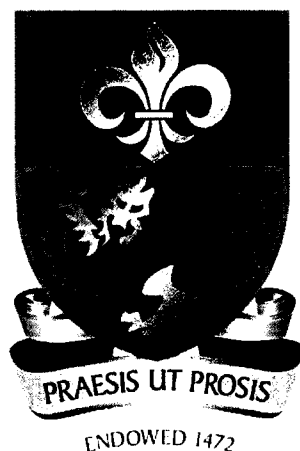


Lancaster Royal Grammar School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2021



Company Registration Number: 07469330
(England & Wales)

Lancaster Royal Grammar School

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Reference and Administrative Details

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the company for the period ended 31 August 2021. The Trustees collectively comprise the Governing Body. It is the Governing Body which holds responsibility for these accounts.

		Appointed	Resigned
Members	Professor Martin Alexander		
	Mr William Bancroft	01/04/2021	
	Mr Paul Benson	01/04/2021	
	Dr John Bentham		
	Mr Roderick Burgess		01/09/2020
	Mr Michael Burrow		
	Mr Douglas Cameron		07/09/2020
	Mr Matthew Dobson	01/04/2021	
	Mr Peter Dyer	01/02/2021	
	Mr Paul Fitton		
	Mrs Deborah Garritty	01/04/2021	
	Professor David Hutchinson	01/04/2021	
	Mrs Ena Lund		31/03/2021
	Mr Andrew Neal		31/03/2021
	Dr Navita Parekh		
	Mrs Wendy Preston		
	Mr Howard Roberts (Chair of Governors)		
	HHJ Phillip Sycamore		31/03/2021
	Mr Douglas Walker		
	Mr Mark Youlton	01/04/2021	
Trustees	Professor Martin Alexander		
	Mr William Bancroft		
	Mr Paul Benson	01/04/2021	
	Dr John Bentham		
	Mrs Alison Bland		
	Mr Roderick Burgess		01/09/2020
	Mr Michael Burrow		
	Mr Douglas Cameron		07/09/2020
	Mr Hugh Castle (Staff Trustee)		
	Mr Matthew Dobson	01/04/2021	
	Mr Peter Dyer	01/02/2021	
	Mr Paul Fitton		
	Mrs Deborah Garritty	01/04/2021	
	Professor David Hutchinson		
	Mr Nicholas King	01/04/2021	
	Mrs Ena Lund		31/03/2021
	Mr Richard Mellon (Staff Trustee)		
	Mr Andrew Neal		31/03/2021
	Dr Navita Parekh		
	Mrs Wendy Preston		
	Dr Christopher Pyle (Accounting Officer)		
	Mr Kevin Roberts		31/12/2020
	Mr Howard Roberts (Chair of Governors)		
	HHJ Phillip Sycamore		31/03/2021
	Mr Graeme Thompson (Staff Trustee)		
	Mrs Sarah Troughton		
	Mr Douglas Walker		
	Mr Andrew Whipp		
	Mr Mark Youlton	01/04/2021	

Reference and Administrative Details (continued)

Company Secretary

Mr Richard Gittins

Senior Management Team

- Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Finance and Support Services
- Director of Finance and Support Services

Dr C Pyle
Mr M Chambers
Mr J Hallsworth
Ms S Haigh
Dr D Rowe
Mrs C Lodge (Appointed 18 December 2020)
Mr R Thomas (Retired 18 December 2020)

Company Name

Lancaster Royal Grammar School

Principal and Registered Office

East Road
Lancaster
LA1 3EF

Company Registration Number

07469330

Independent Auditor

Saint and Co
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

Bankers

Barclays Bank PLC
38 Market Street
Lancaster
LA1 1HR

Solicitors

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Lancaster and surrounding areas. It had a roll of 1,223 in the school census on 15 January 2021.

Principal activities

The principal activity of the Academy is to carry on a selective state-funded school, principally for boys in years 7 to 11 and from 1st September 2019 coeducational in the 6th Form, known as Lancaster Royal Grammar School (independent of Local Authority control). The Academy will provide secondary education predominantly for pupils aged 11-18 years old with a curriculum that satisfies legal requirements, that is balanced and broad. The pupils will be wholly or mainly drawn from the area in which the Academy is situated.

In addition, the Academy provides boarding accommodation to assist in its objective of providing education for its pupils.

The charge for the boarding to parents of the pupils concerned will not exceed the full cost of the Academy providing the board and lodgings.

Structure, Governance and Management**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The trustees of Lancaster Royal Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Lancaster Royal Grammar School. The Trustees also make up the Governing Body of the Academy and each Trustee is a Governor of the Academy.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

The Academy has purchased indemnity insurance to protect Trustees and officers of the Academy Trust from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Trustees

The company's Articles of Association (Article 46) provide for the Trustees to be constituted as follows:

- 1** Up to 15 Trustees appointed by the Members
- 2** 3 staff Trustees, if appointed by the Members
- 3** Up to 1 Local Authority (LA) Trustee if appointed by the LA
- 4** 3 Parent Trustees
- 5** The Headmaster (an ex officio Trustee)
- 6** Up to 1 Co-opted Trustee appointed by the rest of the Trustees

Trustees' Report (continued)**Policies and Procedures Adopted for the Induction and Training of Trustees**

Most of the Trustees appointed would be familiar with the work of the Academy, and would be asked to join the Trustee body if it was thought they could bring skills that would enhance the Academy's operations. The training and induction provided for new Trustees would depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees will be provided with a tour of the Academy and given the opportunity to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will require to fulfil their role as a Trustee. Induction is tailored to the specific individual based on prior experience and interests.

Organisational Structure

The management structure consists of the Trustees, the senior leadership team, a complex array of middle managers and coordinators. The aim of the management structure is to devolve responsibility and encourage decision making at all levels of the Academy operations.

The Trustees are responsible for setting the overall strategic policy decisions of the Academy adopting an annual plan and budget forecasts, monitoring the results of the Academy by way of forecasts against the budgets and making the major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The senior leadership team comprising the Headteacher, 2 Deputy Headteachers, 2 Assistant Headteachers, and Director of Finance & Support Services control the Academy at a day to day level, implementing the policies that have been agreed by the Trustees and then reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the Headmaster and the Senior Leadership team is set at a meeting of the Governing Body Pay Committee. The performance of the Headmaster and Senior Leadership team is reviewed with comparison to previously set objectives when the committee makes its decision. Individuals may appeal any decision to the Governing Body Pay Appeals Committee. There were no appeals made in the year to 31st August 2021.

Trade union facility time*Relevant union officials*

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	0.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1% - 50%	
51% - 99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	£6,405,463
% of total pay bill spent on facility time	0.00%

Paid trade union activities

There was no paid union activity during the period

Related Parties and other Connected Charities and Organisations

The Academy Members are also the same Members as those of the Lancaster Royal Grammar School Charity, registered number 526602. The purpose of this charity is to assist the Trustees in the running of the Academy.

Details of transactions between the two entities are included within note 25 in the financial statements.

Trustees' Report (continued)**Objectives and Activities****Objects and Aims**

The Academy Trust's principal object is specifically restricted to the advance for public benefit of 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.

In accordance with the funding agreement dated 15 April 2011, made under Section 1 of the Academies Act 2010 between the Secretary of State for Education and the Academy Trust, the Academy is governed by a board of Trustees which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the school. The funding agreement specifies the admission arrangements, amongst other items, and that the curriculum, in substance, complies with the statutory requirements of Section 78 Education Act 2002.

The Academy's main strategy is to raise the standards of achievement through a continued focus on improvement of all aspects of the Academy. The core purpose of the Academy is the teaching and learning of its pupils. Resources are consistently and regularly measured by the contribution they make to the overall quality of teaching and learning, and therefore the standards that the pupils achieve.

In addition to its educational aims for its pupils, the Academy will also aim:

- to ensure that every pupil enjoys a high standard of extra-curricular opportunity and pastoral care
- to be at the heart of the Lancaster community, promoting community cohesion and sharing facilities with other schools and the wider community
- to provide for the efficient use of money and funds expended
- to continually improve the effectiveness of the Academy by keeping key aspects such as the curriculum, pastoral support and management structure under review
- to conduct the Academy's business in an open, effective manner, with the highest standards of integrity and openness.

In order to support the Academy in these aims, the Academy will evaluate, manage and maintain:

- a clear organisational structure of governance which allows staff and pupils to understand their roles in the Academy
- a review of staff performance and provision of necessary professional development
- robust quality assurance processes which are transparent and provide a basis for action plans
- appropriate structures to provide resources to support both staff and pupils in achieving their goals.

Trustees' Report (continued)

Objectives, Strategies and Activities

The main priorities of the Academy during the year ended 31st August 2021 are summarized below:

- Pupil progress achieved by promoting the highest standards of academic achievement at GCSE and A Level and through the use of data and assessment to identify and support all pupils.
- Pandemic response achieved by ensuring a covid-19 secure environment for pupils and staff, identifying pupils requiring pastoral support following school closures, the establishment of remote teaching and agreeing departmental priorities to address lost learning.
- Challenging prejudice by establishing diversity and equality groups in the school and reviewing and changing the school curriculum
- Promoting a love of reading and improving writing.

Equal opportunity policy

The Trustees understand that it is important for good practice within the workplace, that equal opportunities should exist. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Public Benefit

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

Trustees' Report (continued)

Strategic Report

Achievements and Performance

The academy educates approximately 1,261 pupils aged from 11 to 18, including 170 boarders and a Sixth Form of around 395 pupils. In September 2017 the academy trust increased its admission number to recruit 150 day pupils and 24 boarders into Year 7 each year. In September 2020 we reduced the 11+ pass mark for pupils eligible for the Pupil Premium in line with our historic grammar school mission of outreach and access. Our Sixth Form became coeducational for day students in 2019, and from 1st September 2020 we also welcomed our first cohort of eleven girls as Sixth Form boarders.

The school was separated into zones or bubbles for much of the year, meaning that lesson time in specialist areas such as music rooms and science laboratories was limited. Teachers provided continuous high-quality lessons to all year groups via Microsoft Teams during the period of school closure. Key workers' children and vulnerable pupils attended lessons in school throughout the closure, and one boarding house remained open.

Examinations were cancelled for the second successive year for GCSE and A-level students, and students were awarded Teacher Assessed Grades on the basis of their performance during the courses. Students received deservedly excellent results.

At A-level, students were awarded A*, A or B grades in 83.3% of all subjects. 62.3% of these were awarded A* or A grades, and 24.9% received A* grades or the Pre-U equivalent.

Those excellent results were mirrored by progression to a wide range of high-quality post-18 opportunities. It was very pleasing to support applications across the full range of Arts, Humanities and Science subjects, and to high-quality apprenticeships and degree apprenticeships. A large majority of students progressed to competitive university courses. Ten students gained places at Oxford and Cambridge, including one of our first cohort of Sixth Form girls. 72% of university acceptances were for higher tariff UCAS courses.

The most popular university destinations were Lancaster University, Newcastle University and University College London. Most popular subjects included Medicine, Economics, Engineering and Geography.

GCSE results were also very strong, and well-deserved by this cohort who experienced such disruption to both years of their studies. 70.7% of all GCSEs were graded 9 to 7. 47.5% of results were awarded grades 9 and 8, and 99.7% of all results were at grades 9 to 4. We provided remote teaching and summer work for GCSE students and external Sixth Form applicants in order to help their smooth progression to A-level courses.

The school's successes in extracurricular activities are well documented on the website www.lrgs.org.uk. Despite the national lockdown that closed the school for several months the following were particularly noteworthy:

- **Business and Enterprise:** Lancashire Company of the Year in the Young Enterprise showcase.
- **Charities:** Pupils raised £8729.86 for the following Lenten charities despite school closure in the Lent term: Team Reece, St. John's Hospice, Nishkam SWAT, Cancer Research UK, Money for Madagascar and Movember. One student raised £1230 for NHS Charities Together running challenge, and Christmas Jumper Day raised £913.30 for Save the Children. Year 7 and 8 raised around £1200 for St John's Hospice in the Reindeer Run. Pupils raised £400 following a tragic explosion in Heysham.
- **Cricket:** U13s Lancashire Cup winners, and U14 and U15 finalists. Several pupils gained county recognition including Lancashire U14 and U15 captains. One pupil represented Durham County U14s, and scored a century in the Lancashire Cup final versus Manchester Grammar School. First XI fixtures in an interrupted season included the Royal Grammar Schools' Festival, the MCC, and a Douglas Cameron memorial fixture. LRGS was named as one of the Cricket Magazine's top 100 cricketing schools.
- **Computing:** 458 Students took part in the BEBRAS Computational Thinking Challenge and 128 achieved a Distinction
- **Cycling:** Pupil placed 16th in the National Road Youth series.
- **Drama:** Four students achieved LAMDA Acting Grade 8 Gold medals with Distinction.
- **Engineering:** Two students gained prestigious Arkwright Scholarships.
- **Essay competitions:** Student won the Lancaster University Sport and Exercise Inspiring Minds essay competition. Another student was highly commended in the Cambridge University Caius Explore Essay Competition for Theology, Religion and Philosophy.

Trustees' Report (continued)

- **Football:** Student awarded North Lancashire Young Referee of the Year trophy.
- **Golf:** Youngest qualifier for the Open Regional Final at St Annes Old Links and Winner of NW Junior Open.
- **Hockey:** Student selected for the northwest team in the England Hockey Futures tournament.
- **International Intermediate Biology Olympiad:** 3 Gold, 7 Silver and 13 Bronze Awards
- **International Physics Olympiad:** 7 Gold and 4 Silver Awards. One placed in the top 15 nationally and was chosen to represent GB in Olympiad competition against other European countries where he placed 23rd overall.
- **Maths Olympiad:** Distinction and Merit.
- **Netball:** Despite the limited opportunities, netball teams competed successfully in their first competitive inter-school fixtures.
- **Parallel Histories:** Students debated with schools from the UK, Europe and North America. Sixth Form girls were involved as mentors with the Forward Assist debating programme with former service women.
- **Photography:** Student won the National Geographic photography competition focused on teenagers' wellbeing.
- **Publications:** Sixth Form student published his first book: "Britain in depression? A teenager's perspective of COVID-19's impact on the UK economy." Two students had articles published in the Geography journal Routes. A-level historians published original research on Lancaster's slave trade history, working alongside academics and Lancaster Black History Group.
- **Rugby:** Several students progressed to performance pathways and County squads despite this season's loss of normal competitions. LRGS was featured in the Rugby Paper as part of their series on "Rugby's Great Schools."
- **Running and Orienteering:** Two students were selected for the Lancashire fell running team. A former pupil was selected for to represent GB in the World Orienteering Championships.
- **Stamp Competitions:** Stamp club was a popular new addition to the school. Two Year 7 pupils won prizes in national stamp competitions.
- **Swimming:** Pupil selected for Swim England National Development Programme.
- **Table Tennis:** Pupil won Silver medal in the U19 nationals and represented England in the European Youth Championships.
- **Television:** An Old Lancastrian was part of the Warwick University team who were overall champions of University Challenge. Pupil was semi-finalist in TV cookery competition Step up to the Plate.
- **Tennis:** Cumbria U11 and U12 champion, Lancashire U14 County winner, U16 Boys Regional Semi-finalist, U18 Boys Regional finalist, national top 30 ranked player.
- **Volunteering:** Students volunteered in a wide range of settings including food banks, NHS centres and vaccination centres. Year 9 pupil was highly commended for his volunteering during lockdown in the High Sheriff's Young Citizen of the Year awards.

Trustees' Report (continued)**COVID - 19**

At the start of the year pupils and teachers returned to school after the end of the first lockdown. The school operated in year group or class "bubbles" throughout the year which impacted on students' ability to access practical elements of the curriculum such as practical science lessons. It also limited the opportunities for extra-curricular activities such as clubs, trips and sports fixtures.

Additional costs of approximately £29,000 were incurred during the year on enhanced cleaning regimes and other items to maintain a COVID secure environment.

The second closure of schools, imposed by the Government in response to the COVID-19 pandemic, from 5th January 2021 had a significant impact on the provision of lessons to our pupils and led to a loss of boarding income of £425,000.

The education of the pupils continued throughout the second lockdown period with online lessons being delivered by Teachers through Microsoft Teams. Our disadvantaged students were provided with laptops to ensure that they were able to continue their education along with their peers. Pupils whose parents were classified as key workers, pupils classified as vulnerable and some boarders who were unable to return home overseas due to the closure of international borders continued to attend school throughout the lockdown.

The school was unable to generate any income from letting of the school facilities during the year due to COVID restrictions.

The school received grant funding of £67,000 from the COVID catch up fund, which has been used to pay for additional hardware to support remote learning, online revision resources and cover for teachers to allow for additional face to face time with students in break and lunchtimes.

The school also received funds for mass testing of students on the return to school in March 2021 which was used to fund a team to perform the mass testing.

The school has started the new year operating almost back to normal, however ongoing levels of infection in the population have meant that the school continues to offer hybrid remote learning to support students who are self-isolating due to testing positive for COVID.

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, the board of Trustees 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.

Trustees' Report (continued)

Financial Review

Financial Review

The Academy Trust's accounting period is 01 September 2020 to 31 August 2021.

The majority of the Academy's income is derived from the Education and Skills Funding Agency (ESFA) in the form of annual grants and from income in respect of boarding fees from parents of the boarders to fund the costs of running the boarding houses. These sources of income are all shown within restricted general funds in the Statement of Financial Activities.

General Annual Grant funding increased in the year by £734,119 due primarily to the increase in pupil numbers across the school. Boarding income was increased by £591,231 due to a combination of an increased number of boarders and less income lost in the second lockdown which was shorter than the first lockdown.

Teaching and educational support staff costs have increased due to the school's continued expansion.

The Lancaster Royal Grammar School Charity (Charity number 526602) gave donations totalling £110,757 (2020: £85,102). The donations were to support the school's outreach programme to local primary school, the extra-curricular programme that is run for all pupils at the school, to support the general running costs of the school and for capital projects. Friends of LRGS made donations of £4,815 (2020: £14,992) for the purchase of equipment for a number of small projects.

At 31st August 2021 the net book value of fixed assets was £33,611,402 (2020: £34,002,348) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used for providing education and the associated support services to the students of the Academy.

The decrease in debtors is primarily due to a decrease in accrued income as there was CIF funding due at the end of August 2020 which has been received during the year.

Creditors due in less than one year has increased as part of the ESFA loan (£120,000) is due within one year and there is an increase in accruals due to invoices in respect of the CIF project and other capital works that were not received by the year end in respect of work done in Summer 2021.

Key Financial Performance Indicators

Staffing costs as a % of total income (excluding capital income)

Teaching staff
Support staff
Total

2020	2021
55.3%	54.1%
22.2%	21.6%
77.5%	75.7%

Teaching Staff

Pupils on roll
Full time equivalents teachers
Pupil teacher ratio

2020	2021
1149	1222
66.5	66.0
17.3	18.5

Trustees' Report (continued)

Reserves Policy

The Trustees review the level of reserves in the Academy annually. This includes a review of all the expected income and expenditure streams, the need to match income with commitments and the nature of the reserves. The reserves on the General Annual Grant (GAG) fund are dictated by the Education Skills Funding Agency (ESFA) rules on carry forward, and it is the Academy's aim to stay within the 2% unrestricted carry forward.

The level of reserves remains significantly below the level the trustees would like to operate with. It is the intention to increase the amount held in reserves over the coming years but given significant cost pressures and further reductions in funding this remains a long term ambition.

Funds in Deficit

The General Annual Grant fund is in deficit at the year end totalling £2,021,508. Over the course of the year this has reduced by £59,446. The academy trust has agreed a 5 year plan to return the position to surplus with the ESFA as part of the repayment of the loan of £599,000 with ESFA.

The Trust holds a deficit on the local government pension scheme of £3,595,000. In the event of the closure of Lancaster Royal Grammar School, this deficit would be met by the DfE.

The deficit position of the pension scheme will result in a cash flow effect for the academy trust in the form of an increase in employers' pension contributions over a period of years

Investment Policy

Apart from the cash held for the operation of the Academy, Lancaster Royal Grammar School has no material investments. With respect to its cash holdings the Trustees have adopted a low risk strategy.

Principal Risks and Uncertainties

Risks are prioritised using a consistent scoring system and are reviewed at all Governors' meetings. Plans to mitigate against these risks is then managed by the Academy. The material risks that have been identified are shown in the section below.

The principal risks and uncertainties of the Academy are:

- the uncertainty of boarding revenues from year to year
- the non-payment of boarding fees by parents
- the availability of sufficient educational funding when reserves have been exhausted
- reductions in 6th Form and other ESFA funding
- financial impact of expanding when funding is based on the previous year's census of pupil numbers.
- unexpected expenditure leading to a significant year end deficit
- the ability to meet the repayment schedule imposed by ESFA for the emergency loan given to cover lost boarding revenue in an environment when future ESFA funding and salary costs are far from certain
- significant increases in the cost of utilities
- unfunded pay increases for teachers and support staff
- the deficit on the Local Government Pension Scheme
- the increasing maintenance requirements of the property estate some of which is in a very poor state of repair
- the uncertainty of how to fund improvements in the academy's boarding provision

The risks resulting from the COVID-19 pandemic include:

- Potential impact of any further lockdowns on boarding income
- Potential impact on pupils taking GCSE and A-Level exams in 2022 due to lost learning during the national lockdowns
- Disruption to pupils and staff who need to self-isolate following positive tests for COVID
- Uncertainty about the form that GCSE and A-Level examinations will take in 2022 and the impact
- Increased pastoral support for students and staff as a result of the impact of COVID on mental health
- Increased costs associated with continuing to maintain a COVID secure environment
- Loss of income from the letting of school facilities to local community groups and clubs if there are further lockdowns

Trustees' Report (continued)**Financial and Risk Management Objectives and Policies**

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the curriculum, political, operational, financial, personnel, governance, technological and school expansion risks. The Trustees are satisfied that systems and procedures are in place to mitigate exposure to major risks.

Principal Funding Sources

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes. In addition the Trust receives income in the form of boarding fees from parents, which cover the costs of pupils boarding at the Academy.

Fundraising

Fundraising for the school is managed through the Lancaster Royal Grammar School Charity. We seek voluntary donations from Parents of our pupils and from our alumni known as Old Lancastrians. The management of fundraising is performed by employees of the school and overseen by the Headmaster and the Director of Finance & Support Services. The fundraising is monitored by the Trustees of the Charity and any complaints should be directed to the Chair of the Charity Trustees. We are also supported by The Friends of LRGS which is principally a parents' organisation which supports the school through various social and fundraising activities.

Plans for Future Periods

Since September 2017 the school has started an expansion programme with the addition of a new form in Year 7. The additional forms have now reached year 11 and the school will reach full capacity in the year 2023/2024. The funding for the expanded number of pupils on the roll is lagged by one year. The school has changed its admissions policy to admit girls to the sixth form with effect from September 2019 and into boarding in September 2020. As at September 2021, the school had 65 girls in the sixth form, 15 of whom were boarders.

The Academy as part of its agreement with the ESFA to repay the loan of £599,000 over a period of 5 years, has reforecast its income and expenditure over the next 5 years taking into account the expansion programme and a review of the trusts cost base. The purpose of the plan is to repay the loan but also to return the school's reserves to a cumulative surplus. Repayment of the loan and the school's performance against the plan will be monitored by ESFA over the period.

There is an urgent need to upgrade the fabric of some of our school and boarding facilities. This is dependent on successful bids for an allocation from the ESFA Condition Improvement Fund. However, success in winning these bids is becoming more difficult, rendering some of the sports facilities unusable. This has an adverse effect on the delivery of physical education to our pupils and reduces our ability to hire facilities to external community groups. There is now an expectation that the academy will provide an injection of funds from its own resources or for it to use Salix loans for energy projects. The academy will however continue to submit bids for funding from the Condition Improvement Fund for projects that will ensure that the school's estate is fit for purpose.

Trustees' Report (continued)

Funds Held on Behalf of Others

The academy trust acts as a intermediary for the 16-19 Bursary fund, but has no responsibility, the trust distributes the funds to students as an agent for the ESFA.

The academy trust acts as a intermediary for two projects under the Erasmus programme. Funds are received from the British Council and the academy trust does not have control over the distribution of the grant in its role as coordinator.

Auditor

Saint & Co have indicated its willingness to continue in office, and a resolution to appoint them will be proposed at the annual general meeting.

Statement as to disclosure of information to auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the members of the board of trustees and signed on its behalf by:



Mr Howard Roberts
Chair of Trustees

14/12/2021

Date

Governance Statement**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Lancaster Royal 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, who is the 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 Lancaster Royal 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 four times during the year. Meetings were attended by 86% of eligible Trustees.

The finance committee is a sub-committee of the main board of Trustees and is chaired by a qualified and experienced accountant. Its purpose is to assist the decision making process of the Academy's governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources. Five meetings were held during the year. These were attended by 85% of eligible committee members.

The audit and risk committee is a sub-committee of the main board of Trustees. Its purpose is to review the effectiveness of the Academy's corporate governance arrangements, risk management and systems for internal control. Its remit covers all significant risks to the Academy, both financial and reputational. The committee receives reports directly from the external auditors and Responsible Officer. Five meetings were held during the year. These were attended by 92% of eligible committee members.

The properties committee is a sub-committee of the main board of Trustees. Its purpose is to review the management, upkeep and development of the estate and to review health and safety policies and practice throughout the school for the benefit of all students, staff and visitors. Two meetings were held during the year. These were attended by 86% of eligible committee members.

The HR and Welfare committee is a sub-committee of the main body of Trustees. Its purpose is to review issues concerning the development, well-being and compliance with the human resource policies as they affect all employees at the Academy. It also has responsibility for the monitoring of child protection and safeguarding. Two meetings were held during the year. These were attended by 75% of eligible committee members.

The pay committee is a sub-committee of the main body of Trustees. It is responsible for approving variations in the remuneration of all employees of the Academy. One meeting was held during the year. This was attended by 100% of eligible committee members.

The curriculum committee is a sub-committee of the main body of Trustees. It is responsible for monitoring the effectiveness of the delivery of the education to the students in the Academy and of the provision of services to boarders. Three meetings were held during the year. These were attended by 89% of eligible committee members.

In addition to the meetings of the Board and sub-committees, the trustees maintain effective oversight of funds through receipt of monthly management information and regular meetings between the Chairman and the headmaster.

Governance Statement (continued)

Governance Review

- No self-evaluation review has been performed in the year. A full review of the Governance structure is on-going as part of a review of the Articles of Association of the academy trust.

Board of Trustees work, performance and changes in composition

Six long standing members of the Trustees retired during the year. Six new members were appointed during the year. The Audit and Risk committee and the Boarding committee both appointed new Chairs in the year, following the retirement of the old Chair. A new sub-committee for Safeguarding was formed during the year with the responsibility for oversight of safeguarding moving from the HR and Welfare committee. The first meeting of this committee was in October 2021.

Attendance during the year at meetings of the Board and all the committees is summarized below:

Governor	Governing Body		Finance Committee		Audit Committee		Properties Committee	
	Meetings attended	Out of a possible	Meetings attended	Out of a possible	Meetings attended	Out of a possible	Meetings attended	Out of a possible
Prof M Alexander	4	4	5	5				
Mr W Bancroft	3	4			5	5		
Mr P Benson	1	1			1	1	1	1
Dr J Bentham	3	4					0	2
Mr M Burrow	4	4			5	5	2	2
Mrs A Bland	3	4						
Mr H Castle	4	4	3	5				
Mr M Dobson	0	1	1	1				
Mr P Dyer	2	4						
Mr P Fitton	4	4	5	5			2	2
Mrs D Garritty	0	1			0	1		
Prof D Hutchison	3	4					2	2
Mr N King	0	1	1	1				
Mrs E Lund	3	3	3	3			1	1
Mr R Mellon	3	4	4	5			2	2
Mr A Neal	3	3			4	4		
Dr N Parekh	4	4	2	5				
Mrs W Preston	4	4	2	2	2	3	2	2
Dr C Pyle	4	4	5	5			2	2
Mr H Roberts	4	4	5	5			1	2
HHJ P Sycamore	3	3			4	4		
Mr G Thompson	4	4						
Mrs S Troughton	3	4						
Mr D Walker	4	4						
Mr A Whipp	4	4	4	5			2	2
Mr M Youlton	0	1			1	1	1	1
	74	86	40	47	22	24	18	21

Percentage attendance

86%

85%

92%

86%

Governance Statement (continued)

Governor	HR & Welfare		Pay Committee		Curriculum Committee		Boarding Committee	
	Meetings attended	Out of a possible	Meetings attended	Out of a possible	Meetings attended	Out of a possible	Meetings attended	Out of a possible
Prof M Alexander	2	2	1	1	3	3		
Mr W Bancroft	1	2			3	3	1	2
Mr P Benson							1	1
Dr J Bentham					2	3		
Mr M Burrow								
Mrs A Bland	2	2			3	3		
Mr H Castle	2	2			3	3		
Mr M Dobson								
Mr P Dyer	1	2			1	2	1	2
Mr P Fitton			1	1			2	2
Mrs D Garritty								
Prof D Hutchison					3	3		
Mr N King								
Mrs E Lund								
Mr R Mellon					2	3	2	2
Mr A Neal								
Dr N Parekh	0	2						
Mrs W Preston	2	2			3	3	2	2
Dr C Pyle	1	2			3	3	2	2
Mr H Roberts			1	1			2	2
HHJ P Sycamore							0	1
Mr G Thompson	2	2					2	2
Mrs S Troughton	2	2			2	3		
Mr D Walker					3	3	2	2
Mr A Whipp								
Mr M Youlton								
	15	20	3	3	31	35	17	20

Percentage attendance

75%

100%

89%

85%

Governance Statement (continued)**Review of Value for Money**

As accounting officer the headmaster 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 available.

The accounting officer sets out below how he has ensured that the academy trust's use of its resources has provided good value for money during the academic year.

Improving educational standards

We continue to scrutinize our curriculum spending to ensure that expenditure matches the school priorities agreed by the Headmaster and the Governing Body. Budgets for each subject area and for all areas of learning support are reviewed regularly to ensure that our spending will have the maximum impact on educational outcomes and pupil achievements.

Staff numbers

Teaching staff numbers have increased by 2 in line with the school expansion plan. Administration and support staff have decreased by 4. Whenever a member of staff leaves, careful consideration is taken on whether they need to be replaced on a like for like basis and we take the opportunity to review working practices to improve efficiency.

Financial governance and oversight

The Governing Body is provided with regular financial information on expenditure to date and the forecast outturn for the year. Meetings are timed so that reports are current and represent the latest available information upon which to make decisions.

The audit and risk committee members take an active interest in ensuring that financial and non-financial risks are identified and prioritized with appropriate action plans produced to mitigate them. Regular meetings are held with the external auditors and the responsible officer to ensure that appropriate financial controls are used within the Academy.

The finance committee are responsible for monitoring and reviewing expenditure and ensuring compliance with the overall financial plan for the Academy, drawing any matters of concern to the attention of the Governing Body. Budgetary control reports on the Academy's financial position are considered at every meeting, including actions planned to contain expenditure within the budget and to deliver value for money.

The Senior Leadership Team meets every week with finance as a standing agenda item for each meeting. The SLT also hold focus meetings twice a term for an in depth look at the financial position and challenges faced by the school.

Purchasing efficiencies

We have tight controls on the purchase of goods and services and regularly review whether we are obtaining value for money with suppliers. This ensures that the goods and services are fit for purpose and that suppliers have the right degree of flexibility to meet the academy's needs.

Income generation

The Academy receives income from the provision of boarding facilities. We continue to closely monitor the accounts to ensure that boarding fees are paid in a timely manner and that appropriate action is taken to collect any outstanding debts.

The school normally generates income through the letting of its facilities to local community groups and sports clubs. During the year no income was generated due to COVID-19 restrictions limiting the opportunity to let out the facilities. The school has entered into a contract with a third party letting company, Vivify Limited to manage the letting if its facilities going forward.

Governance Statement (continued)***Reviewing controls and managing risks***

The risk register is reviewed regularly and delegated to appropriate Governors' committees for oversight and to members of staff for action to ensure that the highest risks that are identified can be mitigated and managed. The audit and risk committee reviews the gifts and hospitality register to ensure that the small number of gifts received comply with the policy and to ensure that probity is maintained. All staff receive reminders of their responsibilities to prevent fraud and the need for probity when offered gifts or hospitality from parents or suppliers.

COVID - 19 impact

All meetings of the Board of Trustees and the sub-committees took place virtually during the year using Microsoft Teams. No other changes to the systems of governance were required.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy's 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 the Academy for the period 01 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of the 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 monthly 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;
- regular reviews by the audit committee of reports from management, the auditor and responsible officer on risks, systems and processes and financial controls in the school. An annual report from the audit and risk committee is made to the Governing Body
- setting targets to measure financial and other performance;
- clearly defined purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.
- completion of a governance self evaluation exercise

Governance Statement (continued)**Internal Scrutiny**

The Board of Trustees has considered the need for a specific internal audit function and has decided to buy-in an internal audit service from Hallidays Group Ltd.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Review of the Financial Procedures Manual
- Review of the Scheme of Delegation
- Review of the monthly Management Accounts

On a termly basis, the auditor reports to the board of trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of Effectiveness

As accounting officer, the Headmaster 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 has been advised of the implications of the result of their review of the system of internal control by the audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Mr Howard Roberts
Chair of Governors

14/12/2021

Date

Statement on Regularity, Propriety and Compliance

As accounting officer of Lancaster Royal Grammar School I have considered my responsibility to notify the Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding received by the Trust, under the funding agreement in place between the 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 2020.

I confirm that I and the Trust board of trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- **Financial Issues**

During the year the academy encountered fraudulent activity. There was a loss incurred due to a Maths Hub invoices having bank details altered and this was paid across to a fraudulent account. The insurance company made a part payment to the Academy to cover this fraudulent payment. The financial loss was £4,025 covered by £3,087 from the RPA insurance.

Subsequently processes and procedures have been amended to prevent this from happening again.



Dr Christopher Pyle
Accounting Officer

14.12.21 Date

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr Howard Roberts
Chair of Governors

14/12/2021

Date

Independent Auditor's Report on the Financial Statements to the Members of the Lancaster Royal Grammar School**Opinion**

We have audited the financial statements of the Lancaster Royal Grammar School for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Lancaster Royal Grammar School's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report on the Financial Statements to the Members of the Lancaster Royal Grammar School (continued)

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company 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 to 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report on the Financial Statements to the Members of the Lancaster Royal Grammar School (continued)**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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud and non-compliance with laws and regulations, is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- To address the risk of fraud through management bias and override of controls, we:
 - performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
 - investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Independent Auditor's Report on the Financial Statements to the Members of the Lancaster Royal Grammar School (continued)

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Saint & Co.', is written over a horizontal line.

Darren Little (Senior Statutory Auditor)

For and on behalf of

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

14 December 2021 Date

Independent Reporting Accountant's Assurance Report on Regularity to the Lancaster Royal Grammar School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 22/07/2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Lancaster Royal Grammar School during the period 01 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective Responsibilities of the Lancaster Royal Grammar School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of the Lancaster Royal Grammar School's funding agreement with the Secretary of State for Education dated 01 September 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- the school resource management self-assessment checklist (SRMSAT) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

Independent Reporting Accountant's Assurance Report on Regularity to the Lancaster Royal Grammar School and the Education and Skills Funding Agency (continued)**Conclusion**

In the course of our work, except for the matter listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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

Matter 1:

As highlighted in the Accounting Officer's Statement on Regularity, Propriety and Compliance during the year the academy encountered fraudulent activity. It related to purchase invoices where the bank details were altered and this was paid across to a fraudulent account. We can confirm this was reported Action Fraud at the time and subsequently to the ESFA.



Darren Little (Reporting Accountant)

For and on behalf of

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

14 December 2021 Date

Statement of Financial Activities for the Year Ended 31 August 2021

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 <i>Restated</i> £
Income and endowments from:						
Donations and capital grants	3	-	67,832	122,941	190,773	338,910
Charitable activities						
Funding for the academy trust's educational operations	4	240,540	6,961,509	-	7,202,049	6,552,844
Funding for boarding activities	27	-	1,806,559	-	1,806,559	1,191,177
Other trading activities	5	3,384	48,026	-	51,410	98,478
Investments	6	-	-	-	-	-
Total		<u>243,924</u>	<u>8,883,926</u>	<u>122,941</u>	<u>9,250,791</u>	<u>8,181,409</u>
Expenditure on:						
Charitable activities						
Academy trust educational operations	8	236,807	7,135,131	517,083	7,889,021	7,798,077
Boarding activities	27	-	1,753,313	230,489	1,983,802	1,470,607
Other trading activities	7	2,552	-	-	2,552	5,156
Total	6	<u>239,359</u>	<u>8,888,444</u>	<u>747,572</u>	<u>9,875,375</u>	<u>9,273,840</u>
Net income / (expenditure)		4,565	(4,518)	(624,631)	(624,584)	(1,092,431)
Transfers between funds	11	31,461	(121,836)	90,375	-	-
Other recognised gains and (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	61,000	-	61,000	(77,000)
Net movement in funds		<u>36,026</u>	<u>(65,354)</u>	<u>(534,256)</u>	<u>(563,584)</u>	<u>(1,169,431)</u>
Reconciliation of funds						
Total funds brought forward	19	(35,194)	(4,310,330)	34,163,038	29,817,514	30,986,945
Total funds carried forward	19	<u>832</u>	<u>(4,375,684)</u>	<u>33,628,782</u>	<u>29,253,930</u>	<u>29,817,514</u>

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

Balance Sheet as at 31 August 2021

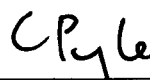
Company Number: 07469330

	Note	2021 £	2021 £	2020 £	2020 Restated £
Fixed assets					
Tangible assets	14		33,611,402		34,002,348
Investments			-		-
			<u>33,611,402</u>		<u>34,002,348</u>
Current assets					
Stock	15	10,847		8,219	
Debtors	16	334,646		725,125	
Debtors due after one year	16	266,143		-	
Cash at bank and in hand		<u>985,220</u>		<u>644,546</u>	
		1,596,856		1,377,890	
Liabilities					
Creditors: Amount falling due within one year	17	<u>(1,767,443)</u>		<u>(1,458,349)</u>	
Net current assets			<u>(170,587)</u>		<u>(80,459)</u>
Total assets less current liabilities			33,440,815		33,921,889
Creditors: Amount falling due greater than one year	18		(591,885)		(683,375)
Provision for liabilities					
Defined benefit pension scheme liability	24		<u>(3,595,000)</u>		<u>(3,421,000)</u>
Total net assets			<u><u>29,253,930</u></u>		<u><u>29,817,514</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	19	33,628,782		34,163,038	
Restricted income funds	19	(780,684)		(889,330)	
Pension reserve	19,24	<u>(3,595,000)</u>		<u>(3,421,000)</u>	
Total restricted funds	19		29,253,098		29,852,708
Unrestricted income funds					
General fund	19	<u>832</u>		<u>(35,194)</u>	
Total unrestricted funds			832		(35,194)
Total funds			<u><u>29,253,930</u></u>		<u><u>29,817,514</u></u>

The financial statements were approved by the trustees, and authorised for issue on 14 December 2021 and signed on their behalf by:



Mr Howard Roberts
Chair of Governors



Dr Christopher Pyle
Headteacher & Accounting Officer

Statement of Cash Flows for the Year Ended 31 August 2021

	2021	2020			
Reconciliation of net income / (expenditure) to net cash flow from operating activities	£	Restated £			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(624,584)	(1,092,431)			
Adjusted for:					
Depreciation	364,163	388,564			
Loss on disposal of fixed assets	49,200	-			
Capital grants from DfE/ESFA and other capital income	(30,201)	(221,996)			
Capital donations	(92,740)	(5,785)			
Interest payable	-	-			
Interest receivable	-	-			
Defined benefit pension scheme costs less contributions payable	171,000	172,000			
Defined benefit pension scheme net pension finance costs	64,000	54,000			
Decrease/(Increase)/Increase in stocks	(2,628)	13,614			
Decrease/(Increase) in debtors	124,336	(203,125)			
Increase/(Decrease) in creditors	309,094	409,479			
Increase/(Decrease) in creditors over one year	(91,490)	647,680			
Decrease/(Increase) in ESFA/CIF/Salix loans included above	(28,510)	(647,680)			
Net cash provided by / (used in) Operating Activities	211,640	(485,680)			
Cash flows from financing activities					
Repayments of borrowing	(6,490)	(6,490)			
Cash inflows from new borrowing	35,000	654,170			
Net cash provided by / (used in) financing activities	28,510	647,680			
Cash flows from investing activities					
Interest receivable	-	-			
Proceeds from sale of tangible fixed assets	-	-			
Purchase of tangible fixed assets	(22,417)	(61,235)			
Capital grants from DfE/ESFA and other capital income	30,201	221,996			
Capital donations	92,740	5,785			
Net cash provided by / (used in) investing activities	100,524	166,546			
Change in cash and cash equivalents in the reporting period	340,674	328,546			
Reconciliation of net cash flow to movement in net funds					
Cash and cash equivalents at 1 September 2020	644,546	316,000			
Change in cash and cash equivalents in the reporting period	340,674	328,546			
Cash and cash equivalents at 31 August 2021	985,220	644,546			
Analysis of cash and cash equivalents	1 Sep 20	Cash flows	31 Aug 21		
	£	£	£		
Cash in hand and at bank	644,546	340,674	985,220		
Total cash and cash equivalents	644,546	340,674	985,220		
Analysis of changes in net debt	1 Sep 20	Cash flows	New	Other non-	31 Aug 21
	£	£	agreements	cash changes	£
			£	£	
Cash	644,546	340,674	-	-	985,220
Loans falling due within one year	(6,490)	6,490	-	(126,490)	(126,490)
Loans falling due after more than a year	(683,375)		(35,000)	126,490	(591,885)
Total	(45,319)	347,164	(35,000)	-	266,845

Notes to the Financial Statements for the Year Ended 31 August 2021**1. Statement of Accounting Policies**

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

General Information

The academy trust is a public benefit entity and a private company limited by guarantee, registered in England and Wales and is an exempt charity. The address of the registered office is Lancaster Royal Grammar School, East Road, Lancaster, LA1 3EF, United Kingdom.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Basis of Preparation

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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

The Trust accessed additional funding in the form of a loan from the ESFA of £599,000 to offset the effect of lost boarding fees during the first lockdown in 2020. The Trust has agreed a five year plan for repayment of the loan starting in the year ending 31 August 2022 which should also return the Trust to operational surplus over the same time period. In order to reach the agreement with the ESFA the Trust reforecast its income and expenditure based on its existing expansion plan for student numbers and a review of the Trust's cost base to identify additional savings.

The Trust suffered an additional loss of boarding fees during the lockdown at the start of 2021. The Trust worked closely with the ESFA to agree additional borrowing, however due to tight budgetary control and some additional in year GAG money, the Trust did not have to drawdown on any additional loan funds from the ESFA.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Incoming Resources**

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

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

- General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.
- Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.
- Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.
- Donations, legacies and other forms of voluntary income are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- Donated goods, facilities and services. Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Deferred Income

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

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Agency Arrangements - Bursary**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust uses up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balances held are disclosed in the agency arrangements note. The unused funds at the period end are included as a liability in the balance sheet in other creditors.

Agency Arrangements - British Council

The academy trust acts as the coordinator for two projects under the Erasmus programme. Funds are received from the British Council under the terms of the grant for each project and distributed to the Partner Organisations in accordance to the terms of the grant. The academy trust is also a Partner Organisation on the projects so some funding is distributed back to the Academy Trust.

As the academy trust does not have control over the distribution of the grant in its role as coordinator, the funds received and the subsequent disbursement to the Partner Organisations are excluded from the statement of financial activities.

The activities of the academy trust as a Partner Organisation have been included in the statement of financial activities.

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.

- Charitable Activities - These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.
- Expenditure on Raising Funds - This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Tangible Fixed Assets**

Assets are carried at valuation/cost, net of depreciation and any provision for impairment.

The capitalisation policy of items as tangible fixed assets is as follows:

- Single assets costing less than £1,000 or similar groups of assets purchased or ordered together of less than £1,000 are written off in the year of purchase.

Land and buildings are classed as long leasehold if the lease term is over 50 years.

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

Tangible fixed assets since the Academy was established are included in the accounts at cost.

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

Depreciation

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

- Historic buildings are not depreciated as they have an indefinite useful life.
- Long leasehold property - straight line over the estimated economic life (50 years)
- Plant and machinery - straight line over 3 years
- ICT equipment - straight line over 3 years
- Fixtures, fittings and equipment - straight line over 3 years
- Motor vehicles - straight line over 3 years

Assets are depreciated in full in the year of purchase.

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

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

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

Stocks

Stock is valued at the lower of cost and net realisable value.

Liabilities

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

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Public Benefit Entity Concessionary Loans**

Public benefit entity concessionary loans shall initially be measured at the amount received and recognised in the statement of financial position. In subsequent years, the carrying amount of concessionary loans in the financial statements shall be adjusted to reflect any accrued interest payable.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Pension Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

Teachers' Pension Scheme

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

Local Government Pension Scheme

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**1. Statement of Accounting Policies (Continued)****Fund Accounting**

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

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

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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 the notes, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment were initially based on trustees judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2021.

3. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2021 £	Total 2020 Restated £
ESFA - Capital Grant	-	-	30,201	30,201	221,996
Other capital donations	-	-	45,000	45,000	-
LRGS charity donations	-	63,017	47,740	110,757	85,102
Other donations	-	4,815	-	4,815	31,812
	-	67,832	122,941	190,773	338,910
Less: ESFA Grants allocated to boarding	-	-	-	-	(160,895)
	-	67,832	122,941	190,773	178,015
2020 total	75,150	35,979	66,886	178,015	

4. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 Restated £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	5,738,251	5,738,251	5,004,132
Other DfE/ESFA grants				
Pupil premium	-	49,080	49,080	52,065
Teachers pay grant	-	81,390	81,390	76,085
Teachers pension grant	-	236,543	236,543	221,096
Other ESFA grants	-	33,600	33,600	27,634
Other DfE Group grants				
Maths Hub	-	615,588	615,588	485,363
British Council	-	68,945	68,945	-
	-	6,823,397	6,823,397	5,866,375
Other Government Grants				
LA funded statements	-	39,066	39,066	38,377
Other government grants	-	-	-	-
	-	39,066	39,066	38,377
Exceptional government funding				
COVID-19 additional funding (ESFA/DfE)				
Catchup premium	-	67,840	67,840	-
Coronavirus exceptional support	-	6,218	6,218	-
COVID-19 additional funding (non - ESFA/DfE)				
Mass testing fund	-	44,560	44,560	-
Coronavirus Job Retention Scheme grant	-	31,888	31,888	108,431
	-	150,506	150,506	108,431
Less: Job retention scheme grants allocated to boarding	-	(31,888)	(31,888)	-
	-	118,618	118,618	108,431
Catering	162,929	-	162,929	201,677
School trips and activities income	-	(45,423)	(45,423)	222,461
Maths hub other income	-	9,600	9,600	27,557
Other educational income	77,611	16,251	93,862	87,966
	240,540	6,961,509	7,202,049	6,552,844
2020 total	425,631	6,127,213	6,552,844	

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

3. Donations and Capital Grants (Continued)

Exceptional government funding

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The academy furloughed some of its boarding staff under the government's Coronavirus Job Retention Scheme. The funding received relates to staff costs in respect of 34 staff which are included within the wages note.

The academy received £67,840 in respect of the catch up premium. This has been spent on hardware resources to support remote learning, additional revision materials and online resources and additional staffing to enable teaching staff to provide catch up sessions to pupils.

The academy received £44,560 in respect of mass testing. This has been used to fund the cost of staffing to perform mass testing and the cost of additional associated cleaning materials.

The academy received £6,218 in respect of coronavirus exceptional support to cover the additional cleaning costs incurred in keeping the academy open to key workers' children in the Summer Term 2020.

5. Other Trading Activities	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 Restated £
Hire of facilities - lettings	925	-	925	32,482
Hire of pitches	-	-	-	-
Catering	2,459	-	2,459	5,156
Insurance claims - trips and activities	-	44,939	44,939	60,840
Risk protection arrangement claims	-	3,087	3,087	-
Other trading activities	-	-	-	-
	<u>3,384</u>	<u>48,026</u>	<u>51,410</u>	<u>98,478</u>
2020 total	<u>37,638</u>	<u>60,840</u>	<u>98,478</u>	
6. Investment Income	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 Restated £
Bank interest receivable	-	-	-	-
Other interest receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2020 total	<u>-</u>	<u>-</u>	<u>-</u>	

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

7. Expenditure	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2021 £	Total 2020 Restated £
Cost of other trading activities	-	93	2,459	2,552	5,156
Academy's educational operations					
Direct costs	4,783,535	311,472	944,563	6,039,570	5,822,347
Allocated support costs	681,950	747,495	420,006	1,849,451	1,975,730
	<u>5,465,485</u>	<u>1,058,967</u>	<u>1,364,569</u>	<u>7,889,021</u>	<u>7,798,077</u>
Provision of boarding activities					
Direct costs	-	-	-	-	-
Allocated support costs	939,978	585,753	458,071	1,983,802	1,470,607
	<u>939,978</u>	<u>585,753</u>	<u>458,071</u>	<u>1,983,802</u>	<u>1,470,607</u>
	<u>6,405,463</u>	<u>1,644,813</u>	<u>1,825,099</u>	<u>9,875,375</u>	<u>9,273,840</u>
2020 total	<u>5,805,659</u>	<u>1,331,630</u>	<u>2,136,551</u>	<u>9,273,840</u>	
Net income/(expenditure) for the period includes:				2021 £	2020 Restated £
Depreciation				364,163	388,564
(Gain)/loss on disposal of fixed assets				-	-
Operating leases				31,858	8,393
Fees payable to current auditor				7,750	11,000
- audit of the financial statements				2,000	1,500
- other assurance services				3,750	3,500
- other services					
				<u>3,750</u>	<u>3,500</u>
8. Cost of Other Trading activities	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 Restated £	
Other lettings					
Heat and light	93	-	93	-	
Catering	-	-	-	-	
	<u>93</u>	<u>-</u>	<u>93</u>	<u>-</u>	
Catering to staff					
Catering	2,459	-	2,459	5,156	
	<u>2,459</u>	<u>-</u>	<u>2,459</u>	<u>5,156</u>	
	<u>2,552</u>	<u>-</u>	<u>2,552</u>	<u>5,156</u>	
2020 total	<u>5,156</u>	<u>-</u>	<u>5,156</u>		

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

9. Charitable Activities	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
	£	£	£	Restated £
Direct Costs - educational operations				
Teaching and educational support staff costs	54,363	4,729,172	4,783,535	4,245,870
Depreciation	-	262,272	262,272	263,472
Loss / (Profit) on disposal	-	49,200	49,200	-
Educational supplies	-	107,509	107,509	112,077
Staff development	-	11,251	11,251	12,267
Examination fees	-	98,263	98,263	135,831
Technology costs	-	41,501	41,501	33,534
Maths Hub costs	-	547,274	547,274	604,997
Erasmus project expenditure	-	-	-	34,250
School trips and activities costs	-	59,937	59,937	233,665
Other direct costs	16,806	62,022	78,828	146,384
	<u>71,169</u>	<u>5,968,401</u>	<u>6,039,570</u>	<u>5,822,347</u>
Support Costs - educational operations				
Support staff costs	-	681,950	681,950	804,109
Other staff costs	-	6,790	6,790	8,362
Depreciation	-	101,891	101,891	125,092
Loss on disposal of fixed assets	-	-	-	-
Maintenance of premises and equipment	-	215,576	215,576	221,346
Maintenance of premises and equipment - CIF	-	-	-	-
Cleaning	-	206,172	206,172	162,447
Rates and water	-	70,594	70,594	65,171
Hire costs	-	15,455	15,455	16,083
Heat and light	-	136,102	136,102	142,563
Insurance	-	17,160	17,160	20,782
Telephone	-	9,050	9,050	8,618
Transport	-	8,315	8,315	3,058
Administrative supplies	-	38,904	38,904	38,233
Catering expenses	162,929	23,145	186,074	248,168
Legal and professional fees	-	52,757	52,757	45,899
Foreign currency exchange (gains) and losses	-	13,225	13,225	(10,773)
CIF loan interest payable	-	-	-	-
Other support costs	2,709	7,027	9,736	15,709
	<u>165,638</u>	<u>1,604,113</u>	<u>1,769,751</u>	<u>1,914,867</u>
Support Costs - governance				
Audit fees	-	18,750	18,750	6,863
Accountancy and assurance fees	-	11,250	11,250	-
Less: Recharge to boarding	-	(14,300)	(14,300)	-
Trustees' training and expenses	-	-	-	-
Legal fees	-	-	-	-
Professional fees	-	-	-	-
Net finance costs in respect of defined benefit pension schemes	-	64,000	64,000	54,000
	<u>-</u>	<u>79,700</u>	<u>79,700</u>	<u>60,863</u>
Total direct and support costs	<u>236,807</u>	<u>7,652,214</u>	<u>7,889,021</u>	<u>7,798,077</u>
2020 total	<u>401,715</u>	<u>7,396,362</u>	<u>7,798,077</u>	

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

10. Staff

a. Staff costs

	2021	2020
	£	Restated £
Staff costs during the period were:		
Wages and salaries	4,752,984	4,200,532
Social security costs	465,593	422,092
Operating costs of defined benefit pension schemes	1,271,694	1,147,968
Apprenticeship levy	8,724	6,839
	<u>6,498,995</u>	<u>5,777,431</u>
Supply staff costs	99	28,228
Staff restructuring costs	-	-
Staff seconded in / out of the organisation	(93,631)	-
	<u>6,405,463</u>	<u>5,805,659</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

Seconded Staff

The academy employs staff that work for the LRGS Charity. This has been separated disclosed in the accounts for the academic year 2020/21.

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2020: £Nil). Individually, the payments were £Nil. (2020: £Nil)

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2021	2020
	No	No
Charitable Activities		
Management	6	6
Teachers	75	73
Administration and support	74	78
	<u>155</u>	<u>157</u>

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**d. Higher paid staff**

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

	2021	2020
	No	No
£60,000 to £69,999	3	3
£70,000 to £79,999	1	-
£100,000 to £109,999	1	1
	<u>5</u>	<u>4</u>

e. Key management personnel

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:

	2021	2020
	£	£
Senior Management Team	650,442	617,695
Staff Governors	177,610	176,021
	<u>828,052</u>	<u>793,716</u>

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

11. Transfers Between Funds

		2021 £
Restricted general funds		
General Annual Grant (GAG)		
Speech and Drama fund contribution to GAG	3,733	
GAG contribution towards capital projects	<u>(205)</u>	
		3,528
Boarding activities		
Boarding contribution towards CIF 2020/21 Ashton House Project	(90,170)	
Boarding contribution towards fixed assets in past years - reimburse unrestricted	<u>(35,194)</u>	
		(125,364)
		<u>(121,836)</u>
Restricted fixed asset funds		
Fixed assets used for charitable purposes		
Purchases from ESFA formula grant	22,417	
Purchases from capital donations	<u></u>	
		22,417
ESFA formula grant to Fixed assets fund		
Purchases of fixed assets used for charitable purposes	(22,417)	
Formula Capital contribution to CIF projects	<u></u>	
		(22,417)
Condition improvement grant funds		
Boarding contribution towards CIF 2020/21 Ashton House Project	90,170	
	<u></u>	
		90,170
GAG contribution towards capital projects		205
		<u>90,375</u>
Unrestricted Funds		
Unrestricted general funds		
Speech and Drama fund contribution to GAG	(3,733)	
Boarding contribution towards fixed assets in past years - reimburse unrestricted	<u>35,194</u>	
		31,461
		<u>31,461</u>

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**12. Related Party Transactions – Governors' 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 governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees.

The value of Trustees' remuneration and other benefits for the period was as follows:

Dr C Pyle (Headteacher and Trustee)		
Remuneration	£105,000 to £109,999	(2020: £100,000 to £104,999)
Employer's pension contributions	£25,000 to £29,999	(2020: £20,000 to £24,999)
Mrs M Sinclair (Staff Trustee) - Left March 2020		
Remuneration	N/A	(2020: £5,000 to £9,999)
Employer's pension contributions	N/A	(2020: £0 to £4,999)
Mr R Mellon (Staff Trustee)		
Remuneration	£50,000 to £54,999	(2020: £50,000 to £54,999)
Employer's pension contributions	£10,000 to £14,999	(2020: £10,000 to £14,999)
Mr H Castle		
Remuneration	£45,000 to £49,999	(2020: £45,000 to £49,999)
Employer's pension contributions	£10,000 to £14,999	(2020: £10,000 to £14,999)
Mr G Thompson		
Remuneration	£30,000 to £34,999	(2020: £20,000 to £24,999)
Employer's pension contributions	£5,000 to £9,999	(2020: £0 to £4,999)

During the year ended 31 August 2021, travel and subsistence expenses totalling £Nil were reimbursed to no governors in respect of their teaching role (2020: £Nil to no governors).

13. Governors and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2021 provides cover up to £10,000,000 (2020: £10,000,000) on any one loss and any one membership year.

The academy's insurance is via the Department for Education's risk protection arrangement (RPA) and the cost of this insurance is included in the total insurance cost. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

14. Tangible Fixed Assets	Long Leasehold Land & Buildings	Plant & Machinery	ICT Equipment	Furniture Fittings & Equipment	Motor Vehicles	Total
Cost	Restated £	Restated £	Restated £	Restated £	Restated £	Restated £
As at 1 September 2020	36,153,623	8,265	62,750	453,871	40,944	36,719,453
Additions	-	5,500	5,044	11,873	-	22,417
Disposals	(60,000)	-	-	-	-	(60,000)
As at 31 August 2021	<u>36,093,623</u>	<u>13,765</u>	<u>67,794</u>	<u>465,744</u>	<u>40,944</u>	<u>36,681,870</u>
Depreciation						
As at 1 September 2020	2,275,792	7,575	59,556	342,478	31,704	2,717,105
Charge in year	262,272	2,523	3,311	89,506	6,551	364,163
Disposals	(10,800)	-	-	-	-	(10,800)
As at 31 August 2021	<u>2,527,264</u>	<u>10,098</u>	<u>62,867</u>	<u>431,984</u>	<u>38,255</u>	<u>3,070,468</u>
Net book values						
As at 31 August 2021	<u>33,566,359</u>	<u>3,667</u>	<u>4,927</u>	<u>33,760</u>	<u>2,689</u>	<u>33,611,402</u>
As at 1 September 2020	<u>33,877,831</u>	<u>690</u>	<u>3,194</u>	<u>111,393</u>	<u>9,240</u>	<u>34,002,348</u>

Included within land and buildings net book values are the following classes of assets:

1	Land
22,980,000	Historic Buildings
<u>10,586,358</u>	Other Leasehold Buildings
33,566,359	

Historic Buildings

The school site is made up of some of the most historic buildings including; Old School, housing the school Library, Sixth Form Centre, Drama Studios and teaching rooms. Old School House is a Grade II listed building, formerly the Headmasters house, now used as the Development Office with formal rooms for holding meetings and events. New Building dates back to 1929 and includes the Assembly Hall and teaching rooms.

The historic buildings are considered to have an indefinite useful life and are not depreciated.

Valuation Details

The historic buildings and the other leasehold buildings were included on conversion to an academy based on an insurance valuation by Ecclesiastical Insurance Company. The valuation is based on the estimated 'rebuild costs', which the governors have amended downwards to get to the Existing Use Value using a depreciated replacement cost approach. Under this approach the historic buildings were valued at £22,980,000 and other leasehold buildings at £12,577,000.

£1 has been assigned to the land on which the properties are situated by the governors. This valuation reflects the fact that the land is tied specifically to educational use. No account has been taken of any potential development value.

ESFA Condition Improvement Funds

During the year the academy incurred significant expenditure on the Ashton House Heating & Distribution refurbishment project which was funded by an ESFA Condition Improvement Fund grant. The full cost of this project has been treated as resources expended in the Statement of Financial Activities and is included in the boarding note under maintenance of premises and equipment - CIF.

Adjustment in 2020/21

The governors were made aware that the valuation of the historic buildings and the other leasehold buildings at conversion did not conform to the depreciated replacement cost approach. In addition there were capital projects additions of a refurbishment nature to the historic buildings, these were originally held at 'rebuild costs' and not depreciated so project additions was overstating the value in the balance sheet of these assets. Due to this all refurbishment projects were removed from fixed assets and treated as revenue. This was done by restating the comparative balances.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

15. Stock	2021 £	2020 Restated £
Educational stationery	10,372	8,219
Clothing	475	-
	<u>10,847</u>	<u>8,219</u>

16. Debtors	2021 £	2020 Restated £
Trade debtors	93,442	186,858
VAT recoverable	27,327	18,633
Prepayments	85,470	51,724
Accrued income	122,087	251,065
Other debtors	272,463	216,845
	<u>600,789</u>	<u>725,125</u>

Debtors: Amounts falling due greater than one year

Included within other debtors is an amount owed from LGRS Charity. The academy is not sure if they will receive settlement of the debtor within one year. The balance is disclosed in further detail in the Related Party Transactions note.

266,143

17. Creditors: Amounts falling due within one year	2021 £	2020 Restated £
Trade creditors	455,474	448,065
Taxation and social security	112,295	102,316
ESFA creditor - bursary	10,361	3,205
Other creditors including agency funds	783,681	748,820
Accruals	255,848	132,949
Deferred income	23,294	16,504
ESFA loans	120,000	-
Salix loans	6,490	6,490
CIF loans	-	-
	<u>1,767,443</u>	<u>1,458,349</u>

Deferred Income	2021 £	2020 Restated £
Deferred income includes:		
Deferred income at 1 September 2020	16,504	16,504
Resources deferred in the year	23,294	16,504
Amounts released from previous years	(16,504)	(16,504)
Deferred income at 31 August 2021	<u>23,294</u>	<u>16,504</u>

Deferred income comprises:

ESFA grant for rates 1 September 2021 to 31 March 2022	16,504	16,504
Student placement money	6,220	
Other	570	
	<u>23,294</u>	<u>16,504</u>

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**18. Creditors: Amounts falling due greater than one year**

	2021	2020
	£	Restated £
ESFA loans	479,000	564,000
Salix loans	72,715	79,205
CIF loans	40,170	40,170
	<u>591,885</u>	<u>683,375</u>

An interest free loan of £599,000 has been provided by the Education & Skills Funding Agency. The terms of repayment of this loan are per an agreed repayment schedule with the final instalment in August 2026. The annual payments vary between £100,000 and £145,000 per annum.

Salix loans are public benefit concessionary loans which are repayable over 8 years from commencement and are interest free.

The academy as part of the 2020/21 condition improvement fund project received funding in the form of a CIF loan. This loan is repayable over 5 years and attracts an interest rate of 2.01%, the first repayment via an abatement of GAG funding will be in September 2022.

Included within the above are amounts not wholly repayable within 5 years and are repayable by instalments totalling:

	£	Restated £
Salix loans	25,000	31,250
CIF loans	<u>8,479</u>	<u>16,735</u>

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

19. Funds	Balance at 01-Sep 2020 <i>Restated</i> £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2021 £
Restricted General Funds					
General Annual Grant (GAG)	(2,080,954)	5,738,251	(5,682,333)	3,528	(2,021,508)
Pupil Premium	-	49,080	(49,080)	-	-
Teachers pay grant	-	81,390	(81,390)	-	-
Teachers pension grant	-	236,543	(236,543)	-	-
Other ESFA grants	-	33,600	(33,600)	-	-
Maths Hub	172,322	628,276	(556,375)	-	244,223
British Council - Erasmus	(34,250)	68,945	(23,837)	(265)	10,593
LA funded statements	-	39,066	(39,066)	-	-
Catch-up premium	-	67,840	(67,840)	-	-
Mass testing fund	-	44,560	(44,560)	-	-
Coronavirus exceptional support	-	6,218	(6,218)	-	-
Coronavirus Job Retention Scheme grant	-	31,888	(31,888)	-	-
Boarding activities	845,252	1,774,671	(1,656,445)	(125,364)	838,114
School Trips and Activities	208,300	(484)	(60,187)	265	147,894
Other educational income	-	16,250	(16,250)	-	-
Other restricted general funds	-	67,832	(67,832)	-	-
	<u>(889,330)</u>	<u>8,883,926</u>	<u>(8,653,444)</u>	<u>(121,836)</u>	<u>(780,684)</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	34,002,348	-	(413,363)	22,417	33,611,402
ESFA formula capital	-	30,201	(7,784)	(22,417)	-
ESFA condition improvement funds 20/21	160,895	-	(230,489)	90,170	20,576
Other capital donations	(205)	92,740	(95,936)	205	(3,196)
	<u>34,163,038</u>	<u>122,941</u>	<u>(747,572)</u>	<u>90,375</u>	<u>33,628,782</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(3,421,000)	-	(235,000)	61,000	(3,595,000)
Total Restricted Funds	<u>29,852,708</u>	<u>9,006,867</u>	<u>(9,636,016)</u>	<u>29,539</u>	<u>29,253,098</u>
Unrestricted Funds					
Catering fund	-	165,388	(165,388)	-	-
Other designated funds	-	-	-	-	-
General funds	(35,194)	78,536	(73,971)	31,461	832
Total Unrestricted Funds	<u>(35,194)</u>	<u>243,924</u>	<u>(239,359)</u>	<u>31,461</u>	<u>832</u>
Total Funds	<u>29,817,514</u>	<u>9,250,791</u>	<u>(9,875,375)</u>	<u>61,000</u>	<u>29,253,930</u>

Details of transfers are shown in Note 11.

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2021. Note 2 discloses whether the limit was exceeded.

The trust is carrying a net deficit of £779,852 (2020 Restated: £924,524, previously £1,231,996) on restricted general funds (excluding pension reserve) plus unrestricted funds. The academy trust is taking the following action to return these funds to surplus as described in the funds in deficit section below.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

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

General Annual Grant (GAG) fund

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

Pupil premium fund

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

Teachers pay and pension grants

Teachers pay grant is provided to support teacher pay awards. Teachers pension grant is provided to support the increase in employer contributions to the Teachers' Pension Scheme from September 2019.

Catch-up premium

This represents funding paid by the DfE to support pupils and disadvantaged young people catch up on missed education because of coronavirus (COVID-19)

Maths Hub

The academy is the Lead school for the North North-West Maths Hub. The purpose of the funding is to support schools and colleges to achieve excellence in mathematics education from primary to post-16. As the Lead school, the academy is responsible for the overall activity of the Hub and the financial management of the Hub's budget.

Defined benefit pension scheme fund

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

Local authority funded statements

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

Other restricted general funds

This includes voluntary income and educational income to be expended on specific projects, activities and materials for the benefit of the pupils.

ESFA condition improvement funds

This represents monies from the ESFA in relation to capital projects.

Fixed assets used for charitable purposes

This represents the value and movements on Tangible Fixed Assets note.

Funds in Deficit

The General Annual Grant fund was in deficit at the year-end totalling £2,021,508 (2020 Restated: £2,080,954, previously £2,273,116). The funding fell short of the schools needs and expectations in this and previous years. The academy trust is taking action to return these funds to surplus with the addition of an extra form in year seven and as we welcome girls into our 6th form which became co-educational for the first time in September 2019. In addition to the above action the academy trust has also reviewed its staffing costs to find additional savings to return the funds to surplus following the impact of the loss of boarding income caused by the forced closure of the school in 2019/20 and 2020/21.

The pension reserve fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. The academy has previously entered into an agreement effective from 01 April 2014 to make additional contributions in addition to normal funding levels and it is anticipated that the payments will be made over 19 years. For details of the deficit payment plan see the pensions note.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

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

	Balance at 01-Sep 2019 <i>Restated £</i>	Incoming resources <i>Restated £</i>	Resources expended <i>Restated £</i>	Gains, Losses and Transfers <i>Restated £</i>	Balance at 31-Aug 2020 <i>Restated £</i>
Restricted General Funds					
General Annual Grant (GAG)	(1,687,185)	5,004,132	(5,457,650)	59,749	(2,080,954)
Pupil Premium	-	52,065	(52,065)	-	-
Teachers pay grant	-	76,085	(76,085)	-	-
Teachers pension grant	-	221,096	(221,096)	-	-
Other ESFA grants	-	27,634	(27,634)	-	-
Maths Hub	291,956	485,363	(604,997)	-	172,322
British Council - Erasmus	-	-	(34,250)	-	(34,250)
LA funded statements	-	38,377	(38,377)	-	-
Catch-up premium	-	-	-	-	-
Mass testing fund	-	-	-	-	-
Coronavirus exceptional support	-	-	-	-	-
Coronavirus Job Retention Scheme grant	-	-	-	-	-
Boarding activities	1,076,000	1,191,177	(1,470,607)	48,682	845,252
School Trips and Activities	158,664	283,301	(233,665)	-	208,300
Other educational income	-	-	-	-	-
Other restricted general funds	-	35,979	(35,979)	-	-
	<u>(160,565)</u>	<u>7,415,209</u>	<u>(8,252,405)</u>	<u>108,431</u>	<u>(889,330)</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	34,244,821	-	(388,564)	146,091	34,002,348
ESFA formula capital	-	61,101	-	(61,101)	-
ESFA condition improvement funds 20/21	-	160,895	-	-	160,895
Other capital donations	21,000	5,785	-	(26,990)	(205)
	<u>34,265,821</u>	<u>227,781</u>	<u>(388,564)</u>	<u>58,000</u>	<u>34,163,038</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(3,118,000)	-	(226,000)	(77,000)	(3,421,000)
Total Restricted Funds	<u>30,987,256</u>	<u>7,642,990</u>	<u>(8,866,969)</u>	<u>89,431</u>	<u>29,852,708</u>
Unrestricted Funds					
Catering fund	-	206,833	(206,833)	-	-
Other designated funds	-	108,431	-	(108,431)	-
General funds	(311)	223,155	(200,038)	(58,000)	(35,194)
Total Unrestricted Funds	<u>(311)</u>	<u>538,419</u>	<u>(406,871)</u>	<u>(166,431)</u>	<u>(35,194)</u>
Total Funds	<u>30,986,945</u>	<u>8,181,409</u>	<u>(9,273,840)</u>	<u>(77,000)</u>	<u>29,817,514</u>
AS REPORTED IN 2019/20	36,783,689	7,309,373	(8,196,199)	(77,000)	35,819,863
Fixed Assets adjustments	(6,205,179)	-	(14,472)	-	(6,219,651)
Maths Hub recognised as principal	291,956	485,363	(604,997)	-	172,322
School Trips and Activities	158,664	283,301	(233,665)	-	208,300
British Council - Erasmus	-	-	(34,250)	-	(34,250)
Catering for pupils	-	201,677	(201,677)	-	-
Catering for staff	-	5,156	(5,156)	-	-
Bursary removed to agent fund from GAG	-	(13,291)	10,086	-	(3,205)
Boarding wages allocated to GAG in error	-	-	231,062	-	231,062
Boarding wages allocated to GAG in error	-	-	(231,062)	-	(231,062)
CIF Loan on project removed from income	-	(40,170)	-	-	(40,170)
Salix Loan on project removed from income	-	(50,000)	-	-	(50,000)
Salix Loan 17/18 not on balance sheet	(42,185)	-	6,490	-	(35,695)
	<u>30,986,945</u>	<u>8,181,409</u>	<u>(9,273,840)</u>	<u>(77,000)</u>	<u>29,817,514</u>
					(6,002,349)

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**Restated Comparative Balances**

The comparative figures for the year ended 31 August 2020 have been adjusted for a number of reasons. The outcome of the adjustments is that the total funds reported at the end of 31 August have decreased by £6,002,349 from £35,819,963 to £29,817,514.

The note at the bottom of the funds for the preceding period highlight all the individual changes. The income and expenditure notes have been updated for all these items. The material changes fall into three categories:

Fixed Asset Adjustments

The governors were made aware that the valuation of the historic buildings and the other leasehold buildings at conversion did not conform to the depreciated replacement cost approach. In addition there were capital projects additions of a refurbishment nature to the historic buildings, these were originally held at 'rebuild costs' and not depreciated so project additions was overstating the value in the balance sheet of these assets. Due to this all refurbishment projects were removed from fixed assets and treated as revenue. This was done by restating the comparative balances.

Net book value as previously reported at 31 August 2020	40,221,999
Refurbishment capital projects - historic buildings	(3,194,197)
Refurbishment capital projects - other leasehold buildings	(51,725)
Reduction in leasehold buildings when depreciated replacement cost recalculated	(2,973,730)
Land included	<u>1</u>
Restated Net book value at 31 August 2020	34,002,348

Principal for funds not agent

The following income streams were updated to reflect that the academy acts as the principal for the funds and not just the agent. The academy has control over the funds and has the associated risks so the arrangement is now being accounted for through the SOFA.

- Maths Hub NNW
- School Trips and Activities
- Catering for Pupils and Staff
- LRGS's share of the British Council grant under their direct supervision.

Capital project loans

There have been several CIF or Salix Loans attached to ESFA Condition Improvement Projects over the last few years. These were initially recorded as income from the ESFA and not shown on the balance sheet and any repayments were posted to the SOFA and not to the balance sheet to reduce the loan balance. This has been restated to show the liabilities on the balance sheet from the date the loans were drawn on the capital projects and any repayments reducing the liability.

Restated General Annual Grant (GAG) balance

The GAG balance has altered from a deficit of £2,273,116 to a deficit of £2,222,084 at 31 August 2020. For clarity in how this has been adjusted please refer to the following:

GAG deficit as reported in the previous years accounts	(2,273,116)
2017/18 Salix Loan - academy contribution from GAG funds	(51,920)
Less: Salix loan repayments removed from SOFA	16,225
Reallocate mis posting of wages in accounts to boarding	231,062
Bursary income posted via the SOFA and not agency funds	<u>(3,205)</u>
Restated GAG deficit as at 31 August 2020	(2,080,954)

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

20. Analysis of Net Assets Between Funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	33,611,402	33,611,402
Current assets	832	1,444,646	151,378	1,596,856
Current liabilities	-	(1,633,445)	(133,998)	(1,767,443)
Non-current liabilities	-	(591,885)	-	(591,885)
Pension scheme liability	-	(3,595,000)	-	(3,595,000)
Total Net Assets	832	(4,375,684)	33,628,782	29,253,930

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

	Unrestricted Funds <i>Restated £</i>	Restricted General Funds <i>Restated £</i>	Restricted Fixed Asset Funds <i>Restated £</i>	Total Funds <i>Restated £</i>
Tangible fixed assets	-	-	34,002,348	34,002,348
Current assets	-	1,217,200	160,690	1,377,890
Current liabilities	(35,194)	(1,423,155)	-	(1,458,349)
Non-current liabilities	-	(683,375)	-	(683,375)
Pension scheme liability	-	(3,421,000)	-	(3,421,000)
Total Net Assets	(35,194)	(4,310,330)	34,163,038	29,817,514

21. Commitments under operating leases

Operating Leases

At the balance sheet date the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Assets other than land & buildings		
Amounts due within one year	29,228	8,392
Amounts due between one and five years	39,780	5,763
Amounts due after five years	19,560	-
	88,568	14,155

Land and property leases

The leasehold land and buildings are subject to lease with the Lancaster Royal Grammar School Charity. The lease term is 125 years from and including 15 April 2011. The main school site is subject to a peppercorn rent which may be demanded but no such rent has been demanded to date.

Under the terms of the lease there is a boarding rent payable.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

22. Capital Commitments

	2021	2020
	£	£
Contracted for, but not provided in the financial statements	<u>20,576</u>	<u>-</u>
	<u>20,576</u>	<u>-</u>

The capital commitment related to the 2020/21 Condition Improvement Fund project . The Ashton House Heating & Distribution refurbishment project was nearly completed at 31 August 2021 but there is still a balance as reported in the funds note to be spent.

23. 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.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**24. Pension and Similar Obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2021	2020
	£	£
Teachers' Pension Scheme	87,741	83,583
Local Government Pension Scheme	34,150	31,404
	<u>121,891</u>	<u>114,987</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2021	2020
	£	£
Teachers' Pension Scheme	765,872	617,086
Local Government Pension Scheme	252,930	283,591
Local Government Pension Scheme deficit recovery	81,892	75,291
LGPS current service cost/contributions adjustment	171,000	172,000
	<u>1,271,694</u>	<u>1,147,968</u>

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**24. Pensions and Similar Obligations (continued)**

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £765,872 (2020: £617,086).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is 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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August were as follows:

	2021	2020
	£	£
Employer's contributions	334,822	358,882
Employees' contributions	76,513	70,000
Total contributions	<u>411,335</u>	<u>428,882</u>

The agreed contribution rates for future years are 20.3% for employers, and 5.5% to 12.5% for employees depending on pay bands.

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

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2020 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 13 years from 1 April 2020, including £80,600 for 2020/21, £83,700 in 2021/22 and £87,000 in 2022/23.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

24. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The principal actuarial assumptions are:

	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	4.20%	3.90%
Rate of increase for pensions in payment / inflation	2.80%	2.50%
Discount rate for scheme liabilities	1.70%	1.80%
Inflation assumption (CPI)	2.70%	2.40%

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

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.1	25.0
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.9	26.8

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	At 31 August 2021		At 31 August 2020	
	Deficit	Change	Deficit	Change
Discount rate + 0.1%	3,449,000	(146,000)	3,294,000	(127,000)
Discount rate - 0.1%	3,744,000	149,000	3,550,000	129,000
Mortality assumption - 1 year increase	3,868,000	273,000	3,637,000	216,000
Mortality assumption - 1 year decrease	3,331,000	(264,000)	3,211,000	(210,000)
CPI rate + 0.1%	3,743,000	148,000	3,551,000	130,000
CPI rate - 0.1%	3,450,000	(145,000)	3,293,000	(128,000)
Pay growth + 0.1%	3,610,000	15,000	3,436,000	15,000

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

24. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2021 £	Fair value at 31 August 2020 £
Equity instruments		
Equities	2,428,000	1,788,000
Debt instruments		
Government bonds	-	-
Other bonds	255,000	271,000
Property	481,000	534,000
Cash/liquidity	101,000	71,000
Other	1,543,000	1,259,000
Total Market Value of Assets	4,808,000	3,923,000
Present value of scheme liabilities		
Funded	(8,403,000)	(7,344,000)
Unfunded	-	-
Surplus / (deficit) in the scheme	(3,595,000)	(3,421,000)

The actual return on the scheme assets in the year was £570,000 (2020: £34,000).

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

Amounts recognised in the statement of financial activities	2021 £	2020 £
Current service cost (net of employee contributions)	(506,000)	(447,000)
Net interest cost	(57,000)	(54,000)
Administration expenses	(7,000)	(7,000)
Past service (cost)/gain	-	-
Gain/(loss) on curtailment	-	-
Total operating charge	(570,000)	(508,000)
Other recognised gains and (losses)	2021 £	2020 £
Remeasurements (liabilities)	(435,000)	275,000
Remeasurements (assets)	496,000	(352,000)
Total amount recognised in the SOFA	61,000	(77,000)

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

24. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Changes in the deficit in the year:	2021 £	2020 £
Deficit in scheme at 1 September 2020	3,421,000	3,118,000
Current service cost	506,000	447,000
Interest cost	131,000	127,000
Employer contributions	(335,000)	(282,000)
Past service (cost)/gain	-	-
Actuarial (gain)/loss - Remeasurements	(61,000)	77,000
Administration expenses	7,000	7,000
Interest income	(74,000)	(73,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Deficit at 31 August 2021	3,595,000	3,421,000
Changes in the present value of defined benefit obligations were as follows:	2021 £	2020 £
At 01 September 2020	(7,344,000)	(7,047,000)
Current service cost	(506,000)	(447,000)
Interest cost	(131,000)	(127,000)
Employee contributions	(79,000)	(70,000)
Past service (cost)/gain	*	-
Actuarial gain/(loss) - Remeasurements	(435,000)	275,000
Benefits / transfers paid	92,000	72,000
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefit obligation at 31 August 2021	(8,403,000)	(7,344,000)
Changes in the fair value of Academy's share of scheme assets:	2021 £	2020 £
At 01 September 2020	3,923,000	3,929,000
Interest income	74,000	73,000
Administration expenses	(7,000)	(7,000)
Actuarial gain/(loss) - Remeasurements	496,000	(352,000)
Employer contributions	335,000	282,000
Employee contributions	79,000	70,000
Benefits / transfers paid	(92,000)	(72,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Scheme assets at 31 August 2021	4,808,000	3,923,000
* Past service cost includes:		
McCloud impact	-	-
GMP indexation	-	-
	-	-

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**25. Related Party Transactions**

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place in the period of account:

The LRGS Charity is a connected charity whose objective is to assist the trustees of LRGS in promoting the education of pupils.

The Friends of LRGS Charity is a connected charity. The Friends of LRGS are a group of parents who support the school in many ways: the School Shop, fundraising, social activities, and help at school events. The Friends of LRGS was set up in 1973 and provide and assist in the provision of facilities for education in the School.

Income Related Party Transactions

During the year, the Academy has had transactions with the LRGS Charity and the Friends of LRGS Charity. These amounts principally relate to donations received of £110,757 (2020: 85,102) and £4,815 (2020: 14,992) respectively.

Expenditure Related Party Transactions

During the year there was also rent paid of £175,000 (2020: £175,000) to the LRGS Charity in relation to the boarding provision.

During the year the academy paid the payroll costs for members of staff working for the LRGS Charity. At the year end these costs had not been settled and are included with in the debtor balance. At the year end, the balance owing to the charity was a debtor of £266,143 (2020: £120,681).

The debtor is not expected to be received from LRGS Charity during the year ended 31 August 2022 so has been disclosed as due over one year in the debtors note.

Related party transactions with staff trustees are detailed in an earlier note.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)**26. Agency Arrangements**

The academy acts as an intermediary for the following agency arrangements but has no responsibility for them. The receipts and payments during the period have been excluded from the Statement of Financial Activities. An amount is included in other creditors relating to undistributed funds that are repayable as shown below:

	16-19 ESFA Bursary	British Council
Monies brought forward	3,205	182,409
Receipts during the year	15,783	176,899
Distributions during the year	(8,627)	(99,230)
Distributions during the year to LRGS		(68,945)
Balance carried forward	<u>10,361</u>	<u>191,133</u>

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

	16-19 ESFA Bursary	British Council
Monies brought forward	-	14,330
Receipts during the year	13,291	349,977
Distributions during the year	<u>(10,086)</u>	<u>(181,898)</u>
Balance carried forward	<u>3,205</u>	<u>182,409</u>

16-19 Bursary Fund

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA.

British Council

The academy trust distributes grant funding for two Erasmus projects to the Partner Organisations for each project as an agent for the British Council.

The academy acts as principal for the monies that are distributed from the British Council fund direct to LRGS. The academy has control over the funds and has the associated risks for the arrangement so accounts for the income and expenditure on this element through the SOFA.

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

27. Boarding Activities Trading Account

	2021		2020	
	£	£	Restated £	Restated £
Income				
<i>Allocated to general boarding fund</i>				
Fee income	1,774,671		1,183,440	
Other income	-		7,737	
Coronavirus Job Retention Scheme grant	31,888		-	
<i>Allocated to restricted fixed asset boarding fund</i>		1,806,559		1,191,177
Grant income	-		160,895	
Gifts in kind (see note 3)	-		-	
		-		160,895
Expenditure				
<i>Allocated to general boarding fund</i>				
Staff costs	939,978		755,679	
Rent	175,000		175,000	
Catering	340,649		262,392	
Maintenance	64,884		43,110	
Rates	53,684		44,793	
Heat & light	50,735		57,749	
Insurance	10,961		10,105	
Cleaning	9,193		5,412	
Administrative supplies	24,065		17,963	
Bad debts	28,794		43,969	
Staff development	2,477		1,726	
Commission and publicity costs	10,502		27,044	
Bank charges	1,954		1,839	
Activities	5,982		7,346	
Technology costs	345		-	
Legal fees	11,111		1,151	
Professional fees	22,999		15,329	
Other	-		-	
<i>Allocated to restricted fixed asset boarding fund</i>		(1,753,313)		(1,470,607)
Maintenance			-	
Maintenance of premises and equipment - CIF	230,489		-	
Legal and professional			-	
Loss on disposal of fixed assets	-		-	
		(230,489)		-
Trading Statement Surplus/ (Deficit) on Boarding		(177,243)		(118,535)
Boarding Funds Reconciliation		Restricted General Funds	Restricted Fixed Asset Funds	Total
		£	£	£
Boarding funds surplus/ (deficit) brought forward		845,252	160,895	1,006,147
Trading statement surplus/ (deficit)		53,246	(230,489)	(177,243)
Non cash pension adjustment		64,980		64,980
Boarding funds before transfers		963,478	(69,594)	893,884
Assets purchased during the period		-	-	-
Adjustment to contribution to CIF project and fund Salix loan		(90,170)	90,170	-
Adjustment to fund assets from PY as U/R in deficit		(35,194)	-	(35,194)
Boarding funds carried forward		838,114	20,576	858,690

Notes to the Financial Statements for the Year Ended 31 August 2021 (continued)

28. Teaching school trading account

Lancaster Grammar School is the Lead School for the NNW Maths Hub, responsible for the overall activity of the Hub and the financial management of the Hub's budget. The main administration is undertaken by Queen Katherine's School, Kendal.

	2021		2020	
	£'000	£'000	£'000	£'000
			<i>Restated</i>	<i>Restated</i>
Income				
Direct income		615,588		485,363
Other income		12,688		27,557
		<u>628,276</u>		<u>512,920</u>
Expenditure				
Staff costs - administration LRGS	8,500		8,500	
Administration costs	110,863		95,526	
Direct costs				
Project expenses	288,665		426,682	
Textbook funding	14,252		11,316	
Leadership and management	113,150		74,412	
Other costs	20,345		15,518	
Audit	<u>600</u>		<u>600</u>	
Total costs		(556,375)		(632,554)
Transfer between funds		-		-
Surplus / (Deficit)		<u>71,901</u>		<u>(119,634)</u>
Teaching school balance brought forward		172,322		291,956
Teaching school balance carried forward		244,223		172,322