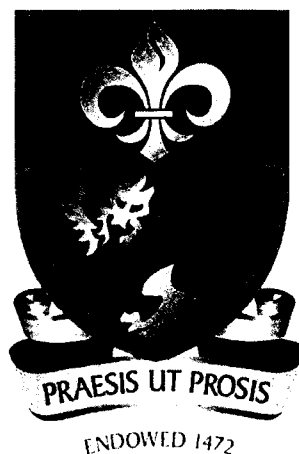


Lancaster Royal Grammar School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2022



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 2022. 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		
	Mr Paul Benson		
	Dr John Bentham		11/12/2021
	Mr Michael Burrow		26/03/2022
	Mr Matthew Dobson		
	Mr Peter Dyer		
	Mr Paul Fitton		30/09/2022
	Mrs Deborah Garritty		
	Professor David Hutchinson		10/06/2022
	Dr Navita Parekh		
	Mrs Wendy Preston		
	Mr Howard Roberts (Chair of Governors)		
	Mr Douglas Walker		
	Mr Mark Youlton		
Trustees			
	Professor Martin Alexander		
	Mr William Bancroft		
	Mr Paul Benson		
	Dr John Bentham		11/12/2021
	Mrs Alison Bland		
	Mr Michael Burrow		26/03/2022
	Mr Hugh Castle		31/08/2022
	Mr Matthew Dobson		
	Mr Peter Dyer		
	Mr Paul Fitton		30/09/2022
	Mrs Deborah Garritty		
	Professor David Hutchinson		10/06/2022
	Mr Nicholas King		
	Mr Richard Mellon		31/08/2022
	Dr Navita Parekh		
	Mrs Wendy Preston		
	Dr Christopher Pyle (Accounting Officer)		
	Mr Howard Roberts (Chair of Governors)		
	Mr Graeme Thompson		31/08/2022
	Mrs Sarah Troughton		08/03/2022
	Mr Douglas Walker		
	Mr Andrew Whipp		
	Mr Ian Whitehouse	01/09/2022	
	Mr Mark Youlton		

Reference and Administrative Details (continued)

Company Secretary	Mr Richard Gittins	
Senior Management Team		
• Headteacher	Dr C Pyle	
• Deputy Headteacher	Mr M Chambers	31/08/2022
• Deputy Headteacher	Mr J Hallsworth	
• Deputy Headteacher	Ms S Haigh	01/09/2022
• Assistant Headteacher	Dr D Rowe	
• Assistant Headteacher	Mr R Mellon	01/09/2022
• Assistant Headteacher	Mr A Martin	01/09/2022
• Director of Finance and Support Services	Mrs C Lodge	
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 2021 to 31 August 2022. 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 1,260 in the school census on 15 January 2022.

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. An additional Assistant Head was appointed 1 September 2022.

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 2022.

Trade union facility time*Relevant union officials*

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.00

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	£6,650,773
% 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

Three of the Academy Members are also Trustees 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 2022 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 identifying pupils requiring pastoral support , agreeing departmental priorities to address lost learning, and ensuring that the extra-curricular life of the school flourishes in all areas.
- 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 1263 pupils aged from 11 to 18, including 170 boarders and a Sixth Form of around 407 pupils. In September 2017 the academy trust increased its admission number to recruit 150 day pupils and 24 boarders into Year 7 each year; from September 2022 the Year 7 day admission number is increasing to 156. 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.

This commitment to access and social inclusion is also supported by generous donor funding for InspirUS, our primary school outreach and masterclass programme, and for financial assistance funds. The Lune Scholarship and Opportunities Fund help pupils from all backgrounds to take part in the fullest range of school activities.

Our Sixth Form has been coeducational since 2019, and we welcome both girls and boys as day and boarding students from a wide range of schools from Lancashire and Cumbria, from across England and from overseas.

This summer marked a return to full in-person examinations for the first time since 2019.

At A-level, students from our largest ever Sixth Form year group achieved outstanding results. Almost a third of grades were A* (32.8%), and 62.9% were A* or A grades – both record-breaking figures for the school. Over three-quarters of grades were B or above (76.9%), which is also a higher figure than headlines achieved in 2019.

These 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. Fourteen students achieved offers from Oxford and Cambridge, and a large majority of students progressed to competitive university courses.

GCSE results were also very strong and well-deserved by this cohort who experienced such disruption especially in Year 9 and Year 10. Almost two-thirds (63.2%) of all exams were graded 9 to 7, 41% were grade 8 or 9 (the old A* grades) and 22% gained the very top grade 9s. Twelve pupils achieved Grade 9 in eight or more subjects. The Progress 8 score was a pleasing +0.54.

The school's successes in extracurricular activities are well-documented on the website www.lrgs.org.uk. 2021-22 was a year marked by a very strong return towards a full range of activities and opportunities out of the classroom. The following achievements were particularly noteworthy:

- **Art:** Ten students' work was exhibited in the Kurt Schwitters Merz Barn in Cumbria in August, and work from pupils, alumni, staff and friends was displayed in Art Exhibitions in school.
- **Business and Enterprise:** Students were finalists in the LUMS 100-day Enterprise Challenge. The school was accepted onto the prestigious Young Enterprise Centre of Excellence in Finance Education scheme. One student was named as Lancashire Business View as one of the region's outstanding young leaders.
- **Chemistry:** RSC Chemistry Olympiad - Two gold, six silver, two bronze awards; Cambridge Chemistry Challenge – five Gold awards; RSC Schools Analyst Competition - North West Regional Winners.
- **Charities:** This was an outstanding year of charity fundraising. The total raised was over £34,000 – the highest total that the school has raised in one year. Form 9L raised £2500, and a virtual "Run to Kiev" organised raised £4102. Lenten Charities supported Team Reece, Papyrus, St John's Hospice, Cancer Research, ActionAid UK Zimbabwe, Money for Madagascar, and the DEC Ukraine appeal. Storey House boarders completed 120,000 press ups for Movember.
- **Cricket:** The 1st XI recorded memorable victories over the MCC and Sedbergh School. They won all five fixtures in the national RGS Festival as they claimed the Festival Trophy for the 3rd time in four years, with one player named RGS Player of the Festival. Several junior sides made the Lancashire Cup Finals. One player represented the North of England. LRGS was named as one of Cricketer Magazine's top 100 schools.
- **CCF:** We have record numbers of cadets from LRGS and the Girls' Grammar School. Two cadets passed the CCF Army Master Cadet course, two received Lord Lieutenant's Certificates for Meritorious Service, and one was awarded an Army Internship with the Royal Gurkha Rifles. A group of cadets completed the National Three Peaks, and two completed the feat in 24 hours.

Trustees' Report (continued)

- **Curling:** A pupil was selected for the England Junior Curling team.
- **Cycling:** A Year 11 pupil representing LRGS won the Over 15's British Schools Cycling Association National Circuit Championships.
- **Drama:** Notable performances included Strolling with Shakespeare at Lancaster Castle. For the first time, all students who studied for LAMDA qualifications received a Distinction at Silver and Gold Medal level.
- **Design and Technology:** The L6 product design class designed and manufactured all the mounts for a public exhibition of Roman artefacts at Tullie House museum, Carlisle. Three students were awarded Arkwright Engineering scholarships.
- **Football:** First XI footballers won the North-West schools football league.
- **Golf:** A student become Lancashire champion.
- **History:** Parallel Histories projects included over 40 digital debates with UK and overseas schools. Girls acted as mentors for women from the MOD as part of Forward Assist. Students worked with Lancaster Black History group to research Lancaster's slave trading past, presenting findings at an international conference at Lancaster University and at Lancaster's City Museum.
- **Biology Olympiads:** International Intermediate Biology Olympiad – Three gold, six silver, 9 bronze awards; British Biology Olympiad – six Gold awards.
- **International Physics Olympiad:** One of the students who gained a Gold award was selected for the British Physics Olympiad Training Camp.
- **Mathematics:** Junior Maths challenge – 48 gold certificates; Junior Maths Olympiad - Distinction and 4 Merits; Intermediate Maths Challenge – 9 Gold Certificates; Senior Maths Challenge – 14 Gold certificates; Senior Kangaroo – 2 Merit certificates.
- **Modern pentathlon:** A Sixth Form student won the U19 Laser Run world championships.
- **Netball:** An active fixture list included two teams who took part in the Netball National Cup for the first time.
- **Quiz:** Junior and senior quiz teams both became north-west champions.
- **Rowing:** Amongst excellent results, the Year 11 quad were unbeaten in the North West and were selected to represent the North West Region at the Inter Regional Regatta. At the National Schools Regatta they came 9th and were the 4th fastest school quad.
- **Royal visit:** Our musicians performed for the visit of the Earl and Countess of Wessex to Lancaster Castle, and another pupil was part of the Honour Guard.
- **Rugby:** Teams enjoyed considerable success across the full age group of the school. Amongst other achievements U12s won the Lancashire Festival, U15s reached the semi-final of the national NatWest cup, and the First XV won the Lancashire Cup. Girls' rugby is popular and has grown in strength this year. A number of students gained selection for county teams and club academic pathways. Two students were selected for the U18 North of England squad.
- **Running and orienteering:** Athletics teams won silver or gold in all age groups in District Championships; a student was selected for the NW Team for the London Mini-marathon; our Sixth Form team became British Orienteering Champions.
- **Sailing:** A Year 7 pupil become North of England RYA sailing champion; a Sixth Former sailed CCF Yacht Bellerophon from New Port to Oban.
- **Sixth Form conference:** Students organised a major inter-school conference at the University of Cumbria with themes of "Action against Discrimination".
- **Stamp Competitions:** A student won the Chinese Language stamp competition, and another came second in the StampIT around the world competition.
- **Swimming:** A student was second in three events at the Welsh national swimming meet.
- **Table tennis:** A student represented England teams with success at several international competitions, and rose to the top 50 in the world rankings.
- **Tennis:** Two pupils were county champions, and one student won a regional competition to qualify to play at Wimbledon.
- **Visitor Sunshine Awards:** A Year 7 pupil won the Young Achiever of the Year Award. He overcome significant challenges to pass GCSE Maths with a grade 9 and raised over £4000 for NHS Charities Together.

Trustees' Report (continued)

COVID - 19

The school started the 2021/2022 operating almost back to normal, however ongoing levels of infection in the population meant that the school has continued to offer hybrid remote learning to support students who are self-isolating due to testing positive for COVID during 2021/2022.

The school has been able to re-establish its extra-curricular programme and following the lifting of all covid restrictions was also able to undertake school trips in the UK and since the start of the new Academic year 2022/2023 also overseas.

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 2021 to 31 August 2022.

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 £615,824 due primarily to the increase in pupil numbers across the school. Boarding income was increased by £486,449 due no income lost through enforced closures.

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 £77,688 (2021: £110,757). The donations were to support the schools outreach programme to local primary schools and the extra-curricular programme that is run for all pupils at the school. Friends of LRGS made donations of £4,964 (2021: £4,815) for the purchase of equipment for a number of small projects.

At 31st August 2022 the net book value of fixed assets was £33,340,467 (2021: £33,611,402) 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 and other funding due at the end of August 2021 which has been received during the year together with a decrease on the amount owed to the Academy by Lancaster Royal Grammar School Charity.

Creditors due in less than one year have decreased due to a reduction in the amount owed back to the DfE in respect of the Maths Hub and a reduction in funds to be distributed to Erasmus Partner schools from the British Council.

The cash position of the school has improved due to the cash surplus from financial activities in the year.

Key Financial Performance Indicators

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

Teaching staff
Support staff
Total

2021	2022
54.1%	45.4%
21.6%	21.0%
75.7%	66.4%

Teaching Staff

Pupils on roll
Full time equivalents teachers
Pupil teacher ratio

2021	2022
1222	1260
65.96	71.1
18.5	17.7

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 £1,806,718. Over the course of the year this has reduced by £214,790. 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 £788,000. 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:

- 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

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 Trust has started an expansion programme with the addition of a new form in Year 7. The additional forms have now reached year 12 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 2022, the school had 74 girls in the sixth form, 17 of whom were boarders.

The Trust continues to review the breadth of its curriculum provision and has introduced politics at A Level from September 2022.

The Trust 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 above 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.

The Trust has been actively managing its Estate Strategy over the last few years as there is an urgent need to upgrade the fabric of some of our school and boarding facilities. Part of the strategy is to 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. In addition, the Trust is actively considering the redevelopment of part of the School site and the provision of new facilities and how to fund such a redevelopment.

At the request of the ESFA, the Trust undertook a consultation into the possibility of joining a Multi-Academy Trust in 2021. The decision of the trustees taken at that time is to remain as a Single Academy Trust but to keep the possibility of joining or forming a MAT under review. In light of the Government White Paper published in March 2022 and its stated aim that all schools will be part of a MAT or have plans to join or form one by 2030, the Trust has had preliminary discussions with Trusts of a similar nature about the future options.

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

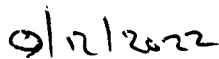
Insofar as the trustees are aware:

- 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



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 three times during the year. Meetings were attended by 68% 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. Three meetings were held during the year. These were attended by 67% 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. Three meetings were held during the year. These were attended by 64% 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. Three meetings were held during the year. These were attended by 75% 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 84% 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 86% of eligible committee members.

Governance Statement (continued)**Board of Trustees work, performance and changes in composition**

Seven long standing members of the Trustees retired during the year. No new members were appointed during the year. The Academy Trust is in the process of updating its Articles of Association in consultation with the ESFA. The new Articles will be adopted during 2022/2023. 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 committee has held three meetings in the year, attended by 93% of eligible committee members.

Conflicts of interest

The Academy Trust maintains a Register of Business interests which is available on the Academy Trust's website. Transactions with related parties are discussed regularly at the meetings of the Finance Committee.

Meetings

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 Review

- A 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.

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

	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
Governor								
Prof M Alexander	3	3	3	3				
Mr W Bancroft	2	3			2	3		
Mr P Benson	2	3			3	3	3	3
Mr J Bentham	1	1					0	1
Mr M Burrow	2	2			1	2	2	2
Mrs A Bland	3	3						
Mr H Castle	0	3	0	3				
Mr M Dobson	1	3	2	3				
Mr P Dyer	2	3						
Mr P Fitton	3	3	2	3			1	3
Mrs D Garritty	0	3			1	3	0	3
Prof D Hutchison	0	2					2	2
Mr N King	1	3	2	3				
Mr R Mellon	2	3	0	3			3	3
Dr N Parekh	2	3	3	3				
Mrs W Preston	2	3	3	3			3	3
Dr C Pyle	3	3	3	3			3	3
Mr H Roberts	3	3	1	3			2	3
Mr G Thompson	3	3						
Mrs S Troughton	1	1						
Mr D Walker	2	3						
Mr A Whipp	3	3	3	3			3	3
Mr M Youlton	2	3			2	3	2	3
	43	63	22	33	9	14	24	32
Percentage attendance	68%		67%		64%		75%	

Governance Statement (continued)

Governor	HR & Welfare		Curriculum		Boarding		Safeguarding	
	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	3	3				
Mr W Bancroft	2	2	2	3	1	3		
Mr P Benson					3	3		
Mr J Bentham			2	2				
Mr M Burrow								
Mrs A Bland	1	2	3	3				
Mr H Castle	1	2	1	3				
Mr M Dobson								
Mr P Dyer	2	2	2	3	3	3	3	3
Mr P Fitton					3	3		
Mrs D Garritty								
Prof D Hutchison			3	3				
Mr N King								
Mr R Mellon			3	3	3	3		
Dr N Parekh	1	2					3	3
Mrs W Preston	2	2	3	3	2	3	2	3
Dr C Pyle	2	2	3	3	3	3		
Mr H Roberts			3	3	3	3		
Mr G Thompson	2	2			3	3	3	3
Mrs S Troughton	1	1	1	2			2	2
Mr D Walker			3	3	2	3		
Mr A Whipp								
Mr M Youlton								
	16	19	32	37	26	30	13	14

Percentage attendance

84%

86%

87%

93%

Governor

Prof M Alexander
Mr P Fitton
Mr H Roberts

Pay Committee	
Meetings attended	Out of a possible
1	1
1	1
1	1
3	3

Percentage attendance

100%

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 are unchanged. 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. The school has entered into a contract with a third party letting company, Vivify Limited to manage the letting of these facilities.

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

The majority of 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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lancaster Royal Grammar School for the period 01 September 2021 to 31 August 2022 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 period 1 September 2021 to 31 August 2022 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 Purchasing Procedures
- Review of the Payroll and HR procedures

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

5/12/2022

Date

Statement on Regularity, Propriety and Compliance

As accounting officer of Lancaster Royal Grammar School I have considered my responsibility to notify the academy 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2021.

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

CPyL

Dr Christopher Pyle
Accounting Officer

9.12.22

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 2021 to 2022
- 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

5/12/2022

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 2022 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 2022 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 2021 to 2022.

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 other information comprises the information included in the annual report including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 auditors report.

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.



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

12 December 2022 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 2021 to 2022, 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 2021 to 31 August 2022 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 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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;
- responses to the top 10 'musts' for chairs and other trustees from the AFH was obtained and considered;

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, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2021 to 31 August 2022 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.



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

12 December 2022 Date

Statement of Financial Activities for the Year Ended 31 August 2022

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2022 £	Total 2021 £
Income and endowments from:						
Donations and capital grants	3	-	82,652	30,607	113,259	190,773
Charitable activities						
Funding for the academy trust's educational operations	4	351,698	7,626,243	-	7,977,941	7,202,049
Funding for boarding activities	27	-	2,293,008	-	2,293,008	1,806,559
Other trading activities	5	32,637	17,950	-	50,587	51,410
Investments	6	-	-	-	-	-
Total		384,335	10,019,853	30,607	10,434,795	9,250,791
Expenditure on:						
Charitable activities						
Academy trust educational operations	8	347,755	7,758,994	332,018	8,438,767	7,889,021
Boarding activities	27	-	2,116,972	18,960	2,135,932	1,983,802
Other trading activities	7	7,462	-	-	7,462	2,552
Total	6	355,217	9,875,966	350,978	10,582,161	9,875,375
Net income / (expenditure)		29,118	143,887	(320,371)	(147,366)	(624,584)
Transfers between funds	11	(3,943)	(28,113)	32,056	-	-
Other recognised gains and (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	24	-	3,096,000	-	3,096,000	61,000
Net movement in funds		25,175	3,211,774	(288,315)	2,948,634	(563,584)
Reconciliation of funds						
Total funds brought forward	19	832	(4,375,684)	33,628,782	29,253,930	29,817,514
Total funds carried forward	19	26,007	(1,163,910)	33,340,467	32,202,564	29,253,930

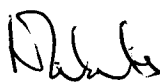
All of the academy's activities derive from continuing operations during the above two financial periods.

Balance Sheet as at 31 August 2022

Company Number: 07469330

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	14		33,340,467		33,611,402
Investments			-		-
			<u>33,340,467</u>		<u>33,611,402</u>
Current assets					
Stock	15	28,192		10,847	
Debtors	16	186,440		334,646	
Debtors due after one year	16	204,426		266,143	
Cash at bank and in hand		<u>1,295,410</u>		<u>985,220</u>	
		1,714,468		1,596,856	
Liabilities					
Creditors: Amount falling due within one year	17	<u>(1,597,357)</u>		<u>(1,767,443)</u>	
Net current assets			117,111		(170,587)
Total assets less current liabilities			33,457,578		33,440,815
Creditors: Amount falling due greater than one year	18		(467,014)		(591,885)
Provision for liabilities					
Defined benefit pension scheme liability	24		(788,000)		(3,595,000)
Total net assets			<u>32,202,564</u>		<u>29,253,930</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	19	33,340,467		33,628,782	
Restricted income funds	19	(375,910)		(780,684)	
Pension reserve	19,24	<u>(788,000)</u>		<u>(3,595,000)</u>	
Total restricted funds	19		32,176,557		29,253,098
Unrestricted income funds					
General fund	19	<u>26,007</u>		<u>832</u>	
Total unrestricted funds			26,007		832
Total funds			<u>32,202,564</u>		<u>29,253,930</u>

The financial statements were approved by the trustees, and authorised for issue on 09 December 2022 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 2022

	2022 £	2021 £			
Reconciliation of net income / (expenditure) to net cash flow from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(147,366)	(624,584)			
<i>Adjusted for:</i>					
Depreciation	300,135	364,163			
Loss on disposal of fixed assets	-	49,200			
Capital grants from DfE/ESFA and other capital income	(30,607)	(30,201)			
Capital donations	-	(92,740)			
Interest payable	-	-			
Interest receivable	-	-			
CIF loan interest payable	-	-			
Defined benefit pension scheme costs less contributions payable	222,000	171,000			
Defined benefit pension scheme net pension finance costs	67,000	64,000			
Decrease/(Increase)Increase in stocks	(17,345)	(2,628)			
Decrease/(Increase) in debtors	209,923	124,336			
Increase/(Decrease) in creditors	(170,086)	309,094			
Increase/(Decrease) in creditors over one year	(124,871)	(91,490)			
Decrease/(Increase) in ESFA/CIF/Salix loans included above	130,061	(28,510)			
Net cash provided by / (used in) Operating Activities	438,844	211,640			
Cash flows from financing activities					
Repayments of borrowing	(130,061)	(6,490)			
Cash inflows from new borrowing	-	35,000			
Net cash provided by / (used in) financing activities	(130,061)	28,510			
Cash flows from investing activities					
Interest receivable	-	-			
Proceeds from sale of tangible fixed assets	-	-			
Purchase of tangible fixed assets	(29,200)	(22,417)			
Capital grants from DfE/ESFA and other capital income	30,607	30,201			
Capital donations	-	92,740			
Net cash provided by / (used in) investing activities	1,407	100,524			
Change in cash and cash equivalents in the reporting period	310,190	340,674			
Reconciliation of net cash flow to movement in net funds					
Cash and cash equivalents at 1 September 2021	985,220	644,546			
Change in cash and cash equivalents in the reporting period	310,190	340,674			
Cash and cash equivalents at 31 August 2022	1,295,410	985,220			
Analysis of cash and cash equivalents	1 Sep 21 £	Cash flows £	31 Aug 22 £		
Cash in hand and at bank	985,220	310,190	1,295,410		
Total cash and cash equivalents	985,220	310,190	1,295,410		
Analysis of changes in net debt	1 Sep 21 £	Cash flows £	New agreements £	Other non- cash changes £	31 Aug 22 £
Cash	985,220	310,190	-	-	1,295,410
Loans falling due within one year	(126,490)	130,061	-	(124,871)	(121,300)
Loans falling due after more than a year	(591,885)	-	-	124,871	(467,014)
Total	266,845	440,251	-	-	707,096

Notes to the Financial Statements for the Year Ended 31 August 2022**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 2021 to 2022 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 2022 (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 2022 (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 2022 (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 £2,000 or similar groups of assets purchased or ordered together of less than £2,000 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 2022 (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 2022 (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 2022 (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 2022. 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 2022 (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 2022 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 2022.

3. Donations and Capital Grants	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2022 £	Total 2021 £
ESFA - Capital Grant	-	-	30,607	30,607	30,201
Other capital donations	-	-	-	-	45,000
LRGS charity donations	-	77,688	-	77,688	110,757
Other donations	-	4,964	-	4,964	4,815
	-	82,652	30,607	113,259	190,773
Less: ESFA Grants allocated to boarding			1,616	1,616	-
	-	82,652	32,223	114,875	190,773
2021 total	-	67,832	122,941	190,773	
4. Funding for Academy's educational operations	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £	
DfE/ESFA Grants					
General Annual Grant (GAG)	-	6,354,075	6,354,075	5,738,251	
Other DfE/ESFA grants					
Pupil premium	-	45,815	45,815	49,080	
Teachers pay grant	-	27,196	27,196	81,390	
Teachers pension grant	-	76,851	76,851	236,543	
Schools supplementary grant	-	61,796	61,796	-	
Other ESFA grants	-	36,870	36,870	33,600	
Other DfE Group grants					
Maths Hub	-	484,705	484,705	615,588	
British Council	-	20,299	20,299	68,945	
	-	7,107,607	7,107,607	6,823,397	
Other Government Grants					
LA funded statements	-	45,595	45,595	39,066	
Other government grants	-	2,347	2,347	-	
	-	47,942	47,942	39,066	
Exceptional government funding					
COVID-19 additional funding (ESFA/DfE)					
Catchup premium	-	-	-	67,840	
National tutoring programme / mental health grants	-	1,200	1,200	-	
Recovery premium grant	-	6,453	6,453	-	
Coronavirus exceptional support	-	-	-	6,218	
COVID-19 additional funding (non - ESFA/DfE)					
Mass testing and vaccination fund	-	20,184	20,184	44,560	
Coronavirus Job Retention Scheme grant	-	-	-	31,888	
	-	27,837	27,837	150,506	
Less: Job retention scheme grants allocated to boarding		-	-	(31,888)	
	-	27,837	27,837	118,618	
Catering	272,072	-	272,072	162,929	
School trips and activities income	-	334,824	334,824	(45,423)	
Departmental trip income	-	58,893	58,893	4,600	
Maths hub other income	-	5,997	5,997	9,600	
Other educational income	79,626	43,143	122,769	89,262	
	351,698	7,626,243	7,977,941	7,202,049	
2021 total	240,540	6,961,509	7,202,049		

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

4. Funding for Academy's educational operations (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 received £1,200 in respect of mental health grants - This has been used to fund the cost of training for safeguarding lead.

The academy received £6,453 in respect of the Recovery Premium Grant. This has been used to cover staffing costs.

The academy received £20,184 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.

5. Other Trading Activities	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Hire of facilities - lettings	27,972	-	27,972	925
Hire of pitches	-	-	-	-
Catering	4,665	-	4,665	2,459
Insurance claims - trips and activities	-	11,115	11,115	44,939
Risk protection arrangement claims	-	6,835	6,835	3,087
Other trading activities	-	-	-	-
	<u>32,637</u>	<u>17,950</u>	<u>50,587</u>	<u>51,410</u>
2021 total	<u>3,384</u>	<u>48,026</u>	<u>51,410</u>	
6. Investment Income	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Bank interest receivable	-	-	-	-
Other interest receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2021 total	<u>-</u>	<u>-</u>	<u>-</u>	

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

7. Expenditure	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2022 £	Total 2021 £
Cost of other trading activities	-	2,797	4,665	7,462	2,552
Academy's educational operations					
Direct costs	4,811,928	262,272	1,446,761	6,520,961	6,039,570
Allocated support costs	702,244	663,378	552,184	1,917,806	1,849,451
	<u>5,514,172</u>	<u>925,650</u>	<u>1,998,945</u>	<u>8,438,767</u>	<u>7,889,021</u>
Provision of boarding activities					
Direct costs	-	-	-	-	-
Allocated support costs	1,136,601	463,979	535,352	2,135,932	1,983,802
	<u>1,136,601</u>	<u>463,979</u>	<u>535,352</u>	<u>2,135,932</u>	<u>1,983,802</u>
	<u>6,650,773</u>	<u>1,392,426</u>	<u>2,538,962</u>	<u>10,582,161</u>	<u>9,875,375</u>
2021 total	<u>6,405,463</u>	<u>1,644,813</u>	<u>1,825,099</u>	<u>9,875,375</u>	
				2022	2021
				£	£
Net income/(expenditure) for the period includes:					
Depreciation				300,135	364,163
(Gain)/loss on disposal of fixed assets				-	-
Operating leases				30,166	22,669
Fees payable to current auditor					
- audit of the financial statements				7,980	7,750
- other assurance services				2,050	2,000
- other services				8,097	3,750

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total 2022 £	Individual items above £5,000 Amount	Reason
Unrecoverable debts - provision movement	29,813		Increase in historic debtors provision
Unrecoverable debts - written off	3,917	-	Boarding debt unable to recover

8. Cost of Other Trading activities	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Other lettings				
Heat and light	2,797	-	2,797	93
Catering	-	-	-	-
	<u>2,797</u>	<u>-</u>	<u>2,797</u>	<u>93</u>
Catering to staff				
Catering	4,665	-	4,665	2,459
	<u>4,665</u>	<u>-</u>	<u>4,665</u>	<u>2,459</u>
	<u>7,462</u>	<u>-</u>	<u>7,462</u>	<u>2,552</u>
2021 total	<u>2,552</u>	<u>-</u>	<u>2,552</u>	

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

9. Charitable Activities	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	60,172	4,751,756	4,811,928	4,783,535
Depreciation	-	262,272	262,272	262,272
Loss / (Profit) on disposal	-	-	-	49,200
Educational supplies	-	117,705	117,705	105,106
Staff development	-	11,615	11,615	11,251
Examination fees	-	177,906	177,906	98,263
Technology costs	-	36,775	36,775	41,501
Maths Hub costs	-	620,349	620,349	547,274
Erasmus project expenditure	-	-	-	-
School trips costs	-	237,352	237,352	59,937
Departmental trips costs	-	62,847	62,847	2,403
School extra curricular activities costs	-	71,647	71,647	12,707
Other direct costs	15,511	95,054	110,565	66,121
	<u>75,683</u>	<u>6,445,278</u>	<u>6,520,961</u>	<u>6,039,570</u>
Support Costs - educational operations				
Support staff costs	-	702,244	702,244	681,950
Other staff costs	-	10,870	10,870	6,790
Depreciation	-	37,863	37,863	101,891
Loss on disposal of fixed assets	-	-	-	-
Maintenance of premises and equipment	-	165,116	165,116	215,576
Maintenance of premises and equipment - CIF	-	-	-	-
Cleaning	-	207,481	207,481	206,172
Rates and water	-	60,490	60,490	70,594
Hire costs	-	13,520	13,520	15,455
Heat and light	-	173,905	173,905	136,102
Insurance	-	18,523	18,523	17,160
Telephone	-	7,198	7,198	9,050
Transport	-	11,734	11,734	8,315
Less: Recharge to trips and activities	-	(12,070)	(12,070)	-
Administrative supplies	-	55,549	55,549	38,904
Catering expenses	272,072	50,084	322,156	186,074
Legal and professional fees	-	60,476	60,476	52,757
Foreign currency exchange (gains) and losses	-	233	233	13,225
CIF loan interest payable	-	-	-	-
Other support costs	-	5,740	5,740	9,736
	<u>272,072</u>	<u>1,568,956</u>	<u>1,841,028</u>	<u>1,769,751</u>
Support Costs - governance				
Audit fees	-	7,980	7,980	18,750
Accountancy and assurance fees	-	10,147	10,147	11,250
Less: Recharge to boarding	-	(8,349)	(8,349)	(14,300)
Trustees' training and expenses	-	-	-	-
Legal fees	-	-	-	-
Professional fees	-	-	-	-
Net finance costs in respect of defined benefit pension schemes	-	67,000	67,000	64,000
	<u>-</u>	<u>76,778</u>	<u>76,778</u>	<u>79,700</u>
Total direct and support costs	<u>347,755</u>	<u>8,091,012</u>	<u>8,438,767</u>	<u>7,889,021</u>
2021 total	<u>236,807</u>	<u>7,652,214</u>	<u>7,889,021</u>	

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

10. Staff

a. Staff costs

	2022	2021
	£	£
Staff costs during the period were:		
Wages and salaries	4,885,339	4,752,984
Social security costs	482,496	465,593
Operating costs of defined benefit pension schemes	1,348,345	1,271,694
Apprenticeship levy	9,154	8,724
	<u>6,725,334</u>	<u>6,498,995</u>
Supply staff costs	5,779	99
Staff restructuring costs	-	-
Staff seconded in / out of the organisation	(80,340)	(93,631)
	<u>6,650,773</u>	<u>6,405,463</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 and included in the staff seconded out figure above.

b. Severance payments

The academy trust paid no severance payments in the year, disclosed in the following bands:

	2022
	No
0 - £25,000	-
£25,001 - £50,000	-
£50,001 - £100,000	-
£100,001 - £150,000	-
£150,000+	-
	<u>-</u>
	<u>-</u>

c. Special staff severance payments - Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2021: £Nil). Individually, the payments were £Nil. (2021: £Nil)

d. Staff numbers

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

	2022	2021
	No	No
Charitable Activities		
Management	7	6
Teachers	75	75
Supply and peripatetic teachers	19	23
Administration and support	76	74
	<u>177</u>	<u>178</u>

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)**e. Higher paid staff**

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

	2022	2021
	No	No
£60,000 to £69,999	3	3
£70,000 to £79,999	1	1
£100,000 to £109,999	1	1
	<u>5</u>	<u>5</u>

f. 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:

	2022	2021
	£	£
Senior Management Team	638,016	650,442
Staff Governors	179,770	177,610
	<u>817,786</u>	<u>828,052</u>

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

11. Transfers Between Funds

2022
£**Restricted general funds**

General Annual Grant (GAG)

Speech and Drama fund contribution to GAG

3,943

GAG contribution towards capital projects

(2,856)

Purchases of fixed assets used for charitable purposes

(19,243)

(18,156)

Boarding activities

Boarding over contribution towards CIF 2020/21 Ashton House Project

-

Purchases of fixed assets used for charitable purposes

(9,957)

(9,957)

(28,113)**Restricted fixed asset funds**

Fixed assets used for charitable purposes

Purchases from ESFA formula grant

-

Purchases from General Annual Grant (GAG) fund

19,243

Purchases from Boarding activities fund

9,957

29,200

ESFA formula grant to Fixed assets fund

Purchases of fixed assets used for charitable purposes

-

Formula Capital contribution to CIF projects

-

-

Condition improvement grant funds

Boarding over contribution towards CIF 2020/21 Ashton House Project

-

-

-

GAG contribution towards capital projects

2,856

32,056**Unrestricted Funds**

Unrestricted general funds

Speech and Drama fund contribution to GAG

(3,943)

(3,943)

(3,943)

Notes to the Financial Statements for the Year Ended 31 August 2022 (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	(2021: £105,000 to £109,999)
Employer's pension contributions	£25,000 to £29,999	(2021: £25,000 to £29,999)
Mr R Mellon (Staff Trustee)		
Remuneration	£50,000 to £54,999	(2021: £50,000 to £54,999)
Employer's pension contributions	£10,000 to £14,999	(2021: £10,000 to £14,999)
Mr H Castle		
Remuneration	£45,000 to £49,999	(2021: £45,000 to £49,999)
Employer's pension contributions	£10,000 to £14,999	(2021: £10,000 to £14,999)
Mr G Thompson		
Remuneration	£30,000 to £34,999	(2021: £30,000 to £34,999)
Employer's pension contributions	£5,000 to £9,999	(2021: £5,000 to £9,999)

During the year ended 31 August 2022, travel and subsistence expenses totalling £Nil were reimbursed to no governors in respect of their teaching role (2021: £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 2022 provides cover up to £10,000,000 (2021: £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 2022 (continued)

14. Tangible Fixed Assets	Long Leasehold Land & Buildings	Plant & Machinery	ICT Equipment	Furniture Fittings & Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£	£
As at 1 September 2021	36,093,623	13,765	67,794	465,744	40,944	36,681,870
Additions	-	22,498	-	6,702	-	29,200
Disposals	-	-	-	-	-	-
As at 31 August 2022	36,093,623	36,263	67,794	472,446	40,944	36,711,070
Depreciation						
As at 1 September 2021	2,527,264	10,098	62,867	431,984	38,255	3,070,468
Charge in year	262,272	9,332	3,245	23,493	1,793	300,135
Disposals	-	-	-	-	-	-
As at 31 August 2022	2,789,536	19,430	66,112	455,477	40,048	3,370,603
Net book values						
As at 31 August 2022	33,304,087	16,833	1,682	16,969	896	33,340,467
As at 1 September 2021	33,566,359	3,667	4,927	33,760	2,689	33,611,402

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

1	Land
22,980,000	Historic Buildings
10,324,086	Other Leasehold Buildings
33,304,087	

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.

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

15. Stock	2022	2021
	£	£
Educational stationery	28,192	10,372
Clothing	-	475
	<u>28,192</u>	<u>10,847</u>
16. Debtors	2022	2021
	£	£
Trade debtors	56,667	93,442
VAT recoverable	37,369	27,327
Prepayments	76,002	85,470
Accrued income	8,750	122,087
Other debtors	<u>212,078</u>	<u>272,463</u>
	<u>390,866</u>	<u>600,789</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.	204,426	266,143
17. Creditors: Amounts falling due within one year	2022	2021
	£	£
Trade creditors	560,369	455,474
Taxation and social security	117,534	112,295
ESFA creditor - bursary	16,274	10,361
ESFA creditor - other	6,480	-
Other creditors including agency funds	546,316	783,681
Accruals	208,748	255,848
Deferred income	20,336	23,294
ESFA loans	100,000	120,000
Salix loans	13,633	6,490
CIF loans	<u>7,667</u>	<u>-</u>
	<u>1,597,357</u>	<u>1,767,443</u>
Deferred Income	2022	2021
	£	£
Deferred income includes:		
Deferred income at 1 September 2021	23,294	16,504
Resources deferred in the year	20,336	23,294
Amounts released from previous years	<u>(23,294)</u>	<u>(16,504)</u>
Deferred income at 31 August 2022	<u>20,336</u>	<u>23,294</u>
Deferred income comprises:		
ESFA grant for rates 1 September 2022 to 31 March 2023	16,506	16,504
Student placement money	3,830	6,220
Other	-	570
	<u>20,336</u>	<u>23,294</u>

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

18. Creditors: Amounts falling due greater than one year

	2022	2021
	£	£
ESFA loans	379,000	479,000
Salix loans	55,511	72,715
CIF loans	32,503	40,170
	<u>467,014</u>	<u>591,885</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:

	£	£
Salix loans	10,714	25,000
CIF loans	<u>-</u>	<u>8,479</u>

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

19. Funds	Balance at 01-Sep 2021 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2022 £
Restricted General Funds					
General Annual Grant (GAG)	(2,021,508)	6,354,075	(6,121,129)	(18,156)	(1,806,718)
Pupil Premium	-	45,815	(45,815)	-	-
Teachers pay grant	-	27,196	(27,196)	-	-
Teachers pension grant	-	76,851	(76,851)	-	-
Schools supplementary grant	-	61,796	(61,796)	-	-
Other ESFA grants	-	36,870	(36,870)	-	-
Maths Hub	244,223	490,702	(629,449)	-	105,476
British Council - Erasmus	10,593	24,159	(56,079)	-	(21,327)
LA funded statements	-	45,595	(45,595)	-	-
Other government grants	-	2,347	(2,347)	-	-
COVID-19 additional funding (ESFA/DfE)	-	7,653	(7,653)	-	-
Mass testing fund	-	20,184	(20,184)	-	-
Coronavirus exceptional support	-	-	-	-	-
Coronavirus Job Retention Scheme grant	-	-	-	-	-
Boarding activities	838,114	2,293,008	(2,025,952)	(9,957)	1,095,213
School trips and activities	147,894	345,939	(242,387)	-	251,446
Departmental trips	-	58,893	(58,893)	-	-
Other educational income	-	39,283	(39,283)	-	-
Other restricted general funds	-	89,487	(89,487)	-	-
	<u>(780,684)</u>	<u>10,019,853</u>	<u>(9,586,966)</u>	<u>(28,113)</u>	<u>(375,910)</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	33,611,402	-	(300,135)	29,200	33,340,467
ESFA formula capital	-	32,223	(32,223)	-	-
ESFA condition improvement funds 20/21	20,576	(1,616)	(18,960)	-	-
Other capital donations	(3,196)	-	340	2,856	-
	<u>33,628,782</u>	<u>30,607</u>	<u>(350,978)</u>	<u>32,056</u>	<u>33,340,467</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(3,595,000)	-	(289,000)	3,096,000	(788,000)
Total Restricted Funds	<u>29,253,098</u>	<u>10,050,460</u>	<u>(10,226,944)</u>	<u>3,099,943</u>	<u>32,176,557</u>
Unrestricted Funds					
Catering fund	-	276,737	(276,737)	-	-
Other designated funds	-	-	-	-	-
General funds	832	107,598	(78,480)	(3,943)	26,007
Total Unrestricted Funds	<u>832</u>	<u>384,335</u>	<u>(355,217)</u>	<u>(3,943)</u>	<u>26,007</u>
Total Funds	<u>29,253,930</u>	<u>10,434,795</u>	<u>(10,582,161)</u>	<u>3,096,000</u>	<u>32,202,564</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 2022. Note 2 discloses whether the limit was exceeded.

The trust is carrying a net deficit of £346,089 (2021: £779,852) 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 2022 (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 £1,806,718 (2021: £2,021,508). 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.

The terms of the Erasmus funding are that the participants receive 70% at the start of the project with the balance of 30% at the end of the project. Both the Parallel Histories and entrecomp projects are near the end of the project period and will receive the balance of funding to cover the remaining costs at the end. This is why they are in deficit at the year end.

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

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

	Balance at 01-Sep 2020 £	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>

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

20. Analysis of Net Assets Between Funds

Fund balances at 31 August 2022 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	33,340,467	33,340,467
Current assets	26,007	1,683,286	5,175	1,714,468
Current liabilities	-	(1,592,182)	(5,175)	(1,597,357)
Non-current liabilities	-	(467,014)	-	(467,014)
Pension scheme liability	-	(788,000)	-	(788,000)
Total Net Assets	26,007	(1,163,910)	33,340,467	32,202,564

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

	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

21. Long-term commitments, including 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:

	2022 £	2021 £
Assets other than land & buildings		
Amounts due within one year	39,037	29,228
Amounts due between one and five years	71,388	39,780
Amounts due after five years	9,994	19,560
	<u>120,419</u>	<u>88,568</u>

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 2022 (continued)**22. Capital Commitments**

	2022	2021
	£	£
Contracted for, but not provided in the financial statements	-	20,576
	-	20,576

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 2022 (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:

	2022 £	2021 £
Teachers' Pension Scheme	91,001	87,741
Local Government Pension Scheme	35,410	34,150
	<u>126,411</u>	<u>121,891</u>

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

	2022 £	2021 £
Teachers' Pension Scheme	779,968	765,872
Local Government Pension Scheme	261,302	252,930
Local Government Pension Scheme deficit recovery	85,075	81,892
LGPS current service cost/contributions adjustment	222,000	171,000
	<u>1,348,345</u>	<u>1,271,694</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 academy trusts. 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 2022 (continued)**24. Pensions and Similar Obligations (continued)**

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £779,968 (2021: £765,872).

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:

	2022	2021
	£	£
Employer's contributions	346,377	334,822
Employees' contributions	80,947	76,513
Total contributions	<u>427,324</u>	<u>411,335</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 2022 (continued)

24. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The principal actuarial assumptions are:

	At 31 August 2022	At 31 August 2021
Rate of increase in salaries	4.40%	4.20%
Rate of increase for pensions in payment / inflation	3.00%	2.80%
Discount rate for scheme liabilities	4.30%	1.70%
Inflation assumption (CPI)	2.90%	2.70%

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 2022	At 31 August 2021
<i>Retiring today</i>		
Males	22.3	22.4
Females	25.0	25.1
<i>Retiring in 20 years</i>		
Males	23.7	23.9
Females	26.8	26.9

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 2022		At 31 August 2021	
	Deficit	Change	Deficit	Change
Discount rate + 0.1%	680,000	(108,000)	3,449,000	(146,000)
Discount rate - 0.1%	898,000	110,000	3,744,000	149,000
Mortality assumption - 1 year increase	920,000	132,000	3,868,000	273,000
Mortality assumption - 1 year decrease	659,000	(129,000)	3,331,000	(264,000)
CPI rate + 0.1%	898,000	110,000	3,743,000	148,000
CPI rate - 0.1%	680,000	(108,000)	3,450,000	(145,000)
Pay growth + 0.1%	798,000	10,000	3,610,000	15,000

Notes to the Financial Statements for the Year Ended 31 August 2022 (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 2022 £	Fair value at 31 August 2021 £
Equity instruments		
Equities	2,575,000	2,428,000
Debt instruments		
Government bonds	-	-
Other bonds	240,000	255,000
Property	594,000	481,000
Cash/liquidity	87,000	101,000
Other	1,958,000	1,543,000
Total Market Value of Assets	5,454,000	4,808,000
Present value of scheme liabilities		
Funded	(6,242,000)	(8,403,000)
Unfunded	-	-
Surplus / (deficit) in the scheme	(788,000)	(3,595,000)

The actual return on the scheme assets in the year was £373,000 (2021: £570,000).

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

	2022 £	2021 £
Current service cost (net of employee contributions)	(568,000)	(506,000)
Net interest cost	(59,000)	(57,000)
Administration expenses	(8,000)	(7,000)
Past service (cost)/gain	-	-
Gain/(loss) on curtailment	-	-
Total operating charge	(635,000)	(570,000)

Other recognised gains and (losses)

	2022 £	2021 £
Remeasurements (liabilities)	2,806,000	(435,000)
Remeasurements (assets)	290,000	496,000
Total amount recognised in the SOFA	3,096,000	61,000

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

24. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Changes in the deficit in the year:	2022	2021
	£	£
Deficit in scheme at 1 September 2021	3,595,000	3,421,000
Current service cost	568,000	506,000
Interest cost	143,000	131,000
Employer contributions	(346,000)	(335,000)
Past service (cost)/gain	-	-
Actuarial (gain)/loss - Remeasurements	(3,096,000)	(61,000)
Administration expenses	8,000	7,000
Interest income	(84,000)	(74,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Deficit at 31 August 2022	788,000	3,595,000
Changes in the present value of defined benefit obligations were as follows:	2022	2021
	£	£
At 01 September 2021	(8,403,000)	(7,344,000)
Current service cost	(568,000)	(506,000)
Interest cost	(143,000)	(131,000)
Employee contributions	(81,000)	(79,000)
Past service (cost)/gain	-	-
Actuarial gain/(loss) - Remeasurements	2,806,000	(435,000)
Benefits / transfers paid	147,000	92,000
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefit obligation at 31 August 2022	(6,242,000)	(8,403,000)
Changes in the fair value of Academy's share of scheme assets:	2022	2021
	£	£
At 01 September 2021	4,808,000	3,923,000
Interest income	84,000	74,000
Administration expenses	(8,000)	(7,000)
Actuarial gain/(loss) - Remeasurements	290,000	496,000
Employer contributions	346,000	335,000
Employee contributions	81,000	79,000
Benefits / transfers paid	(147,000)	(92,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Scheme assets at 31 August 2022	5,454,000	4,808,000
* Past service cost includes:		
McCloud impact	-	-
GMP indexation	-	-
	-	-

Notes to the Financial Statements for the Year Ended 31 August 2022 (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 LGRS 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 £77,688 (2021: £110,757) and £4,964 (2021: £4,815) respectively.

Expenditure Related Party Transactions

During the year there was also rent paid of £175,000 (2021: £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 as disclosed in the wages note. 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 £204,426 (2021: £266,143). The transactions are recharged at cost.

The debtor is not expected to be received from LRGS Charity during the year ended 31 August 2023 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 2022 (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	10,361	191,133
Receipts during the year	19,937	-
Distributions during the year	(13,027)	(155,413)
Distributions during the year to LRGS	(997)	(20,299)
Balance carried forward	<u>16,274</u>	<u>15,421</u>

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

	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	(7,796)	(99,230)
Distributions during the year to LRGS	(831)	(68,945)
Balance carried forward	<u>10,361</u>	<u>191,133</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 2022 (continued)

27. Boarding Activities Trading Account

	2022		2021	
	£	£	£	£
Income				
<i>Allocated to general boarding fund</i>				
Fee income	2,234,079		1,774,671	
Other income	58,929		-	
Coronavirus Job Retention Scheme grant	-		31,888	
<i>Allocated to restricted fixed asset boarding fund</i>		2,293,008		1,806,559
Grant income	(1,616)		-	
Gifts in kind (see note 3)	-		-	
		(1,616)		-
Expenditure				
<i>Allocated to general boarding fund</i>				
Staff costs	1,136,601		939,978	
Rent	175,000		175,000	
Catering	402,811		340,649	
Maintenance	114,557		64,884	
Rates	56,391		53,684	
Heat & light	86,761		50,735	
Insurance	12,310		10,961	
Cleaning	7,979		9,193	
Administrative supplies	27,216		24,065	
Bad debts	33,730		28,794	
Staff development	1,944		2,477	
Commission and publicity costs	12,754		10,502	
Bank charges	2,568		1,954	
Activities	10,841		5,982	
Technology costs	2,814		345	
Legal fees	13,601		11,111	
Professional fees	17,535		22,999	
Other	1,559		-	
CIF loan interest payable	-		-	
<i>Allocated to restricted fixed asset boarding fund</i>		(2,116,972)		(1,753,313)
Maintenance				
Maintenance of premises and equipment - CIF	18,960		230,489	
Legal and professional			-	
Loss on disposal of fixed assets	-		-	
		(18,960)		(230,489)
Trading Statement Surplus/ (Deficit) on Boarding		155,460		(177,243)
Boarding Funds Reconciliation		Restricted General Funds	Restricted Fixed Asset Funds	Total
		£	£	£
Boarding funds surplus/ (deficit) brought forward		838,114	20,576	858,690
Trading statement surplus/ (deficit)		176,036	(20,576)	155,460
Non cash pension adjustment		91,020		91,020
Boarding funds before transfers		1,105,170	-	1,105,170
Assets purchased during the period		(9,957)	-	(9,957)
Adjustment to contribution to CIF project and fund Salix loan		-	-	-
Adjustment to fund assets from PY as U/R in deficit		-	-	-
Boarding funds carried forward		1,095,213	-	1,095,213

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)**28. Post Balance Sheet Events**

The academy has obtained a valuation of its LGPS liability at the year end. However, since the year end with further economic turmoil the trustees believe that the rate of inflation used would be higher if the valuation was to be performed using this information. No allowance has been made by the actuary in the figures provided in line with the accounting requirements for events since the year end and the impact of such movements will emerge as part of the 31 August 2023 figures. The trustees believe obtaining further information of the financial effect on the LGPS liability to the date of approval of the accounts would not assist the users understanding and the assumptions are volatile at present so would not be cost effective for the academy trust.