**

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

### **Trustees' Indemnities**

In accordance with common practice, the academy has purchased insurance to protect trustees and officers from claims arising from academy business activities.

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

The Articles of Association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy.

The Articles of Association require that the members of the academy trust shall comprise:

- a) the signatories to the Memorandum
- b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) the Chairman of the Governors
- d) any person appointed under Article 16

The board may appoint additional trustees. Trustees may be removed by the person or persons who appointed them. Three new trustees were recruited during the period and member details updated accordingly.

No additional governors were appointed nor made by the Secretary of State in the period.

Recruitment and appointment of trustees is conducted in line with the detail stated within the Articles of Association, Articles 50 to 59, and includes reference to the prescribed ratio of representation between different categories of trustees. The academy's approach to recruitment also includes the evaluation of skills and experience of individuals in order to secure a robust team with a broad knowledge base.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All trustees are provided with copies of procedures, minutes, accounts, budget plans and other documents that they will need to undertake their roles. The academy follows guidance from the ESFA and Local Authority regarding its range of policies and procedures. Trustees also have access to a range of training programmes, including information sessions delivered by staff, facilitated leadership development conferences, peer support and formal training courses.

### **Organisational Structure**

The governing body provides strategic leadership and takes overall responsibility for the academy. Decisions reserved for the full governing body include changes to the organisational structure, confirmation of financial budgeting, investments and changes to the curriculum.

Four sub-committees have been created; Finance, Personnel, Standards and Wellbeing. Terms of Reference for each committee are in place to clearly identify the remit of the work they undertake, the level of responsibility for decision making and presenting recommendations to the full governing body.

The Headteacher is the Accounting Officer. The Headteacher and Senior Leadership Team attend meetings of the governing body, they contribute to shaping the strategic direction of the academy and deliver the leadership which empowers staff to achieve the academy's objectives. They are also responsible for day to day operational management including all matters relating to student education and wellbeing, personnel, finance and premises.

One of the academy's key strengths is its skilled and dedicated workforce. Staff are highly valued and this is reflected within the organisational culture and decision making processes. A number of working groups exist including Staff Consultative Committee, Wider Leadership Group, Academic Group and Growing Expertise Groups. The work undertaken by these groups contributes to continued improvements and they play a part in activities featured within the School Development Plan. Staff regularly meet with trustees, either through link meetings with faculties or networking opportunities prior to full governing body meetings.

Details of the organisational structure can be located within the respective pay policies.

### **Arrangements for setting pay and remuneration of key management personnel**

Pay policies are in place for teaching and support staff, they are reviewed annually in consultation with staff and recognised trade unions and include arrangements for the Headteacher and senior leaders.

The Teachers Pay Policy complies with the School Teachers' Pay & Conditions Document (STPCD) and accompanying statutory guidance. Although it is not a requirement to have a pay policy for support staff, trustees feel that by doing so it reflects the valued contribution made by support staff and aligns with arrangements for teaching staff to establish a whole school approach.

When setting pay trustees refer to legislation, national and local pay agreements, take advice from the school's human resource adviser, consider market forces and benchmark against evaluated posts within the education sector and other industries where relevant.

The objectives of the pay policies are to:

- recognise and reward staff for their contribution to school improvement;
- ensure that pay and staffing arrangements enable the current and future delivery of the school's curriculum and associated School Development Plans;
- ensure that pay decisions are made in a fair and transparent way;
- support the recruitment and retention of high quality staff;
- ensure that available resources are allocated appropriately and responsibly.

### **Related Parties and other Connected Charities and Organisations**

In December 2014 the academy formalised its partnership with Banovallum School through an Umbrella Trust model. The Horncastle Umbrella Trust is a separate charitable company and its purpose is to provide inclusive, high quality and sustainable education for the community through raising standards and improving achievement. Separate governance documents exist and whilst partnership working supports strategic development, both schools retain their autonomy and continue to maintain separate governing bodies and leadership teams.

The academy also works in close accord with the Parents' Association which is registered as a separate charity. The Parents' Association raise funds in order to support various activities such as challenge awards and prize giving, on occasion it also provides sponsorship for individual students to participate in extraordinary events. The Parents' Association gives generous donations to school for specific purposes; recent examples include equipment for the equestrian team, text book resources for the Learning Support Department a wall mounted screen for the Art Department, a team kit for netball, access to the Encyclopaedia Britannica, funding for anti-bullying and homophobia workshops and the Positively Mad revision programme, and funding a newspaper day in conjunction with Lincoln University.

This year links were formed with the Lincolnshire Community Foundation, accessing support from the Horncastle & District Wellbeing Fund to assist with the aim of creating a dementia friendly generation; Tesco to gain support from the Bags of Help scheme to enhance sports equipment and community participation; the Ulverscroft Foundation to secure funding in order to relaunch the talking newspaper service.

Close working relationships exist with many other entities in order to foster a culture of collaborative working for the benefit of the wider school community. These include organisations such as the Local Authority, Police Service, Lincolnshire Learning Partnership, LIVES, Young Enterprise, Duke of Edinburgh, British Council, Diana Award, CAMHS, CASY Counselling Service, School Nursing Service, OASIS, SSAFA, AddAction, Alzheimer's Society, Lincoln University, Leicester University, Bishop Grosseteste University, Lincoln College, many primary schools within the county with particular reference to our nearest provision Horncastle Primary School, and Bucknall Primary School for whom we provide hot meals. The academy is a member of the Lincolnshire Consortium of Grammar Schools and the Grammar School Headteachers' Association (GSHA); the Headteacher is a member of the national executive of GSHA.

As part of its investment portfolio, the academy benefits from some private donations. One of which, Watsons's School, is registered as a separate charity. More details can be found within the Financial Review section of this report.

## **Objectives and Activities**

### **Objects and Aims**

The academy's principle object is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### **Objectives, Strategies and Activities**

The main objectives of the academy during the period ended 31 August 2017 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care.
- To raise the standard of educational achievement of all students.
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review.
- To provide value for money for the funds expended.
- To comply with all appropriate statutory and curriculum requirements.
- To maintain close links with industry and commerce.
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness.

In order to achieve the objectives, a School Development Plan was created. This identified a framework of activities and performance indicators to clearly measure progress. Details can be found with the Achievement and Performance section of this report.

### **Public Benefit**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy's objectives and aims and in planning future activities for the year. Given the activities of the academy and the student population that it services, the trustees consider that the company's aims are demonstrably to the public benefit.

It provides education to students that is balanced and broadly based, promotes spiritual, moral, social and cultural development, and prepares students for opportunities and the responsibilities of later life.

## Strategic Report

### Achievements and Performance

The academy enjoyed another successful year during 2016-17. Once again it is evident that the culture of engagement and participation has ensured that students, staff, parents and the wider school community have collaborated to achieve positive outcomes both academically and in terms of community cohesion. Trustees have continued to link with faculties to provide constructive support and challenge in order to continue the whole school drive for higher standards. The quality assurance programme in place continues the emphasis upon high expectations of the whole school community, this is evidenced by the outcome of lesson observations which took place to benchmark performance and once again 100% of full lesson observations were awarded Good or Outstanding.

One of the many benefits extended to students of the academy is the wealth of enrichment opportunities offered, those of note this year included Next Steps for Study and First Steps to Study (Bishop Grosseteste University); Young Enterprise Workshops and award ceremonies (Louth); The Coca-Cola Real Business Challenge; economist revision workshops in Birmingham; the Higher Education Conference in Lincoln; the Lincolnshire Show School's Challenge; performance by the Flute Choir at the Music For Youth Festival in Birmingham.

During the period 57 trips took place and once again these incorporated activities across all faculties. Internationally, students roamed as far afield as South Africa with Operation Wallacea, project Nepal departed once again and some students also ventured to Peru as part of a Camps International project. Across Europe, visits included Cahors in France and Mellendorf in Germany, along with trips to Barcelona in Spain and the Passo Tonale ski resort in Italy. Whilst a little closer to home, theatre visits took place to the Nottingham Playhouse and Stratford Upon Avon, students visited the Olympic Stadium in London and the Spark Engineering Festival in Lincoln, and at a local level in Horncastle geographers took a walking tour of flood measures and management and students performed music, created poetry and displayed their artwork at Saint Mary's Church Festival.

Sporting successes continued as badminton players reached the Regional Championships at Loughborough, rounders teams within Years 8 and 9 achieved and retained District Champion status respectively and the Sixth Form were victorious winners of the Lincolnshire Schools Football League.

Once again the academy were proud to celebrate with individual students who achieved personal awards and accolades, inspiring their peers and impacting upon the wider community. Amongst these was a student who won a technology competition, creating an app and receiving the reward of £10,000. Another student continued with sporting success of previous years and won eight medals at the World Transplant Games in Spain, also breaking three Transplant Games records! Equally, we were delighted to hear that an ex-student, now a soldier, had received the Queen's Medal.

In continued appreciation of the support from and relationships with the local community, students enthusiastically participated in a programme of activities ranging from hosting a community café run by Year 7 students, visits to local residential homes, litter picking in the local area, gardening to help maintain local churchyards and amenity areas. This year, in support of our aim to create a dementia friendly generation, we worked with the Alzheimer's Society to host information sessions for students and the community, broadening knowledge and strengthening understanding in school and beyond. We also received funding from the Horncastle & District Wellbeing Fund to pay for Stepping Inside Dementia training which we hosted and offered to the community free of charge. This was very well received and demonstrates another avenue we have pursued in our work with the community.

Partnerships with local primary schools were enhanced through science and maths workshops, and sports leadership activities. The academy continued to open its doors to the community through a range of lettings for local clubs and organisations, in addition to offering a programme of adult education activities.

The academy continues to hold the International School Award, School Council Silver Award, Diana Award, Pupil Premium Award and Music Mark. Further accolades achieved this year include becoming a Stonewall School Champion and receiving Highly Commended within the Digital Schools Awards.

Development of facilities continued and the academy were delighted to receive funding from the MoD to create a covered courtyard for students to enjoy. Safeguarding arrangements were enhanced through the introduction of additional fencing and security gates. The academy also acquired an adjacent building and

land, previously industrial premises, which adds to the property portfolio and provides scope for future development.

The Horncastle Umbrella Trust continues to deliver joint benefits for the academy and Banovallum School. Further information can be found within a separate review of the Umbrella Trust activities.

The academy received the accolade of being ranked the top state funded secondary school Lincolnshire following publication of the Real School Guide in August 2017. To meet the rising demand from families across the county, the academy has increased capacity on both the Lincoln and Boston private bus service routes accordingly.

Finally, the academy was delighted to achieve the designation of Teaching School towards the end of this year and looks forward to building upon the excellent working partnerships already in place with other schools and the Local Authority in order to share and support delivery of outstanding education in Lincolnshire.

### **Key Performance Indicators**

The academy's key financial performance indicators are:

- Delivery of planned revenue expenditure in line with budget.
- Secure best value and contain costs to align with the downward pressure upon budgets.
- Maximise income generation, including bids for funding and grants where applicable.
- Capital projects planned and delivered within budget.
- Maximise opportunities for returns on investments.

Student numbers are slowly rising, however, the previous trend regarding low numbers on roll within the secondary sector has continued to impact through the key stages. The academy continues to monitor closely the critical situation regarding sixth form provision and has adapted provision to align with student demand and the changes to the curriculum. It remains focused on providing the best possible educational opportunities in a local setting. The rising pressure upon budgets coupled with anticipated changes on the horizon in respect of proposals for the National Funding Formula have led to even greater budget constraints. Once again, a cautious approach has been taken to budgeting to ensure that the academy is sustainable and continues to deliver high quality teaching and learning.

The key priorities for 2016-17 were as follows:

- 1. Secure consistently high standards of attainment in every area of the curriculum and in each key stage by:**
  - a) Realising outstanding levels of teaching and learning with a distinct focus on the use of other adults within the classroom.**
  - b) Focussing specifically on any remaining areas of underperformance.**
  - c) Having impeccable standards of behaviour and appearance.**

The academy sought to achieve this through:

- 1.1 Maintaining an unrelenting focus on promoting high performance; focusing on identified areas to secure improvement.
- 1.2 Continuing the focus on securing outstanding levels of teaching and learning.
- 1.3 Continuing to implement ongoing qualification & assessment reform.
- 1.4 Securing and then sustaining high levels of conduct and appearance across the student body.

- 2. To strengthen and enhance the leadership and management of the academy to ensure its success is sustained.**

The academy sought to achieve this through:

- 2.1 Continuing to implement curriculum review outcomes.
- 2.2 Implementing the outcomes from the Report Writing working group.
- 2.3 Sustaining focus on feedback and marking.
- 2.4 Implementing the new support staff pay policy and appraisal system.
- 2.5 Building capacity and providing support for new leadership posts.
- 2.6 Developing a vision for QEGS to ensure its long term future.

**3. To embed the academy's contribution to its wider community through innovative partnerships whilst strengthening the operation of its own internal support networks.**

The academy sought to achieve this through:

- 3.1 Enhancing and extending partnership work with Banovallum School through the Horncastle Umbrella Trust.
- 3.2 Continuing to promote the use of the school, its site and facilities to the wider community.
- 3.3 Strengthening opportunities to enhance the school's own community.

The academy continues to receive a high level of support from parents, students and staff and this is evident from feedback, observation and surveys. Once again, examination results testify to the dedication and diligence of students and the academy is proud of their achievements and appreciative of the excellent support provided by its staff. The majority of students leaving the sixth form have secured their desired destinations, this year two students take up places at Cambridge University and another at Oxford University. Once again all students leaving the academy went on to employment, education or training. Examination results data for the period is summarised as follows:

GCSE:

Percentage of Pupils Achieving								
Five or more at Grade 7+	Three or more at Grade 7+	All at Grade 4+	All at Grade 7+	Grade 5+ in E&M	Grade 5+ in Eng	Grade 5+ in Maths	Grade 4+ in Eng	Grade 4+ in Maths
39	60	93	39	82	93	84	100	100

A Level:

Percentage of Pupils Achieving								
1 or more			2 or more			3 or more		
A*-B	A*-C	A*-E	A*-B	A*-C	A*-E	A*-B	A*-C	A*-E
90	100	100	71	92	100	41	78	98

**Going Concern**

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

**Financial Review**

The principal source of funding is from the ESFA and expenditure is focused upon the provision resources to support delivery of a high standard of education. The academy continually reviews its operations and strives for excellence in order to provide a world class educational experience for students, in doing so detailed performance and development plans are used to provide a framework for monitoring progress and achievement.

The academy operates both the teachers and local government pension schemes. The LGPS pension deficit is detailed within the accounts, an annual benchmark review has confirmed that the deficit is in line with the national position for academies.

**Reserves Policy**

The academy aims to carry forward a prudent level of resources and the situation is kept under review. Care has been taken to avoid complacency; options appraisals and best value reviews have taken place to ensure challenge and rigour when committing funds.

The value of free reserves represented by unrestricted funds is £750,583 and other reserves represented by restricted funds is £10,552,154 which includes fixed assets but excludes the pensions deficit. It should be noted that the restricted funds include £10,383,605 which can only be realised by disposing of tangible fixed assets. The reserves incorporate an investment portfolio from which two funds have been designated. Currently these are listed as Operational Contingency and Maintenance Contingency. The purpose of these funds is not to offset any in year deficit, rather to ensure that the operational, maintenance and development costs which may arise are covered in order to secure the sustainable future of the academy. It is acknowledged that the risks and opportunities may include mitigating the impact of changes proposed within the national funding formula, protecting provision during the national short-term trend of low student numbers, addressing the challenges faced in relation to maintaining a quality sixth form provision and potential development of the academy.

Full details of restricted and unrestricted funds, along with the pensions deficit, can be found within the balance sheet and notes to the accounts. The reserves of the academy are reviewed regularly by governors and are considered to be sufficient and proportionate for the academy's requirements.

### **Investment Policy**

Investments held by the academy are incorporated within the accounts to ensure transparency and openness. The academy seeks to realise the best possible returns whilst maintaining security of funds. Where investments are linked to donations or bequests, due regard is given to restrictions and the wishes of donors. The policy will support trustees in their decision making, enabling them to show due diligence within their considerations.

Trustees deem it important to give consideration to the ethical impact of investments and exclude investments if there are any known activities which involve countries with poor human rights and/or child labour rules or where there is doubt regarding the ethical nature of specific business activities and their impact. Trustees endeavour to include investments which promote investment in the UK to support the home economy or investments which represent sustainable concepts.

### **Principal Risks and Uncertainties**

The academy has undertaken a thorough and detailed assessment of risks. The following key strategies have been adopted to mitigate risks:

- A comprehensive risk assessment completed and reviewed annually.
- The appointment of an independent company to undertake the internal audit function, delivering evaluation reports to governors.
- Access to professional support and guidance via the ESFA, accountants, solicitors, LEA, professional associations and networks.
- Adoption of a comprehensive month end process including accruals accounting practices.
- Adoption of a robust Finance Policy and subsequent annual reviews.
- Detailed financial monitoring and reporting via the Finance Committee.

Trustees have identified the following principal risks and uncertainties facing the academy. These are summarised below, however, further details are within the Risk Register:

#### *Strategic & Public Profile*

The continued success of the academy depends upon securing and maintaining the highest of educational standards in order to attract students and support them to achieve outstanding outcomes.

This element of risk includes regard for competition, legislation and fraud prevention. Trustees are mindful of other aspects of school activities such as trustee and employee public profiles, trips, safeguarding and health & safety. This also takes account of alliance and partnership risks, with due regard to the emerging political landscape of consolidation.

#### *Governing Body Organisational*

Management of the academy through effective delegation to sub-committees and various leadership colleagues. Robust monitoring and compliance in line with legislative and organisational deadlines. This aspect incorporates skills assessment and training needs.

### *Management Information*

Effective management relies upon accurate and timely data collection, analysis and evaluation to inform planning. Data security is also considered within this element, along with quality and quantity review. The emerging changes as part of the GDPR have been considered and represent a development project during the coming year.

### *Human Resources*

The academy's reputation contributes to its position as an employer of choice. A key strength of the academy is its skilled and dedicated staff and trustees. To avoid significant impact when individuals are promoted or move on, recruitment, retention, succession planning and professional development are incorporated to ensure business continuity. This element also has due regard for legislation.

### *Financial*

Governors have given careful and detailed consideration to the financial risks and need for compliance. Measures of internal control and audit are in place to ensure rigour and objectively examine and challenge systems and activities. This incorporates medium and long term planning to ensure sustainability, containing costs to reflect downward pressure upon budgets, ensuring current students benefit from high standards whilst continuing to invest in the future.

### *Physical Asset & Environmental*

The risks to physical and technological assets have been considered and measures are in place to continue development whilst protecting existing provision. Challenges include the size of the estate, conservation area constraints and the age of construction. Flood risk remains a concern and preventative measures continue in an attempt to reduce the potential impact.

### *Student Matters*

Trustees consider that safety and wellbeing of students is paramount. Therefore, safeguarding and health & safety are a high priority within both operational management and strategic leadership in school.

### Risk Management

A robust risk assessment has been undertaken to establish any risks to the academy. This is reviewed and updated annually by trustees. Staff are aware of and have access to the risk register in order that they can take appropriate actions. The control methods stated are incorporated into procedures and policies so that day to day operational activities mitigate risk and reflect best practice. Risk management strategies include:

- Rigorous review of educational achievement to secure and maintain high standards.
- A Child Protection Policy, procedures and regular safeguarding training/briefing for all staff.
- Financial forecasts, reviewed in line with anticipated local, national and international developments.
- A clear School Development Plan identifying key objectives and the resources to achieve them.
- Regular progress monitoring and challenge to ensure continued effectiveness in respect of both financial and development plans.
- Appointment of internal auditors to add objective, robust financial challenge.
- Budget monitoring and reporting with a focus on performance and funding.
- Identification of key risks and funding opportunities to mitigate these.
- Formal agendas for governors' meetings.
- Detailed Terms of Reference for all committees.
- Clear financial delegation levels.
- Formal written policies and regular reviews.

## Plans for Future Periods

The academy will continue working to raise aspirations and improve outcomes for all students at whatever age, closing gaps between the performances of different groups where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

The key priorities for 2017-18 are as follows:

- 1. Secure consistently high standards of attainment in every area of the curriculum and in each key stage by;**
  - a) Realising outstanding outcomes through high standards of leadership for learning, classroom practice and behaviour for learning.**
  - b) Focussing specifically on opportunities for stretch and challenge.**
  - c) Undertaking Stage 2 of the Pastoral Review.**

The academy will achieve this through:

- 1.1 Maintaining an unrelenting focus on promoting high performance in all areas of school life with a specific focus on, leadership for learning, behaviour for learning and stretch and challenge.
- 1.2 Sustaining the focus on outstanding levels of teaching and learning.
- 1.3 Completing the Pastoral Review and planning for implementation of outcomes.

- 2. To strengthen and enhance the leadership and management of the academy to ensure its success is sustained.**
  - a) Re-defining a clear and integrated system of wellbeing across the school.**
  - b) Increase the use of volunteers to support the work of the school.**
  - c) Developing a rationale to lower running costs, make effective use of resources and increase income.**
  - d) Widening leadership opportunities.**

The academy will achieve this through:

- 2.1 Tightening existing practice to ensure compliance at the highest level.
- 2.2 Placing well-being at the heart of the work of the school.
- 2.3 Ensuring that the entire school community is aware of and focussed upon both austerity & income generation.
- 2.4 Enhancing the leadership capacity of the school.

- 3. To embed the academy's contribution to its wider community through innovative partnerships and facilitating a collaborative network.**
  - a) Sustaining the Umbrella Trust and partnership working.**
  - b) Progressing the plans for a Horncastle MAT.**
  - c) Implementing plans as a Teaching School.**

The academy will achieve this through:

- 3.1 Sustaining partnership work with Banovallum School through the Horncastle Umbrella Trust.
- 3.2 Maintaining the school's outward facing profile.
- 3.3 Forge and move forward plans to create a Horncastle-based MAT.

## Funds Held as Custodian Trustee on Behalf of Others

Details of assets and arrangements for safe custody and segregation should be given where the academy trust or its trustees are acting as custodian trustee. It should include the name and objects of the charity on whose behalf they are being held and how this activity falls within their own objective.

## **Auditor**

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware,
- 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 auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 4<sup>th</sup> December 2017 and signed on the board's behalf by:

**Mr D Bennett**

Trustee & Chair of Governors

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Queen Elizabeth's Grammar 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 board of trustees has delegated the day-to-day responsibility to the Headteacher, 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's Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustee	Meetings attended	Out of a possible
Mr D Bennett (Chair of Governors)	5	5
Mr I Birchall	1	5
Mrs A Bourn (Staff Trustee) (Chair of Wellbeing Committee)	4	5
Mr P Brewster	4	5
Mr M Cherry (Staff Trustee)	4	5
Mr P Cordingley (until 08/05/17)	2	4
Mr J Finley (Chair of Finance Committee) (until 26/06/17)	4	5
Mrs A Hurrell (Chair of Personnel Committee)	4	5
Mr P Jackson	4	5
Mr S Jackson (Staff Trustee)	5	5
Mr J Kwee	4	5
Mrs H Payne	5	5
Mr J Pearson (until 06/02/17)	0	3
Mr A Rajput	2	5
Dr G Samra	2	5
Mr A Turner	4	5
Mr C Waters (Chair of Standards Committee)	5	5
Mrs K Wingate	4	5

The strategy for succession planning continues to enable the academy to maintain strength and skills within the board of trustees. The academy acknowledged the valuable contribution of Mr Cordingley, a governor for almost ten years, who left in May, and also the support of Mr Pearson, a governor for almost two and a half years, who left in February. This year also signifies the departure of Mr Finley, a Parent Governor, due to increasing work commitments abroad, the academy has valued his role as Chair of the Finance Committee. Key roles continue to be fulfilled by Mrs Hurrell as the lead for safeguarding and Mr Brewster who monitors pupil premium outcomes. At the end of this academic year Mr Forster steps down from his role as Assistant Headteacher and Head of Sixth Form, in addition to his role of governor at our partner school within the Umbrella Trust. We are delighted that Mr Forster continues to teach on a part time basis, he has made a considerable contribution to our school and helped to shape the future careers of generations through his dedicated work within the sixth form. We also recognise the work of Ms Shore, Headteacher at Banovallum School, our partner within the Umbrella Trust, who has moved on from her role and we wish her well for the future.

The governance vision remains unchanged as the academy continues to strive to deliver '*effective leadership, world class provision, outstanding outcomes, entitlement to unique experiences*'. Activities this year have continued to include Link Governor and Head of Faculty meetings; attending open mornings, parents' evenings, student council meetings and representing the school during open evening; participating

in interview panels; maintaining links with governors across the Umbrella Trust, attending training sessions and exploring possibilities with governors and staff regarding the option of creating a Horncastle MAT. During the coming year, we will establish relationships with the newly appointed Headteachers, Mr Grant Edgar at Banovallum School and Mr Steve Bladon at Horncastle Primary School.

As a member of the Lincolnshire Learning Partnership, the peer review process continues to inform development and across participating schools and contributes to the drive for improving standards.

A range of projects have taken place, driven by growing expertise and academic groups, and included topics such as mobilising Teaching Assistants, reviewing the structure of student reports, literacy across the curriculum and maximising the benefits of the student homework schedule. A pastoral review is now underway and work continues to embed the outcomes of the curriculum review.

On a national perspective, the academy continues to engage with colleagues and political leaders to influence change within the education sector. This has included the Headteacher as a member of the national executive of GSHA, contributing data and attending the House of Commons in order to inform and help to shape the National Funding Formula.

Sub-committees provide support in order to deliver the academy's aims; they comprise Finance, Personnel, Standards and Wellbeing. Further details of the Finance Committee can be found below.

The purpose of the **Finance Committee** is to monitor the financial activities of the academy, challenge information and recommendations where appropriate, support development, evaluate and mitigate risk. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr D Bennett (Chair of Governors)	5	5
Mr P Brewster	3	5
Mr M Cherry (Staff Trustee)	4	5
Mr Jackson	4	5
Mr J Finley (Chair of Finance Committee)	3	5
Mrs H Payne	5	5
Mr Turner	5	5
Mr C Waters (Chair of Standards Committee)	5	5
Mrs K Wingate	5	5

## **Review of Value for Money**

As accounting officer, the Headteacher 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 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:

- Conducting best value reviews, including consideration of national frameworks, prior to renewing contracts for items such as accountancy services, banking facilities, transport services, PE uniform, postage facilities and telecoms services.
- Completing options appraisals and needs analysis when vacancies arise, including employment of an apprentice.
- Continuing to upskill existing staff to remove the need for external contracts and maximise resource sharing.
- Generating income through the supply of experienced staff to support other schools.
- Engaging with organisations to generate income and achieve outcomes for the wider community such as the Lincolnshire Community Foundation.
- Exploring funding opportunities such as the ESFA Condition Improvement Fund, Teaching and Learning Improvement Fund, Community Transport Association Minibus Fund, Cooperative Community Grant and National Lottery. Funding was secured from the National Lottery, Ministry of Defence Education Support Fund, Tesco Bags of Help and the Ulverscroft Foundation.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Queen Elizabeth's Grammar School for the period 1 September 2016 to 31 August 2017 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 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 Finance 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 continued to appoint Duncan & Toplis Limited Chartered Accountants as their internal auditor. The framework for internal audit is to provide the governors with on-going independent assurance that:

- The financial responsibilities of the trustees are being properly discharged.
- The resources are being managed in an efficient, economical and effective manner.
- Sound systems of financial control are being maintained.
- Financial considerations are fully taken into account in reaching decisions.

During the period, three visits were undertaken which included on site checks of processes, system records and physical documentation as noted below; each element being covered at least twice during the range of three visits:

- Procurement: Testing purchasing, invoices, payments and authorisation limits.
- Payroll: Checking appointments, change of circumstances and payments.
- Accounts: Bank, investment and charge card purchases, statements and reconciliations.
- Income: Testing invoicing, receipts, banking and debt write off.
- Month End: Viewing month end reconciliations relevant to the period prior to each visit.
- Governance: Viewing budget reports to governors for Finance Committee meetings
- Process: Comment upon compliance with ESFA guidelines, completion of internal checks and segregation of duties.

Internal audit reports produced were issued to the board of trustees and discussed during subsequent Finance Committee meetings. During the period no material control issues arose as a result of the internal auditors work.

## **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 internal auditor,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer is satisfied with the findings of their review.

Approved by order of the members of the board of trustees on 4<sup>th</sup> December 2017 and signed on its behalf by:

**Mr D Bennett**  
Trustee & Chair of Governors

**Mrs H Payne**  
Accounting Officer & Headteacher

## **Statement of Regularity, Propriety and Compliance**

As accounting officer of Queen Elizabeth's Grammar School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

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 2016.

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.

**Mrs H Payne**

Accounting Officer & Headteacher

**Date:** 4th December 2017

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Queen Elizabeth's Grammar School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and 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 in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards [FRS 102] 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 on 4<sup>th</sup> December 2017 and signed on its behalf by:

**Mr D Bennett**

Trustee & Chair of Governors

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**

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**OPINION**

We have audited the financial statements of Queen Elizabeth's Grammar School Horncastle for the Period ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the Period 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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'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.

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**

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**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
(A company limited by guarantee)

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**

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concern basis of accounting unless the Trustees either intend to liquidate the Academy's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S 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 Auditor's 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). The description forms part of our Auditor's report.

Nicholas Cudmore FCA (Senior Statutory Auditor)

for and on behalf of

**Duncan and Toplis**

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO QUEEN  
ELIZABETH'S GRAMMAR SCHOOL HORNCastle AND THE EDUCATION AND SKILLS FUNDING  
AGENCY**

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In accordance with the terms of our engagement letter dated 14 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Queen Elizabeth's Grammar School Horncastle during the Period 1 September 2016 to 31 August 2017 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 Queen Elizabeth's Grammar School Horncastle and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Queen Elizabeth's Grammar School Horncastle 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 Queen Elizabeth's Grammar School Horncastle and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle'S  
ACCOUNTING OFFICER AND THE REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Queen Elizabeth's Grammar School Horncastle's funding agreement with the Secretary of State for Education dated 30 August 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 1 September 2016 to 31 August 2017 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 2016 to 2017 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's income and expenditure.

**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 1 September 2016 to 31 August 2017 have not

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QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle  
(A company limited by guarantee)

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INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO QUEEN  
ELIZABETH'S GRAMMAR SCHOOL HORNCastle AND THE EDUCATION AND SKILLS FUNDING  
AGENCY (continued)

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been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Nicholas Cudmore FCA (Senior statutory auditor)

for and on behalf of

**Duncan and Toplis**

Chartered Accountants and Statutory Auditors

15 Chequergate

Louth

Lincolnshire

LN11 0LJ

Date:

**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	18,383	18,383	416,579
Charitable activities:	3					
Funding for the Academy's educational operations		610,243	3,672,495	-	4,282,738	4,385,256
Other trading activities	4	17,345	-	-	17,345	16,229
Investments	5	13,931	-	-	13,931	16,311
<b>TOTAL INCOME</b>		<b>641,519</b>	<b>3,672,495</b>	<b>18,383</b>	<b>4,332,397</b>	<b>4,834,375</b>
<b>EXPENDITURE ON:</b>						
Raising funds		1,300	-	-	1,300	1,270
Academy trust educational operations		425,137	4,416,654	20,102	4,861,893	4,812,253
<b>TOTAL EXPENDITURE</b>	6	<b>426,437</b>	<b>4,416,654</b>	<b>20,102</b>	<b>4,863,193</b>	<b>4,813,523</b>
<b>NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS</b>		<b>215,082</b>	<b>(744,159)</b>	<b>(1,719)</b>	<b>(530,796)</b>	<b>20,852</b>
Net gains on investments		39,502	7,363	-	46,865	43,802
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>254,584</b>	<b>(736,796)</b>	<b>(1,719)</b>	<b>(483,931)</b>	<b>64,654</b>
Transfers between Funds	17	(438,800)	433,724	5,076	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>(184,216)</b>	<b>(303,072)</b>	<b>3,357</b>	<b>(483,931)</b>	<b>64,654</b>
Actuarial gains/(losses) on defined benefit pension schemes	22	-	344,000	-	344,000	(482,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(184,216)</b>	<b>40,928</b>	<b>3,357</b>	<b>(139,931)</b>	<b>(417,346)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		974,301	(1,221,881)	10,380,248	10,132,668	10,550,014
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>790,085</b>	<b>(1,180,953)</b>	<b>10,383,605</b>	<b>9,992,737</b>	<b>10,132,668</b>

**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08175402**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		<b>10,383,605</b>		10,186,662
Investments	13		<b>465,473</b>		871,949
			<u>10,849,078</u>		<u>11,058,611</u>
<b>CURRENT ASSETS</b>					
Stocks	14	<b>6,905</b>		-	
Debtors	15	<b>122,411</b>		100,497	
Cash at bank and in hand		<b>721,978</b>		794,910	
		<u>851,294</u>		<u>895,407</u>	
<b>CREDITORS:</b> amounts falling due within one year	16		<u>(397,635)</u>	(316,350)	
<b>NET CURRENT ASSETS</b>			<u>453,659</u>		<u>579,057</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,302,737</u>		<u>11,637,668</u>
Defined benefit pension scheme liability	22		<u>(1,310,000)</u>		<u>(1,505,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>9,992,737</u>		<u>10,132,668</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	<b>129,047</b>		283,119	
Restricted fixed asset funds	17	<b>10,383,605</b>		10,380,248	
Restricted income funds excluding pension liability		<b>10,512,652</b>		10,663,367	
Pension reserve		<b>(1,310,000)</b>		(1,505,000)	
Total restricted income funds			<u>9,202,652</u>		<u>9,158,367</u>
Unrestricted income funds	17		<u>790,085</u>		<u>974,301</u>
<b>TOTAL FUNDS</b>			<u>9,992,737</u>		<u>10,132,668</u>

The financial statements on pages 25 to 49 were approved by the Trustees, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:

.....  
**Mr D Bennett**  
**Chair of Governors**

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCastle**  
(A company limited by guarantee)

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**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	19	<u>(319,483)</u>	<u>(235,237)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		2,900	-
Purchase of tangible fixed assets		(217,045)	(22,657)
Capital grants from DfE/ESFA		7,355	416,579
Cash withdrawn from (placed in) investment accounts		<u>453,341</u>	<u>(453,340)</u>
<b>Net cash provided by/(used in) investing activities</b>		<u>246,551</u>	<u>(59,418)</u>
<b>Change in cash and cash equivalents in the Period</b>		<b>(72,932)</b>	<b>(294,655)</b>
Cash and cash equivalents brought forward		<u>794,910</u>	<u>1,089,565</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>721,978</u></u>	<u><u>794,910</u></u>

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**QUEEN ELIZABETH'S GRAMMAR SCHOOL HORNCASTLE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**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, which is a public benefit entity under FRS 102, 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 (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Queen Elizabeth's Grammar School Horncastle 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

**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 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's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £5,000 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 other than freehold land, 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:

Motor vehicles	-	20% straight line
Office equipment	-	20% / 33% straight line
Educational equipment	-	20% straight line

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 incorporating income and expenditure account.

**1.6 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

**1.7 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.

**1.8 Stocks and work in progress**

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 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.

**1.11 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 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. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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. 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 16. 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.

**1.13 Taxation**

The Academy 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 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.

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**1. ACCOUNTING POLICIES (continued)**

**1.14 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 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 22, 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities 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.

**1.15 Agency arrangements**

The academy trust acts as an agent in distributing 16 - 19 bursary funds from ESFA. The funds received and paid and any balances held are disclosed in the notes.

**1.16 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**1. ACCOUNTING POLICIES (continued)**

**1.17 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 22, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

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

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Capital Grants	-	-	<b>18,383</b>	<b>18,383</b>	<i>416,579</i>
<i>Total 2016</i>	-	-	<i>416,579</i>	<i>416,579</i>	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	3,582,614	3,582,614	3,716,224
Pupil Premium	-	52,357	52,357	51,844
Other DfE/ESFA Revenue grants	-	30,210	30,210	19,094
	-	3,665,181	3,665,181	3,787,162
<b>Other government grants</b>				
Local Authority grants	-	-	-	10,976
	-	-	-	10,976
<b>Other funding</b>				
Other income revenue	610,243	7,314	617,557	587,118
	610,243	7,314	617,557	587,118
	610,243	3,672,495	4,282,738	4,385,256
<i>Total 2016</i>	513,950	3,871,306	4,385,256	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering for Primary Schools	9,638	-	9,638	9,164
Hire of Facilities	7,707	-	7,707	7,065
	17,345	-	17,345	16,229
<i>Total 2016</i>	16,229	-	16,229	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	11,031	-	11,031	11,889
Bank interest received	2,900	-	2,900	4,422
	<u>13,931</u>	<u>-</u>	<u>13,931</u>	<u>16,311</u>
<i>Total 2016</i>	<u>14,492</u>	<u>1,819</u>	<u>16,311</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	1,300	-	-	1,300	1,270
Funding for the academy:					
Direct costs	2,948,755	-	253,750	3,202,505	3,195,379
Support costs	715,961	411,285	532,142	1,659,388	1,616,874
	<u>3,666,016</u>	<u>411,285</u>	<u>785,892</u>	<u>4,863,193</u>	<u>4,813,523</u>
<i>Total 2016</i>	<u>3,613,385</u>	<u>413,301</u>	<u>786,837</u>	<u>4,813,523</u>	

**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Funding for the academy trust's educational operations	<u>3,202,505</u>	<u>1,659,388</u>	<u>4,861,893</u>	<u>4,812,253</u>
<i>Total 2016</i>	<u>3,195,379</u>	<u>1,616,874</u>	<u>4,812,253</u>	

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**7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)**

**Analysis of direct costs**

	Educational operations £	Total 2017 £	Total 2016 £
Educational supplies	101,348	101,348	118,532
Technology costs	18,990	18,990	18,300
Examination fees	108,189	108,189	107,228
Staff development	3,821	3,821	9,921
Wages and salaries	2,305,713	2,305,713	2,291,382
National insurance	218,039	218,039	189,378
Pension cost	426,303	426,303	369,208
Depreciation	20,102	20,102	19,398
	<u>3,202,505</u>	<u>3,202,505</u>	<u>3,123,347</u>
<i>At 31 August 2016</i>	<u>3,123,347</u>	<u>3,123,347</u>	

**Analysis of support costs**

	Educational operations £	Total 2017 £	Total 2016 £
Staff costs	715,961	715,961	763,417
Technology costs	42,903	42,903	39,176
Recruitment and support	16,447	16,447	3,862
Maintenance of premises and Cleaning	298,544	298,544	285,790
Rent and rates	10,188	10,188	11,941
Utilities	20,571	20,571	19,094
Insurance	60,499	60,499	61,827
Transport	32,511	32,511	34,649
Catering	9,867	9,867	12,482
Other costs	94,863	94,863	90,197
Bank interest and charges	311,407	311,407	324,855
Auditors' remuneration	3,696	3,696	3,513
Legal and professional fees	9,155	9,155	7,825
	<u>32,776</u>	<u>32,776</u>	<u>30,278</u>
	<u>1,659,388</u>	<u>1,659,388</u>	<u>1,688,906</u>
<i>At 31 August 2016</i>	<u>1,688,906</u>	<u>1,688,906</u>	

During the year ended 31 August 2017, the Academy incurred the following Governance costs: £41,931 (2016 - £38,103) included within the table above in respect of Funding for the academy trust's educational operations.

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**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2017</b>	<i>2016</i>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>20,102</b>	<i>19,398</i>
Auditors' remuneration - audit	<b>7,400</b>	<i>6,000</i>
Auditors' remuneration - other services	<b>1,755</b>	<i>750</i>
Operating lease rentals	<b>18,758</b>	<i>21,871</i>
	<b>=====</b>	<b>=====</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,881,976</b>	2,892,382
Social security costs	<b>246,556</b>	211,555
Operating costs of defined benefit pension schemes	<b>537,484</b>	499,448
	<b>3,666,016</b>	3,603,385
Staff restructuring costs	-	10,000
	<b>3,666,016</b>	3,613,385

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>62</b>	67
Administration / Support	<b>60</b>	60
Management	<b>1</b>	1
	<b>123</b>	128

Average headcount expressed as a full time equivalent:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>51</b>	56
Administration / Support	<b>38</b>	36
Management	<b>1</b>	1
	<b>90</b>	93

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>2</b>	2
In the band £70,001 - £80,000	<b>0</b>	1
In the band £80,001 - £90,000	<b>1</b>	0

The above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for the members of staff amounted to £34,710.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS (continued)**

£435,170 (2016: £538,091).

**10. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
Mrs H Payne, Headteacher	Remuneration	<b>80,000-85,000</b>	<i>75,000-80,000</i>
	Pension contributions paid	<b>10,000-15,000</b>	<i>10,000-15,000</i>
Mrs A Bourn, Staff Governor	Remuneration	<b>10,000-15,000</b>	<i>10,000-15,000</i>
	Pension contributions paid	<b>0-5,000</b>	<i>0-5,000</i>
Mr S Jackson, Staff Governor	Remuneration	<b>40,000-45,000</b>	<i>40,000-45,000</i>
	Pension contributions paid	<b>5,000-10,000</b>	<i>5,000-10,000</i>
Mr M Cherry, Staff Governor	Remuneration	<b>40,000-45,000</b>	<i>40,000-45,000</i>
	Pension contributions paid	<b>5,000-10,000</b>	<i>5,000-10,000</i>

During the Period ended 31 August 2017, expenses totalling £134 (2016 - £1,352) were reimbursed to 3 Trustees (2016 - 4).

**11. 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.

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**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Office equipment £	Educational equipment £	Total £
<b>Cost</b>					
At 1 September 2016	10,142,000	6,000	66,471	31,590	10,246,061
Additions	205,000	-	-	12,045	217,045
At 31 August 2017	<u>10,347,000</u>	<u>6,000</u>	<u>66,471</u>	<u>43,635</u>	<u>10,463,106</u>
<b>Depreciation</b>					
At 1 September 2016	-	6,000	46,906	6,493	59,399
Charge for the Period	-	-	13,583	6,519	20,102
At 31 August 2017	<u>-</u>	<u>6,000</u>	<u>60,489</u>	<u>13,012</u>	<u>79,501</u>
<b>Net book value</b>					
At 31 August 2017	<u>10,347,000</u>	<u>-</u>	<u>5,982</u>	<u>30,623</u>	<u>10,383,605</u>
At 31 August 2016	<u>10,142,000</u>	<u>-</u>	<u>19,565</u>	<u>25,097</u>	<u>10,186,662</u>

**13. FIXED ASSET INVESTMENTS**

	Unlisted securities £
<b>Market value</b>	
At 1 September 2016	871,949
Revaluations	46,865
Disposals	(453,341)
At 31 August 2017	<u>465,473</u>
<b>Historical cost</b>	<u>465,473</u>
<b>Investments at market value comprise:</b>	
	2017 £
Unlisted investments	465,473
	2016 £
	871,949

All the fixed asset investments are held in the UK

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. STOCKS**

	2017 £	2016 £
Stock	<u>6,905</u>	<u>-</u>

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	28,907	8,842
VAT recoverable	5,754	4,966
Other debtors	12,863	8,376
Prepayments and accrued income	74,887	78,313
	<u>122,411</u>	<u>100,497</u>

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

	2017 £	2016 £
Trade creditors	66,967	45,827
Other taxation and social security	81,358	63,595
Other creditors	46,795	56,842
Accruals and deferred income	202,515	150,086
	<u>397,635</u>	<u>316,350</u>

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	22,326	21,823
Resources deferred during the year	125,568	22,326
Amounts released from previous years	(22,326)	(21,823)
	<u>125,568</u>	<u>22,326</u>
Deferred income at 31 August 2017	<u>125,568</u>	<u>22,326</u>

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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Maintenance Contingency	152,573	-	-	-	-	152,573
Operational Contingency	382,366	-	-	-	39,502	421,868
	<u>534,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,502</u>	<u>574,441</u>
<b>General funds</b>						
Transfer on Conversion	439,362	-	-	(438,800)	-	562
General Funds	-	641,519	(426,437)	-	-	215,082
	<u>439,362</u>	<u>641,519</u>	<u>(426,437)</u>	<u>(438,800)</u>	<u>-</u>	<u>215,644</u>
Total Unrestricted funds	<u>974,301</u>	<u>641,519</u>	<u>(426,437)</u>	<u>(438,800)</u>	<u>39,502</u>	<u>790,085</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	185,462	3,582,807	(4,193,979)	433,724	-	8,014
Other ESFA Grants	8,342	83,317	(73,675)	-	-	17,984
Other Income	89,315	6,371	-	-	7,363	103,049
Pension reserve	(1,505,000)	-	(149,000)	-	344,000	(1,310,000)
	<u>(1,221,881)</u>	<u>3,672,495</u>	<u>(4,416,654)</u>	<u>433,724</u>	<u>351,363</u>	<u>(1,180,953)</u>
<b>Restricted fixed asset funds</b>						
DFC Grants	10,838	18,383	-	(29,221)	-	-
ESFA Capital						
Maintenance Grant	182,748	-	-	(182,748)	-	-
Assets Transferred on Conversion	10,142,000	-	-	-	-	10,142,000
Capital Expenditure from GAG	32,786	-	(16,733)	12,045	-	28,098
Capital Expenditure from Other Funds	11,876	-	(3,369)	205,000	-	213,507
	<u>10,380,248</u>	<u>18,383</u>	<u>(20,102)</u>	<u>5,076</u>	<u>-</u>	<u>10,383,605</u>
Total restricted funds	<u>9,158,367</u>	<u>3,690,878</u>	<u>(4,436,756)</u>	<u>438,800</u>	<u>351,363</u>	<u>9,202,652</u>
Total of funds	<u><u>10,132,668</u></u>	<u><u>4,332,397</u></u>	<u><u>(4,863,193)</u></u>	<u><u>-</u></u>	<u><u>390,865</u></u>	<u><u>9,992,737</u></u>

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

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

Other DFE / ESFA Grants comprise of various grants awarded for specific projects, in particular to boost standards of attainment. Grants include Pupil Premium funding which is intended to support education from pupils from a disadvantaged background.

Local Government Grants includes funding provided for pupils with Statements of Special Educational Needs and is used by the academy to assist with the pupil's education.

Devolved capital funding is that provided to academies to use as it sees fit in areas such as improvements to buildings or facilities, or the repair or refurbishment of such.

Other capital grants are provided to the academy based on specific bids for individual projects.

Other income comprises various other receipts including school meals. The income is classed as restricted or unrestricted based on the nature of the income.

The pension reserve arises from the actuarial measurement of the Academy's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the school in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £149,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £344,000 actuarial decrease in the net pension fund deficit.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,383,605	10,383,605
Fixed asset investments	-	465,473	-	465,473
Current assets	790,085	61,209	-	851,294
Creditors due within one year	-	(397,635)	-	(397,635)
Provisions for liabilities and charges	-	(1,310,000)	-	(1,310,000)
	<u>790,085</u>	<u>(1,180,953)</u>	<u>10,383,605</u>	<u>9,992,737</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(483,931)	64,654
<b>Adjustment for:</b>		
Depreciation charges	20,102	19,398
Losses/(gains) on investments	(46,865)	(43,802)
Dividends, interest and rents from investments	(2,900)	-
Increase in stocks	(6,905)	-
Decrease/(increase) in debtors	(21,914)	4,362
Increase/(decrease) in creditors	81,285	44,730
Capital grants from ESFA and other capital income	(7,355)	(416,579)
Defined benefit pension scheme cost less contributions payable	116,000	56,000
Defined benefit pension scheme finance cost	33,000	36,000
<b>Net cash used in operating activities</b>	<u>(319,483)</u>	<u>(235,237)</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash at bank	605,917	679,367
Notice deposits (less than 3 months)	116,061	115,543
<b>Total</b>	<u>721,978</u>	<u>794,910</u>

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**21. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government grant was received, the Academy is required to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of state sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which the expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**22. PENSION COMMITMENTS**

The Academy'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 Lincolnshire 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 2013.

Contributions amounting to £38,446 were payable to the schemes at 31 August 2017 (2016 - £56,842) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**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:

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**22. PENSION COMMITMENTS (continued)**

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- 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%.

During the previous year the employer contribution rate was 14.1%. 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 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £335,000 (2016 - £345,000).

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 Period ended 31 August 2017 was £158,000 (2016 - £153,000), of which employer's contributions totalled £121,000 (2016 - £117,000) and employees' contributions totalled £37,000 (2016 - £36,000). The agreed contribution rates for future years are 17.15% for employers and 2.75 - 8.5% 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.

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Principal actuarial assumptions:

	<b>2017</b>	<b>2016</b>
Discount rate for scheme liabilities	<b>2.50 %</b>	<b>2.10 %</b>
Rate of increase in salaries	<b>2.80 %</b>	<b>3.60 %</b>
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	<b>2.10 %</b>

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**22. PENSION COMMITMENTS (continued)**

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

	<b>2017</b>	2016
Retiring today		
Males	<b>22.1</b>	22.2
Females	<b>24.4</b>	24.4
Retiring in 20 years		
Males	<b>24.1</b>	24.5
Females	<b>26.6</b>	26.8

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

	<b>Fair value at 31 August 2017 £</b>	<i>Fair value at 31 August 2016 £</i>
Equities	<b>1,184,000</b>	843,000
Corporate bonds	<b>182,000</b>	142,000
Property	<b>137,000</b>	-
Cash and other liquid assets	<b>15,000</b>	110,000
	<b>1,518,000</b>	1,095,000

The actual return on scheme assets was £24,000 (2016 - £171,000).

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

	<b>2017 £</b>	2016 £
Current service cost	<b>(237,000)</b>	(173,000)
Interest cost	<b>(33,000)</b>	(36,000)
Total	<b>(270,000)</b>	(209,000)

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**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	2,600,000	1,724,000
Current service cost	237,000	173,000
Interest cost	57,000	69,000
Employee contributions	37,000	36,000
Actuarial (gains)/losses	(78,000)	620,000
Benefits paid	(25,000)	(22,000)
	<u>2,828,000</u>	<u>2,600,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,095,000	793,000
Interest income	24,000	33,000
Actuarial gains	266,000	138,000
Employer contributions	121,000	117,000
Employee contributions	37,000	36,000
Benefits paid	(25,000)	(22,000)
	<u>1,518,000</u>	<u>1,095,000</u>

**23. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	18,255	22,045
Between 1 and 5 years	20,553	15,683
	<u>38,808</u>	<u>37,728</u>

**24. 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.

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**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has 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.

Chattertons Solicitors is a firm in which Mr P Cordingley is a partner. Mr P Cordingley was also a governor, but has now resigned. During the year, the academy received net invoices from Chattertons Solicitors totalling £6,159 (2016 - £756). There was no balance outstanding at either year-end. The work is undertaken by a separate partner of the firm.

QEGS Parents' Association is a charity in which some of the governors are trustees. During the year, QEGS Parents' Association made contributions and donations totalling £12,477 (2016 - £4,030). The balance due to the academy at the year-end was £918 (2016 - £607).

Lloyds Bank is a bank in which Mr P Brewster, a governor, is also an employee. During the year, the academy received net invoices from Lloyds Bank totalling £94 (2016 - £NIL). There was no balance outstanding at either year-end.

**26. AGENCY ARRANGEMENTS**

The academy trust distributes 16 - 19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £17,033 (2016: £17,183). At the year end £4,059 (2016: £nil) was included in creditors as amounts owing to students.

**27. CONTROLLING PARTY**

The trustees have control of the Academy.