

Lancaster Royal Grammar School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2024



ENDOWED 1472

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 2024. The Trustees collectively comprise the Governing Body. It is the Governing Body which holds responsibility for these accounts.

| | | Appointed | Resigned |
|---------------------------------------|--|------------------|-----------------|
| Members | Dr Julia Aglionby | | |
| | Mr Michael Burrow | | |
| | The Rt Honourable Alistair Burt | | 10/01/2024 |
| | Mr Anthony Collinson | | |
| | Mrs Deborah Garritty | 01/09/2023 | 13/09/2024 |
| | Mr Nick Fragel | 02/10/2024 | |
| Trustees | Mr Steve Aughton | 02/10/2024 | |
| | Professor Martin Alexander | | 09/09/2024 |
| | Mr William Bancroft | | |
| | Dr Marina Bazhydai | | |
| | Mr Paul Benson | | |
| | Mr Matthew Dobson | | |
| | Mr Peter Dyer | | |
| | Mr Jonathan Halsey | | |
| | Mr Mark Hodgett | | |
| | Dr Robin Jackson | | |
| | Mr Nicholas King | | |
| | Mr Andrew Lund | 19/09/2023 | |
| | Dr Navita Parekh | | |
| | Mrs Wendy Preston | | |
| | Dr Christopher Pyle (Accounting Officer) | | |
| | Mr Stephen Quick | | 01/08/2024 |
| Mr Howard Roberts (Chair of Trustees) | | | |
| Mr Richard Taylor | 01/03/2024 | | |
| Mr Douglas Walker | | | |
| Mr Ian Whitehouse | | | |
| Mr Mark Youlton | | | |

Reference and Administrative Details (continued)

| | |
|--|---|
| Company Secretary | Mr Richard Gittins |
| Senior Management Team | |
| <ul style="list-style-type: none">• Headteacher• Deputy Headteacher• Deputy Headteacher• Assistant Headteacher• Assistant Headteacher• Assistant Headteacher• Director of Finance and Support Services | <p>Dr C Pyle Mr J Hallsworth Ms S Haigh Dr D Rowe Mr R Mellon Mr A Martin Mrs C Lodge</p> |
| 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 2023 to 31 August 2024. 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 1,269 in the school census on 18 January 2024.

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 trustee 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 8 Trustees appointed by the Members
- 2 A minimum of 2 Parent Trustees
- 3 Up to 4 Trustees nominated by the Duchy of Lancaster (1) and the Old Lancastrian Club (3)
- 4 Co-opted Trustees appointed by the rest of the Trustees
- 5 The Headmaster appointed by the Members

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, 3 Assistant Headteachers, and Director of Finance & Support Services control the Academy at a day to day level, implementing the policies that have been agreed by the Trustees and then reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the Headmaster and the Senior Leadership team is set at a meeting of the Governing Body Pay Committee. The performance of the Headmaster and Senior Leadership team is reviewed with comparison to previously set objectives when the committee makes its decision. Individuals may appeal any decision to the Governing Body Pay Appeals Committee. There were no appeals made in the year to 31st August 2024.

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 | £7,407,684 |
| % 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

One of the Academy Members and five of the Trustees 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 24 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 20 January 2023, 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 2024 are summarized below:

- Provide high quality support for pupils with particular pastoral and mental health needs, based on clear understanding of their vulnerabilities.
- Focus on feedback: Make sure assessments link to precise knowledge that pupils need to remember, and help pupils to learn effectively from feedback.
- Ensure that an effective pupil working body, fully supported by staff and trustees, promotes a culture of equity, diversity and inclusion at LRGS.
- Support pupils to reflect on their work so that they are better able to plan, monitor and evaluate their learning in each subject, and are motivated to improve.

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 1293 pupils aged from 11 to 18, including 118 boarders and a Sixth Form of around 425 students. Since September 2020, the 11+ pass mark has been adjusted to give additional benefit to 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 and grown significantly 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.

Ofsted published an inspection report on boarding at Lancaster Royal Grammar School in September 2023. Ofsted found the boarding provision "Outstanding" overall and in every category. Their summary stated: "The boarding school provides highly effective services that consistently exceed the standards of good. The actions of the school contribute to significantly improved outcomes and positive experiences for children and young people."

Examination outcomes were excellent. At A-level, students achieved A and A* grades in more than 40% of all the exams that they sat (40.1%), and almost 70% of all results (69.6%) were graded A*, A or B. 41 of our Upper Sixth Form students achieved A or A* grades in every single subject. Fourteen students achieved straight A*s, achieving at least three of the very top grades.

These outstanding results were mirrored by progression to a wide range of high-quality post-18 opportunities. It was very pleasing to support applications across the full range of Arts, Humanities and Science subjects, and to high-quality apprenticeships and degree apprenticeships. A large majority of students progressed to competitive university courses, including successful applications for Medical Schools and nine who progressed to degrees at Oxford or Cambridge.

GCSE results were also very strong. Almost two-thirds (62%) of all exams were graded 9 to 7, 42% were grade 8 or 9, and 22% gained the very top grade 9s. Twenty-two students gained seven or more GCSEs at grade 9, including five students who achieved 10 GCSEs at grade 9.

Sir Peter Ratcliffe, Nobel Laureate and a former pupil at the school, returned to present prizes at Speech Day. He also gave a lecture and led a seminar with A-level scientists.

Lancaster Royal Grammar School places a high emphasis on pastoral care and extracurricular opportunity alongside academic excellence. 2023-24 was a year marked by a full range of activities and opportunities out of the classroom, and pupils' successes in extracurricular activities are well-documented on the website www.lrgs.org.uk. The following achievements were particularly noteworthy:

Athletics: Pupils competed in a range of athletics, cross-country and fell running fixtures. One student qualified for the English Schools Triple Jump final. Three students represented Lancashire in the English Schools Cross Country Championships.

Biology: Students achieved two Gold, one Silver and two Bronze Awards in the Biology Olympiad; and 6 Gold, 9 Silver and 13 Bronze Awards in the Intermediate Biology Olympiad. The Bee Club maintain five hives and produced their first jars of honey.

Careers insights: Pupils attended a talks and workshops as part of our new Careers Insight fortnights programme. Speakers included former student Joel Phillimore who played Gordy Adam in the film *Boys in the Boat*, directed by George Clooney.

Charity fundraising: Pupils raised over £24000 to support the following Lenten Charities: North West Children's Support Group, Money for Madagascar, Team Reece, Cancer Research UK and the Red Cross / Red Crescent. Other events supported Morecambe Bay foodbank, St John's Hospice, Movember and Macmillan Cancer Support.

Chemistry: Four students achieved Gold Awards in the Cambridge Chemistry Challenge.

Trustees' Report (continued)

CCF: All three sections of the Combined Cadet Force continue to thrive. Activities included a number of expeditions, camps and competitions, and flying opportunities with the RAF. The Army Section won the Altcar Cup at summer camp.

Cricket: The highlight of a full fixture schedule was the First XI's victory in the Royal Grammar Schools Cricket festival, with one student awarded Player of the Festival. One student represented Durham Academy. Another was selected for the Lancashire Cricket Academy and represented Lancashire County Cricket Club's senior Second XI.

Computing: A Year 9 pupil was national winner of the Oxford University Computing Challenge.

Clubs and Societies: A census found that over 75% of pupils attend at least one of the school's 53 active clubs and societies. Cricket, Junior School Quiz League and CCF Army Section each have over 100 active members.

Drama: Drama productions included the summer performance of *Our Country's Good*, staged in the Assembly Hall. Students achieved six Distinctions and three Merits in LAMDA Acting examinations at Grade 7 and Grade 8.

Duchy of Lancaster Awards: Ten pupils were awarded £500 for projects or activities beyond the school curriculum in these new competitive awards.

English and Debating: A Sixth Form team were Regional champions in the English Speaking Union School's Mace competition. Lower school pupils progressed to the second round of the ESU Public Speaking competition. One pupil was awarded "Best in county" in the Lancashire Poetry by Heart competition and two were awarded "Commended" status. Another pupil achieved third place in the national writing competition, "War through children's eyes."

Individual sporting achievements: A Year 8 pupil was British Champion at BMX racing and represented GB in the European and World Championships. A Year 9 pupil represented the North West Waterpolo team who were UK inter-regional champions. A Sixth Form student became British champion and English Champion at Judo, and competed for England in Europe. Another Sixth Form student was 12th in the National Schools Golf final and qualified for tournaments in the UK and Dubai. A Year 11 pupil was selected for the England youth squad at korfbal. A Year 10 pupil represented England at Curling. In tennis, two pupils became Lancashire champions at U14 singles and doubles and U16 singles, and one qualified to play an U14 tournament at Wimbledon.

Mathematics: Four boys in Year 8 and 9 became regional champions in the UKMT Team Maths Challenge.

Music: The school introduced a new Young Musician of the Year competition with considerable success, alongside its extensive programme of lessons, ensembles and performances. The Big Band performed as part of the Lancaster Jazz Festival.

Orienteering: Year 9 and Upper Sixth teams both became national champions in the English Schools Orienteering Championships.

Politics Society: Students organised speakers, hustings and mock elections for the General Election.

Quiz teams: Both A and B teams qualified for the national finals of the Junior Schools Challenge Final in London.

Rowing: Pupils won trophies at a range of events, and competed in regattas from Eton Dorney to Chester.

Rugby: Pupils competed in a full schedule of fixtures across all age groups, including both boys and girls in the Sixth Form. The outstanding performance of the season was the Senior boys' team at the Rosslyn Park Sevens, beating nine teams before narrow defeat in the Plate Final. The First XV won the Bowl competition at the inaugural state schools rugby competition at the John Fisher festival.

Technology: A Sixth Form student was awarded a prestigious Arkwright Scholarship. Seven Lower School pupils, supported by Sixth Formers, won the award for Best Robot Design at the regional Lego League competition.

Trustees' Report (continued)

Trips and expeditions: School trips included language exchanges to France and Germany, the Normandy experience (French), Iceland trip (Geography), Battlefields (Year 11 History), Greece tour (Classics), ski trip to Austria, Lake District and Scotland expeditions (DofE), sea kayaking in Scotland, Year 7 outdoor residentials, and the West Highland Way (CCF).

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.

Financial Review**Financial Review**

The Academy Trust's accounting period is 01 September 2023 to 31 August 2024.

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 £326,902 due primarily to an increase in funding per pupil. Boarding fee income fell by £171,894 due to a decrease in the number of students boarding from 172 to 142. The Trust received additional mainstream schools support grant to compensate for the pay increase from 2022/2023. In addition it received a Teacher Pay Grant for the 2023/2024 payrise and additional pension grants to compensate for the increase in employer's contributions to the Teachers' Pension Fund.

During the year, a restructuring of the boarding provision took place to reflect the downturn in boarding numbers. This has resulted in repurposing of two of the boarding houses for school use and a number of redundancies.

In July 2024 the Trust was subject to a ransomware cyber attack. The accounting, payroll and MIS systems were not impacted by the attack. Costs incurred in investigating and recovering the Trust's systems have been covered by the RPA insurance policy.

Teaching and educational support staff costs have increased due to pay awards.

The Lancaster Royal Grammar School Charity (Charity number 526602) gave donations totalling £75,971 (2023: £129,150). 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 £6,753 (2023: £2,987) for the purchase of equipment for a number of small projects.

At 31st August 2024 the net book value of fixed assets was £32,807,690 (2023: £33,067,553) 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 the repayment during the year of 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 trade creditors as there was no significant capital works undertaken in the Summer holidays.

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

Trustees' Report (continued)**Key Financial Performance Indicators****Staffing costs as a % of total income (excluding capital income)**

| | |
|--|--|
| Teaching and educational support staff | |
| Support staff | |
| Boarding staff | |
| Total | |

| 2023 | 2024 |
|-------|-------|
| 44.8% | 48.9% |
| 5.5% | 5.4% |
| 9.9% | 9.4% |
| 60.2% | 63.7% |

Teaching Staff

| | |
|--------------------------------|--|
| Pupils on roll | |
| Full time equivalents teachers | |
| Pupil teacher ratio | |

| 2023 | 2024 |
|------|------|
| 1261 | 1269 |
| 72.6 | 71.4 |
| 17.4 | 17.8 |

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 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 £1,136,043. Over the course of the year this has reduced by £296,254. The academy trust has agreed a 5 year plan to return the net position of the General Annual Grant Fund and the Boarding Activities Fund to surplus with the ESFA as part of the repayment of the loan of £599,000 with ESFA. This position was achieved by 31 August 2024 with a net surplus position of £118,438.

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 with surplus funds held in interest bearing deposit accounts.

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

Trustees' Report (continued)**Trust estate management**

The properties committee meets regularly to review the maintenance and development of the school estate. The Trust undertakes regular review and maintenance of MEP, fire, catering and other equipment. The Trust completed a survey for reinforced aerated concrete on its site during the year and none was identified. The Trust recognises that it has a complex and aging estate and to that end applied for and has been accepted on the School Rebuilding Programme.

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

The Trust reached full capacity in 2023/2024 at the end of the expansion programme that started in September 2017. 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 2024, the school had 83 girls in the sixth form, 9 of whom were boarders.

The Trust has reacted to the national trend of reducing boarding numbers by looking at boarding at a strategic level. The Trust has implemented a restructuring plan in boarding reducing the number of boarding houses to three. This resulted in a number of redundancies. Alongside this the Trust continues to explore new markets for boarding pupils.

The Trust continues to budget to ensure that it meets its obligations to the ESFA to repay the loan and return the school's reserves to a cumulative surplus. As at 31 August 2024, the net position of the General Annual Grant Fund and the Boarding Activities Fund was a net surplus position of £118,438. Repayment of the loan and the school's performance against the plan continues to be monitored by ESFA

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. The Trust has successfully gained a place on the School Rebuilding Programme ("SRP") in July 2023. The project is currently at the survey stage and the Trust currently has no knowledge of the extent of the work that is likely to be done under this project, however given the intention of the SRP is to bring participant school facilities to a point where major maintenance would not be required for many years, the work is likely to be significant.

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.

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

6/12/2024 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 73% of eligible Trustees.

The Finance and Audit and Risk 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. In addition, 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 69% of eligible committee members.

The properties committee is a sub-committee of the main board of Trustees. Its purpose is to review the management, upkeep and development of the estate and to review health and safety policies and practice throughout the school for the benefit of all students, staff and visitors. Two meetings were held during the year. These were attended by 72% 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 56% 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 68% of eligible committee members.

The safeguarding committee is a sub-committee of the main body of Trustees. It is responsible for safeguarding. Three meetings were held during the year. These were attended by 83% of eligible committee members.

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

Two Members resigned during the year and have been replaced. Two trustees resigned in the year and three new trustees were appointed. There have been no changes to the operation of the Board and sub-committees during the year.

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 was undertaken as part of the adoption of the new Articles of Association.

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

| Trustee | Governing Body | | Finance/Audit | | Properties Committee | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| | Meetings attended | Out of a possible | Meetings attended | Out of a possible | Meetings attended | Out of a possible |
| Mr Mark Hodgett | 2 | 3 | 2 | 3 | 1 | 2 |
| Mr Matt Dobson | 3 | 3 | 3 | 3 | 1 | 2 |
| Mr Mark Youlton | 2 | 3 | 3 | 3 | 2 | 2 |
| Mr Paul Benson | 1 | 3 | 0 | 3 | 2 | 2 |
| Mrs Wendy Preston | 2 | 3 | 3 | 3 | | |
| Dr Nina Parekh | 2 | 3 | 0 | 3 | | |
| Mr Douglas Walker | 2 | 3 | 3 | 3 | | |
| Mr Peter Dyer | 3 | 3 | | | | |
| Dr Robin Jackson | 2 | 3 | | | | |
| Prof Martin Alexander | 3 | 3 | 1 | 3 | 0 | 2 |
| Mr Howard Roberts | 3 | 3 | 2 | 3 | 1 | 2 |
| Mr William Bancroft | 2 | 3 | 3 | 3 | | |
| Mr Stephen Quick | 3 | 3 | | | 1 | 1 |
| Mr Ian Whitehouse | 2 | 3 | | | | |
| Mr Nick King | 1 | 3 | 1 | 3 | | |
| Dr Marina Bazhydai | 3 | 3 | | | | |
| Mr Jonathan Halsey | 1 | 3 | | | 2 | 2 |
| Mr A Lund | 3 | 3 | 3 | 3 | | |
| Mr R Taylor | 0 | 2 | | | 1 | 1 |
| Dr Chris Pyle | 3 | 3 | 3 | 3 | 2 | 2 |
| | 43 | 59 | 27 | 39 | 13 | 18 |
| Percentage attendance | 73% | | 69% | | 72% | |

Governance Statement (continued)

| Trustee | 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 |
| Mr Mark Hodgett | | | | | | | | |
| Mr Matt Dobson | | | | | | | | |
| Mr Mark Youlton | | | | | | | | |
| Mr Paul Benson | | | | | 1 | 3 | | |
| Mrs Wendy Preston | | | | | 2 | 3 | | |
| Dr Nina Parekh | 0 | 2 | | | | | 2 | 3 |
| Mr Douglas Walker | | | 3 | 3 | 3 | 3 | | |
| Mr Peter Dyer | 1 | 2 | | | 3 | 3 | 3 | 3 |
| Dr Robin Jackson | 2 | 2 | 2 | 3 | 2 | 3 | | |
| Prof Martin Alexander | | | 2 | 3 | | | | |
| Mr Howard Roberts | | | 1 | 1 | 3 | 3 | | |
| Mr William Bancroft | 0 | 2 | 2 | 3 | 2 | 3 | | |
| Mr Stephen Quick | | | 0 | 3 | | | | |
| Mr Ian Whitehouse | 2 | 2 | 3 | 3 | 3 | 3 | 2 | 3 |
| Mr Nick King | | | | | | | | |
| Dr Marina Bazhydai | | | 2 | 3 | | 3 | 3 | 3 |
| Mr Jonathan Halsey | 1 | 2 | | | | | | |
| Mr A Lund | 2 | 2 | | | | | | |
| Mr R Taylor | | | | | | | | |
| Dr Chris Pyle | 1 | 2 | 2 | 3 | 2 | 3 | | |
| | 9 | 16 | 17 | 25 | 21 | 30 | 10 | 12 |

Percentage attendance

56%

68%

70%

83%

Trustee

| 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 educational and wider societal outcomes, as well as estates safety and management, 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 headcount have increased by 2 due to temporary contracts to cover maternity and long term sickness absence. Administration and support staff have increased by 11 due to an increase in the team of Learning Support Assistants. 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 finance and 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 and audit and risk 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 Trustees committees for oversight and to members of staff for action to ensure that the highest risks that are identified can be mitigated and managed. The audit and risk committee reviews the gifts and hospitality register to ensure that the small number of gifts received comply with the policy and to ensure that probity is maintained. All staff receive reminders of their responsibilities to prevent fraud and the need for probity when offered gifts or hospitality from parents or suppliers.

COVID - 19 impact

All meetings of the Board of Trustees and the sub-committees took place in person during the year. All meetings can also be accessed remotely using Microsoft Teams for trustees unable to attend in person. 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 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy trust's system of internal 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 and audit and risk committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- regular reviews by the finance and audit and risk 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 Risk Register and related processes
- Review of the VAT treatment of income and the VAT returns

The auditor reports to the board of trustees, through the finance and 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.

This option has been chosen because it is most value for money for the size of the Trust.

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 finance and audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Conclusion

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

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



Mr Howard Roberts
Chair of Governors

6/12/2024

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 all funding, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2023, including responsibilities for estates safety and management.

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 2023.

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

6/12/2024 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 2023 to 2024
- 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

6/12/2024

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 2024 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 2024 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 2023 to 2024.

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.

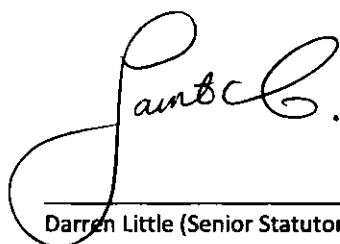
Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

06 December 2024 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 2023 to 2024, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lancaster Royal Grammar School during the period 01 September 2023 to 31 August 2024 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 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 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;

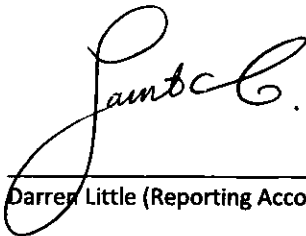
Independent Reporting Accountant's Assurance Report on Regularity to the Lancaster Royal Grammar School and the Education and Skills Funding Agency (continued)

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 2023 to 31 August 2024 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

06 December 2024 Date

Statement of Financial Activities for the Year Ended 31 August 2024

(Including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2024 £ | Total 2023 £ |
|--|------|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | 82,723 | 32,839 | 115,562 | 252,606 |
| Charitable activities | | | | | | |
| Funding for the academy trust's educational operations | 3 | 377,111 | 9,014,044 | - | 9,391,155 | 8,918,392 |
| Funding for boarding activities | 26 | - | 2,129,640 | - | 2,129,640 | 2,283,442 |
| Other trading activities | 4 | 21,505 | 2,444 | - | 23,949 | 20,377 |
| Investments | 5 | - | - | - | - | - |
| Total | | 398,616 | 11,228,851 | 32,839 | 11,660,306 | 11,474,817 |
| Expenditure on: | | | | | | |
| Charitable activities | | | | | | |
| Academy trust educational operations | 8 | 377,110 | 8,609,558 | 302,009 | 9,288,677 | 9,271,161 |
| Boarding activities | 26 | - | 2,072,183 | 18,939 | 2,091,122 | 2,132,451 |
| Other trading activities | 7 | 10,079 | - | - | 10,079 | 6,197 |
| Total | 6 | 387,189 | 10,681,741 | 320,948 | 11,389,878 | 11,409,809 |
| Net income / (expenditure) | | 11,427 | 547,110 | (288,109) | 270,428 | 65,008 |
| Transfers between funds | 10 | - | (22,104) | 22,104 | - | - |
| Other recognised gains and (losses) | | | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | 23 | - | (109,000) | - | (109,000) | 796,000 |
| Net movement in funds | | 11,427 | 416,006 | (266,005) | 161,428 | 861,008 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | 18 | 38,432 | (48,555) | 33,073,695 | 33,063,572 | 32,202,564 |
| Total funds carried forward | 18 | 49,859 | 367,451 | 32,807,690 | 33,225,000 | 33,063,572 |

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

Balance Sheet as at 31 August 2024

Company Number: 07469330

| | Note | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|-------|--------------------|--------------------------|--------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 32,807,690 | | 33,067,553 |
| Investments | | | - | | - |
| | | | <u>32,807,690</u> | | <u>33,067,553</u> |
| Current assets | | | | | |
| Stock | 14 | 15,302 | | 15,102 | |
| Debtors | 15 | 259,672 | | 387,217 | |
| Cash at bank and in hand | | <u>1,703,492</u> | | <u>1,439,757</u> | |
| | | 1,978,466 | | 1,842,076 | |
| Liabilities | | | | | |
| Creditors: Amount falling due within one year | 16 | <u>(1,402,373)</u> | | <u>(1,520,608)</u> | |
| Net current assets | | | <u>576,093</u> | | <u>321,468</u> |
| Total assets less current liabilities | | | <u>33,383,783</u> | | <u>33,389,021</u> |
| Creditors: Amount falling due greater than one year | 17 | | (158,783) | | (325,449) |
| Provision for liabilities | | | | | |
| Defined benefit pension scheme asset / (liability) | 23 | | - | | - |
| Total net assets | | | <u><u>33,225,000</u></u> | | <u><u>33,063,572</u></u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset funds | 18 | 32,807,690 | | 33,073,695 | |
| Restricted income funds | 18 | 367,451 | | (48,555) | |
| Pension reserve | 18,23 | - | | - | |
| Total restricted funds | 18 | | <u>33,175,141</u> | | <u>33,025,140</u> |
| Unrestricted income funds | | | | | |
| General fund | 18 | <u>49,859</u> | | <u>38,432</u> | |
| Total unrestricted funds | | | <u>49,859</u> | | <u>38,432</u> |
| Total funds | | | <u><u>33,225,000</u></u> | | <u><u>33,063,572</u></u> |

The financial statements were approved by the trustees, and authorised for issue on 6th December 2024 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 2024

| | 2024 | 2023 | | | |
|--|------------------|-------------------|------------------|-------------------|------------------|
| | £ | £ | | | |
| 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) | 270,428 | 65,008 | | | |
| <i>Adjusted for:</i> | | | | | |
| Depreciation | 282,342 | 292,220 | | | |
| Loss on disposal of fixed assets | (375) | - | | | |
| Capital grants from DfE/ESFA and other capital income | (32,839) | (93,215) | | | |
| Capital donations | - | (79,934) | | | |
| Interest payable | - | - | | | |
| Interest receivable | (21,842) | - | | | |
| CIF loan interest payable | 554 | 711 | | | |
| Defined benefit pension scheme costs less contributions payable | (95,000) | (26,000) | | | |
| Defined benefit pension scheme net pension finance costs | (14,000) | 34,000 | | | |
| Decrease/(Increase)Increase in stocks | (200) | 13,090 | | | |
| Decrease/(Increase) in debtors | 127,545 | 3,649 | | | |
| Increase/(Decrease) in creditors | (118,235) | (76,749) | | | |
| Increase/(Decrease) in creditors over one year | (166,666) | (141,565) | | | |
| Decrease/(Increase) in ESFA/CIF/Salix loans included above | 141,509 | 121,355 | | | |
| Net cash provided by / (used in) Operating Activities | <u>373,221</u> | <u>112,570</u> | | | |
| Cash flows from financing activities | | | | | |
| Repayments of borrowing | (142,063) | (122,066) | | | |
| Cash inflows from new borrowing | - | - | | | |
| Net cash provided by / (used in) financing activities | <u>(142,063)</u> | <u>(122,066)</u> | | | |
| Cash flows from investing activities | | | | | |
| Interest receivable | 21,842 | - | | | |
| Proceeds from sale of tangible fixed assets | 375 | - | | | |
| Purchase of tangible fixed assets | (22,479) | (19,306) | | | |
| Capital grants from DfE/ESFA and other capital income | 32,839 | 93,215 | | | |
| Capital donations | - | 79,934 | | | |
| Net cash provided by / (used in) investing activities | <u>32,577</u> | <u>153,843</u> | | | |
| Change in cash and cash equivalents in the reporting period | <u>263,735</u> | <u>144,347</u> | | | |
| Reconciliation of net cash flow to movement in net funds | | | | | |
| Cash and cash equivalents at 1 September 2023 | 1,439,757 | 1,295,410 | | | |
| Change in cash and cash equivalents in the reporting period | 263,735 | 144,347 | | | |
| Cash and cash equivalents at 31 August 2024 | <u>1,703,492</u> | <u>1,439,757</u> | | | |
| Analysis of cash and cash equivalents | 1 Sept 23 | Cash flows | 31 Aug 24 | | |
| | £ | £ | £ | | |
| Cash in hand and at bank | 1,439,757 | 263,735 | 1,703,492 | | |
| Total cash and cash equivalents | <u>1,439,757</u> | <u>263,735</u> | <u>1,703,492</u> | | |
| Analysis of changes in net debt | 1 Sept 23 | Cash flows | New | Other non- | 31 Aug 24 |
| | £ | £ | agreements | cash changes | £ |
| Cash | 1,439,757 | 263,735 | £ | £ | 1,703,492 |
| Loans falling due within one year | (141,510) | 142,063 | - | (167,220) | (166,667) |
| Loans falling due after more than a year | (325,449) | - | - | 166,666 | (158,783) |
| Total | <u>972,798</u> | <u>405,798</u> | <u>-</u> | <u>(554)</u> | <u>1,378,042</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024**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 2023 to 2024 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.

Despite the uncertainties going forward, the agreement of the repayment plan with ESFA and the improved financial position in 2023/24 support the decision to continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements for the Year Ended 31 August 2024 (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 2024 (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 2024 (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 2024 (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 2024 (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 multi-employer 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 2024 (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 on 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. 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.
- Furthermore this year the pension asset has been restricted to any surplus of scheme assets over 110% of the scheme liabilities, in line with the schemes funding strategy.
- 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 2024 (continued)

| 2. Donations and Capital Grants | Unrestricted | Restricted | Restricted | Total 2024 | Total 2023 |
|--|--------------|---------------------|----------------------|---------------|---------------|
| | Funds | Funds | Fixed Asset Funds | | |
| | £ | £ | £ | £ | £ |
| ESFA - Capital Grant | - | - | 32,839 | 32,839 | 93,215 |
| Other capital donations | - | - | - | - | 29,717 |
| LRGS charity donations | - | 75,971 | - | 75,971 | 129,150 |
| Other donations | - | 6,752 | - | 6,752 | 524 |
| | - | 82,723 | 32,839 | 115,562 | 252,606 |
| Less: ESFA Grants allocated to boarding | - | - | (18,939) | (18,939) | - |
| | - | 82,723 | 13,900 | 96,623 | 252,606 |
| 2023 total | - | 79,457 | 173,149 | 252,606 | |
| 3. Funding for Academy's educational operations | | Unrestricted | Restricted | Total | Total |
| | | Funds | Funds | 2024 | 2023 |
| | | £ | £ | £ | £ |
| DfE/ESFA Grants | | | | | |
| General Annual Grant (GAG) | - | 4,874,895 | 4,874,895 | 4,784,650 | |
| General Annual Grant (GAG) - Post 16 Allocation | - | 2,264,050 | 2,264,050 | 2,027,393 | |
| Other DfE/ESFA grants | | | | | |
| Pupil premium | - | 56,815 | 56,815 | 52,162 | |
| Teachers pay grant | - | 83,779 | 83,779 | 539 | |
| Teachers pension grant | - | 145,581 | 145,581 | 78,558 | |
| Schools supplementary grant | - | - | - | 149,238 | |
| Mainstream schools support grant | - | 162,678 | 162,678 | 67,783 | |
| Recovery premium grant | - | 14,007 | 14,007 | 14,076 | |
| Other ESFA grants | - | 40,011 | 40,011 | 41,309 | |
| Other DfE Group grants | | | | | |
| Maths Hub | - | 734,982 | 734,982 | 504,809 | |
| British Council | - | 20,522 | 20,522 | 20,299 | |
| | - | 8,397,320 | 8,397,320 | 7,740,816 | |
| Other Government Grants | | | | | |
| LA funded statements | - | 116,718 | 116,718 | 76,398 | |
| Other government grants | - | - | - | - | |
| | - | 116,718 | 116,718 | 76,398 | |
| Catering | | 305,405 | - | 305,405 | 298,765 |
| School trips and activities income | | - | 396,813 | 396,813 | 637,559 |
| Departmental trip income | | - | 47,641 | 47,641 | 41,997 |
| Maths hub other income | | - | 4,200 | 4,200 | 4,328 |
| Other educational income | | 71,706 | 51,352 | 123,058 | 118,529 |
| | | 377,111 | 9,014,044 | 9,391,155 | 8,918,392 |
| 2023 total | | 376,421 | 8,541,971 | 8,918,392 | |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| 4. Other Trading Activities | Unrestricted Funds | Restricted Funds | Total 2024 | Total 2023 |
|---|-------------------------------|-----------------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Hire of facilities - lettings | 12,696 | - | 12,696 | 13,806 |
| Hire of pitches | - | - | - | - |
| Catering | 8,809 | - | 8,809 | 4,816 |
| Insurance claims - trips and activities | - | 2,444 | 2,444 | 1,755 |
| Risk protection arrangement claims | - | - | - | - |
| Other trading activities | - | - | - | - |
| | <u>21,505</u> | <u>2,444</u> | <u>23,949</u> | <u>20,377</u> |
| 2023 total | <u>18,622</u> | <u>1,755</u> | <u>20,377</u> | |
| 5. Investment Income | Unrestricted Funds | Restricted Funds | Total 2024 | Total 2023 |
| | £ | £ | £ | £ |
| Bank interest receivable | 21,842 | - | 21,842 | - |
| Other interest receivable | - | - | - | - |
| | <u>21,842</u> | <u>-</u> | <u>21,842</u> | <u>-</u> |
| Less: Boarding - bank interest | <u>(21,842)</u> | <u>-</u> | <u>(21,842)</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2023 total | <u>-</u> | <u>-</u> | <u>-</u> | |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| 6. Expenditure | Staff | Non Pay Expenditure | | Total | Total |
|---|------------------|---------------------|------------------|-------------------|-------------------|
| | Costs | Premises | Other Costs | 2024 | 2023 |
| | £ | £ | £ | £ | £ |
| Cost of other trading activities | - | 1,270 | 8,809 | 10,079 | 6,197 |
| Academy's educational operations | | | | | |
| Direct costs | 5,688,436 | 261,897 | 1,584,639 | 7,534,972 | 7,145,041 |
| Allocated support costs | 624,934 | 648,970 | 479,801 | 1,753,705 | 2,126,120 |
| | <u>6,313,370</u> | <u>910,867</u> | <u>2,064,440</u> | <u>9,288,677</u> | <u>9,271,161</u> |
| Provision of boarding activities | | | | | |
| Direct costs | - | - | - | - | - |
| Allocated support costs | 1,094,314 | 417,447 | 579,361 | 2,091,122 | 2,132,451 |
| | <u>1,094,314</u> | <u>417,447</u> | <u>579,361</u> | <u>2,091,122</u> | <u>2,132,451</u> |
| | <u>7,407,684</u> | <u>1,329,584</u> | <u>2,652,610</u> | <u>11,389,878</u> | <u>11,409,809</u> |
| 2023 total | <u>6,795,479</u> | <u>1,703,624</u> | <u>2,910,706</u> | <u>11,409,809</u> | |

| Net income/(expenditure) for the period includes: | 2024 | 2023 |
|---|---------|---------|
| | £ | £ |
| Depreciation | 282,342 | 292,220 |
| (Gain)/loss on disposal of fixed assets | (375) | - |
| Operating leases | 32,750 | 33,232 |
| Fees payable to current auditor | | |
| - audit of the financial statements | 9,300 | 9,020 |
| - other assurance services | 1,595 | 2,135 |
| - other services | 3,840 | 4,943 |

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

| | Total | Individual | |
|--|-------|-------------|---|
| | 2024 | items above | |
| | £ | £5,000 | Reason |
| | £ | Amount | |
| Unrecoverable debts - provision movement | 6,669 | | Increase/(Decrease) in historic debtors provision |
| Unrecoverable debts - written off | - | - | |

| 7. Cost of Other Trading activities | Unrestricted | Restricted | Total | Total |
|-------------------------------------|---------------|------------|---------------|--------------|
| | Funds | Funds | 2024 | 2023 |
| | £ | £ | £ | £ |
| Other lettings | | | | |
| Heat and light | 1,270 | - | 1,270 | 1,381 |
| Catering | - | - | - | - |
| | <u>1,270</u> | <u>-</u> | <u>1,270</u> | <u>1,381</u> |
| Catering to staff | | | | |
| Catering | 8,809 | - | 8,809 | 4,816 |
| | <u>8,809</u> | <u>-</u> | <u>8,809</u> | <u>4,816</u> |
| | <u>10,079</u> | <u>-</u> | <u>10,079</u> | <u>6,197</u> |
| 2023 total | <u>6,197</u> | <u>-</u> | <u>6,197</u> | |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| 8. Charitable Activities | Unrestricted Funds | Restricted Funds | Total 2024 | Total 2023 |
|---|-----------------------|---------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Direct Costs - educational operations | | | | |
| Teaching and educational support staff costs | 66,021 | 5,622,415 | 5,688,436 | 5,059,143 |
| Depreciation | - | 262,272 | 262,272 | 262,272 |
| Loss / (profit) on disposal of fixed assets | - | (375) | (375) | - |
| Educational supplies | - | 124,058 | 124,058 | 112,361 |
| Staff development | - | 17,137 | 17,137 | 16,556 |
| Examination fees | - | 197,346 | 197,346 | 187,769 |
| Technology costs | - | 39,084 | 39,084 | 39,573 |
| Maths Hub costs | - | 682,809 | 682,809 | 565,805 |
| Erasmus project expenditure | - | - | - | 26,601 |
| School trips costs | - | 360,138 | 360,138 | 730,077 |
| Departmental trips costs | - | 42,314 | 42,314 | 41,404 |
| School extra curricular activities costs | - | 68,421 | 68,421 | 59,978 |
| Other direct costs | 5,684 | 47,648 | 53,332 | 43,502 |
| | <u>71,705</u> | <u>7,463,267</u> | <u>7,534,972</u> | <u>7,145,041</u> |
| Support Costs - educational operations | | | | |
| Support staff costs | - | 624,934 | 624,934 | 622,097 |
| Other staff costs | - | 19,169 | 19,169 | 17,282 |
| Depreciation | - | 20,070 | 20,070 | 29,948 |
| Loss / (profit) on disposal of fixed assets | - | - | - | - |
| Maintenance of premises and equipment | - | 161,833 | 161,833 | 353,982 |
| Maintenance of premises and equipment - CIF | - | - | - | - |
| Cleaning | - | 225,768 | 225,768 | 212,569 |
| Rates and water | - | 67,173 | 67,173 | 43,969 |
| Hire costs | - | 11,885 | 11,885 | 13,536 |
| Heat and light | - | 151,318 | 151,318 | 320,522 |
| Insurance | - | 22,808 | 22,808 | 21,535 |
| Telephone | - | 8,420 | 8,420 | 7,481 |
| Transport | - | 11,023 | 11,023 | 11,619 |
| Less: Recharge to trips and activities | - | (15,575) | (15,575) | (13,900) |
| Administrative supplies | - | 44,117 | 44,117 | 58,011 |
| Catering expenses | 305,405 | 55,185 | 360,590 | 337,386 |
| Legal and professional fees | - | 38,305 | 38,305 | 34,932 |
| Foreign currency exchange (gains) and losses | - | 1 | 1 | 1,047 |
| CIF loan interest payable | - | - | - | - |
| Other support costs | - | 8,783 | 8,783 | 10,658 |
| | <u>305,405</u> | <u>1,455,217</u> | <u>1,760,622</u> | <u>2,082,674</u> |
| Support Costs - governance | | | | |
| Audit fees | - | 9,300 | 9,300 | 9,020 |
| Accountancy and assurance fees | - | 5,435 | 5,435 | 7,078 |
| Less: Recharge to boarding | - | (7,652) | (7,652) | (6,652) |
| Trustees' training and expenses | - | - | - | - |
| Legal fees | - | - | - | - |
| Professional fees | - | - | - | - |
| Net finance costs in respect of defined benefit pension schemes | - | (14,000) | (14,000) | 34,000 |
| | <u>-</u> | <u>(6,917)</u> | <u>(6,917)</u> | <u>43,446</u> |
| Total direct and support costs | <u>377,110</u> | <u>8,911,567</u> | <u>9,288,677</u> | <u>9,271,161</u> |
| 2023 total | <u>376,421</u> | <u>8,894,740</u> | <u>9,271,161</u> | |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

9. Staff

a. Staff costs and employee benefits

| | 2024 | 2023 |
|--|------------------|------------------|
| | £ | £ |
| Staff costs during the period were: | | |
| Wages and salaries | 5,580,225 | 5,148,784 |
| Social security costs | 561,577 | 510,929 |
| Operating costs of defined benefit pension schemes | 1,231,054 | 1,153,516 |
| Other employee benefits | - | - |
| Apprenticeship levy | 13,104 | 10,677 |
| | <u>7,385,960</u> | <u>6,823,906</u> |
| Supply staff costs | 13,548 | 7,693 |
| Staff restructuring costs | 43,662 | - |
| Staff seconded in / out of the organisation | (35,486) | (36,120) |
| | <u>7,407,684</u> | <u>6,795,479</u> |
| Staff restructuring costs comprise: | | |
| Redundancy payments | 19,814 | - |
| Severance payments | - | - |
| Other restructuring costs | 23,848 | - |
| | <u>43,662</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 eight severance payments in the year, disclosed in the following bands:

| | 2024 |
|---------------------|----------|
| | No |
| 0 - £25,000 | 8 |
| £25,001 - £50,000 | - |
| £50,001 - £100,000 | - |
| £100,001 - £150,000 | - |
| £150,000+ | - |
| | <u>8</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 (2023: £Nil). Individually, the payments were £Nil. (2023: £Nil)

d. Staff numbers

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

| | 2024 | 2023 |
|---------------------------------|------------|------------|
| | No | No |
| Charitable Activities | | |
| Management | 7 | 7 |
| Teachers | 75 | 76 |
| Supply and peripatetic teachers | 19 | 22 |
| Administration and support | 76 | 73 |
| | <u>177</u> | <u>178</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)**e. Higher paid staff**

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

| | 2024 | 2023 |
|----------------------|-------------|-------------|
| | No | No |
| £60,000 to £69,999 | 6 | 5 |
| £70,000 to £79,999 | 2 | 1 |
| £110,000 to £119,999 | 1 | 1 |
| | <u>9</u> | <u>7</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:

| | 2024 | 2023 |
|--|----------------|----------------|
| | £ | £ |
| Senior Management Team | 802,808 | 734,363 |
| Staff Trustees (If not included in Senior Management Team) | - | - |
| | <u>802,808</u> | <u>734,363</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

10. Transfers Between Funds

| | 2024 |
|---|-----------------|
| | £ |
| Restricted general funds | |
| General Annual Grant (GAG) | |
| GAG contribution towards activities and Inspirus | (24,464) |
| GAG contribution towards capital projects | - |
| Disposal proceeds allocated to GAG reserve | 375 |
| Purchases of fixed assets used for charitable purposes | <u>(22,479)</u> |
| | (46,568) |
| Boarding activities | |
| Boarding over contribution towards CIF 2020/21 Ashton House Project | - |
| Purchases of fixed assets used for charitable purposes | <u>-</u> |
| | - |
| Other restricted general funds | |
| GAG contribution towards activities and Inspirus | 24,464 |
| | <u>(22,104)</u> |
| Restricted fixed asset funds | |
| Fixed assets used for charitable purposes | |
| Purchases from ESFA formula grant | - |
| Disposal proceeds allocated to GAG reserve | (375) |
| Purchases from General Annual Grant (GAG) fund | 22,479 |
| Purchases from Boarding activities fund | <u>-</u> |
| | 22,104 |
| ESFA formula grant to Fixed assets fund | |
| Purchases of fixed assets used for charitable purposes | - |
| Formula Capital contribution to CIF projects | <u>-</u> |
| | - |
| Condition improvement grant funds | |
| Formula Capital contribution to CIF projects | <u>-</u> |
| | - |
| GAG contribution towards capital projects | - |
| | <u>22,104</u> |
| Unrestricted Funds | |
| Unrestricted general funds | <u>-</u> |
| | <u>-</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)**11. 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 trustees 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 | £115,000 to £119,999 | (2023: £110,000 to £114,999) |
| Employer's pension contributions | £30,000 to £34,999 | (2023: £25,000 to £29,999) |

During the year ended 31 August 2024, travel and subsistence expenses totalling £Nil were reimbursed to no trustees in respect of their teaching role (2023: £Nil to no trustees).

12. Trustees 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 2024 provides cover up to £10,000,000 (2023: £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 2024 (continued)

| 13. Tangible Fixed Assets | Long Leasehold Land & Buildings | Plant & Machinery | ICT Equipment | Furniture Fittings & Equipment | Motor Vehicles | Total |
|---------------------------|---------------------------------------|----------------------|------------------|--------------------------------------|-------------------|-------------------|
| Cost | £ | £ | £ | £ | £ | £ |
| As at 1 September 2023 | 36,093,623 | 38,618 | 84,745 | 472,446 | 40,944 | 36,730,376 |
| Additions | - | - | - | 7,209 | 15,270 | 22,479 |
| Disposals | - | - | - | (3,420) | (5,600) | (9,020) |
| As at 31 August 2024 | <u>36,093,623</u> | <u>38,618</u> | <u>84,745</u> | <u>476,235</u> | <u>50,614</u> | <u>36,743,835</u> |
| Depreciation | | | | | | |
| As at 1 September 2023 | 3,051,808 | 29,353 | 70,506 | 470,212 | 40,944 | 3,662,823 |
| Charge in year | 262,272 | 8,286 | 5,651 | 3,731 | 2,402 | 282,342 |
| Disposals | - | - | - | (3,420) | (5,600) | (9,020) |
| As at 31 August 2024 | <u>3,314,080</u> | <u>37,639</u> | <u>76,157</u> | <u>470,523</u> | <u>37,746</u> | <u>3,936,145</u> |
| Net book values | | | | | | |
| As at 31 August 2024 | <u>32,779,543</u> | <u>979</u> | <u>8,588</u> | <u>5,712</u> | <u>12,868</u> | <u>32,807,690</u> |
| As at 1 September 2023 | <u>33,041,815</u> | <u>9,265</u> | <u>14,239</u> | <u>2,234</u> | <u>-</u> | <u>33,067,553</u> |

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

| | |
|-------------------|---------------------------|
| 1 | Land |
| 22,980,000 | Historic Buildings |
| <u>9,799,542</u> | Other Leasehold Buildings |
| 32,779,543 | |

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 trustees 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 trustees. This valuation reflects the fact that the land is tied specifically to educational use. No account has been taken of any potential development value.

Schools Rebuilding Programme

Lancaster Royal Grammar School was included within the schools selected under the school rebuilding programme (SRP) in Set 4 announced in December 2022. The school rebuilding programme (SRP) carries out major rebuilding and refurbishment projects at school and sixth-form college buildings across England, with buildings prioritised according to their condition.

The academy is still within the feasibility stage so the trustees do not consider the need to reflect any impairment across the schools estate at the year end.

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| | | |
|---|------------------|------------------|
| 14. Stock | 2024 | 2023 |
| | £ | £ |
| Educational stationery | 15,302 | 15,102 |
| Clothing | - | - |
| | <u>15,302</u> | <u>15,102</u> |
| 15. Debtors | 2024 | 2023 |
| | £ | £ |
| Trade debtors | 44,919 | 65,925 |
| VAT recoverable | 32,275 | 39,746 |
| Prepayments | 128,654 | 82,889 |
| Accrued income | 48,228 | 21,115 |
| Other debtors | 5,596 | 177,542 |
| | <u>259,672</u> | <u>387,217</u> |
| 16. Creditors: Amounts falling due within one year | 2024 | 2023 |
| | £ | £ |
| Trade creditors | 492,004 | 482,781 |
| Taxation and social security | 125,464 | 121,504 |
| ESFA creditor - bursary | 36,638 | 34,308 |
| ESFA creditor - other | 21,163 | 9,330 |
| Other creditors | 373,764 | 435,077 |
| Accruals | 152,614 | 265,095 |
| Deferred income | 34,059 | 31,003 |
| ESFA loans | 145,000 | 120,000 |
| Salix loans | 13,633 | 13,633 |
| CIF loans | 8,034 | 7,877 |
| | <u>1,402,373</u> | <u>1,520,608</u> |
| Deferred income | 2024 | 2023 |
| | £ | £ |
| Deferred income includes: | | |
| Deferred income at 1 September 2023 | 31,003 | 20,336 |
| Resources deferred in the year | 34,059 | 31,003 |
| Amounts released from previous years | (31,003) | (20,336) |
| Deferred income at 31 August 2024 | <u>34,059</u> | <u>31,003</u> |
| Deferred income comprises: | | |
| ESFA grant for rates 1 September 2024 to 31 March 2025 | 21,604 | 20,264 |
| SEN income for the next academic year | - | 2,158 |
| Student placement money | - | 4,794 |
| Other | 12,455 | 3,787 |
| | <u>34,059</u> | <u>31,003</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| 17. Creditors: Amounts falling due greater than one year | 2024 | 2023 |
|--|----------------|----------------|
| | £ | £ |
| ESFA loans | 114,000 | 259,000 |
| Salix loans | 28,245 | 41,878 |
| CIF loans | 16,538 | 24,571 |
| | <u>158,783</u> | <u>325,449</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 started in September 2022.

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

| | £ | £ |
|-------------|----------|----------|
| Salix loans | - | 3,571 |
| CIF loans | <u>-</u> | <u>-</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

| 18. Funds | Balance at 01-Sep 2023 £ | Incoming resources £ | Resources expended £ | Gains, Losses and Transfers £ | Balance at 31-Aug 2024 £ |
|---|-----------------------------------|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| Restricted General Funds | | | | | |
| General Annual Grant (GAG) | (1,432,297) | 7,138,945 | (6,796,123) | (46,568) | (1,136,043) |
| Pupil Premium | - | 56,815 | (56,815) | - | - |
| Teachers pay grant | - | 83,779 | (83,779) | - | - |
| Teachers pension grant | - | 145,581 | (145,581) | - | - |
| Schools supplementary grant | - | - | - | - | - |
| Mainstream schools support grant | - | 162,678 | (162,678) | - | - |
| Recovery premium grant | - | 14,007 | (14,007) | - | - |
| Other ESFA grants | - | 40,011 | (40,011) | - | - |
| Maths Hub | 39,678 | 739,182 | (692,033) | - | 86,827 |
| British Council - Erasmus | (37,682) | 20,522 | - | - | (17,160) |
| LA funded statements | - | 116,718 | (116,718) | - | - |
| Other government grants | - | - | - | - | - |
| Boarding activities | 1,235,024 | 2,129,640 | (2,110,183) | - | 1,254,481 |
| School trips and activities | 146,722 | 399,257 | (366,633) | - | 179,346 |
| Departmental trips | - | 47,641 | (47,641) | - | - |
| Other educational income | - | 51,352 | (51,352) | - | - |
| Other restricted general funds | - | 82,723 | (107,187) | 24,464 | - |
| | <u>(48,555)</u> | <u>11,228,851</u> | <u>(10,790,741)</u> | <u>(22,104)</u> | <u>367,451</u> |
| Restricted Fixed Asset Funds | | | | | |
| Fixed assets used for charitable purposes | 33,067,553 | - | (281,967) | 22,104 | 32,807,690 |
| ESFA formula capital | - | 32,839 | (32,839) | - | - |
| ESFA condition improvement funds | - | - | - | - | - |
| Other capital donations | 6,142 | - | (6,142) | - | - |
| | <u>33,073,695</u> | <u>32,839</u> | <u>(320,948)</u> | <u>22,104</u> | <u>32,807,690</u> |
| Restricted Pension Reserve Funds | | | | | |
| Pension reserve fund | - | - | 109,000 | (109,000) | - |
| Total Restricted Funds | <u>33,025,140</u> | <u>11,261,690</u> | <u>(11,002,689)</u> | <u>(109,000)</u> | <u>33,175,141</u> |
| Unrestricted Funds | | | | | |
| Catering fund | - | 314,214 | (314,214) | - | - |
| Other designated funds | - | - | - | - | - |
| General funds | 38,432 | 84,402 | (72,975) | - | 49,859 |
| Total Unrestricted Funds | <u>38,432</u> | <u>398,616</u> | <u>(387,189)</u> | <u>-</u> | <u>49,859</u> |
| Total Funds | <u>33,063,572</u> | <u>11,660,306</u> | <u>(11,389,878)</u> | <u>(109,000)</u> | <u>33,225,000</u> |

Details of transfers are shown in Note 11.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2024.

Notes to the Financial Statements for the Year Ended 31 August 2024 (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.

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 £1,136,043 (2023: £1,432,297). 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 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. As the projects have now finished the Trust is in the process of reconciling the final position. The final grant funding was less than anticipated and the remaining deficit will be transferred to the General Annual Grant Fund.

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

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

| | Balance at 01-Sep 2022 | Incoming resources | Resources expended | Gains, Losses and Transfers | Balance at 31-Aug 2023 |
|---|------------------------------|-----------------------|-----------------------|--------------------------------|------------------------------|
| | £ | £ | £ | £ | £ |
| Restricted General Funds | | | | | |
| General Annual Grant (GAG) | (1,806,718) | 6,812,043 | (6,412,145) | (25,477) | (1,432,297) |
| Pupil Premium | - | 52,162 | (52,162) | - | - |
| Teachers pay grant | - | 539 | (539) | - | - |
| Teachers pension grant | - | 78,558 | (78,558) | - | - |
| Schools supplementary grant | - | 149,238 | (149,238) | - | - |
| Mainstream schools support grant | - | 67,783 | (67,783) | - | - |
| Recovery premium grant | - | 14,076 | (14,076) | - | - |
| Other ESFA grants | - | 41,309 | (41,309) | - | - |
| Maths Hub | 105,476 | 509,137 | (574,935) | - | 39,678 |
| British Council - Erasmus | (21,327) | 22,991 | (40,066) | 720 | (37,682) |
| LA funded statements | - | 76,398 | (76,398) | - | - |
| Other government grants | - | - | - | - | - |
| Boarding activities | 1,095,213 | 2,283,442 | (2,143,631) | - | 1,235,024 |
| School trips and activities | 251,446 | 639,314 | (743,318) | (720) | 146,722 |
| Departmental trips | - | 41,996 | (41,996) | - | - |
| Other educational income | - | 38,182 | (38,182) | - | - |
| Other restricted general funds | - | 79,457 | (90,224) | 10,767 | - |
| | <u>(375,910)</u> | <u>10,906,625</u> | <u>(10,564,560)</u> | <u>(14,710)</u> | <u>(48,555)</u> |
| Restricted Fixed Asset Funds | | | | | |
| Fixed assets used for charitable purposes | 33,340,467 | - | (292,220) | 19,306 | 33,067,553 |
| ESFA formula capital | - | 93,215 | (88,619) | (4,596) | - |
| ESFA condition improvement funds | - | - | - | - | - |
| Other capital donations | - | 79,934 | (73,792) | - | 6,142 |
| | <u>33,340,467</u> | <u>173,149</u> | <u>(454,631)</u> | <u>14,710</u> | <u>33,073,695</u> |
| Restricted Pension Reserve Funds | | | | | |
| Pension reserve fund | (788,000) | - | (8,000) | 796,000 | - |
| Total Restricted Funds | <u>32,176,557</u> | <u>11,079,774</u> | <u>(11,027,191)</u> | <u>796,000</u> | <u>33,025,140</u> |
| Unrestricted Funds | | | | | |
| Catering fund | - | 303,582 | (303,582) | - | - |
| Other designated funds | - | - | - | - | - |
| General funds | 26,007 | 91,461 | (79,036) | - | 38,432 |
| Total Unrestricted Funds | <u>26,007</u> | <u>395,043</u> | <u>(382,618)</u> | <u>-</u> | <u>38,432</u> |
| Total Funds | <u>32,202,564</u> | <u>11,474,817</u> | <u>(11,409,809)</u> | <u>796,000</u> | <u>33,063,572</u> |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

19. Analysis of Net Assets Between Funds

Fund balances at 31 August 2024 are represented by:

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds £ |
|--------------------------|----------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | 32,807,690 | 32,807,690 |
| Current assets | 49,859 | 1,915,585 | 13,022 | 1,978,466 |
| Current liabilities | - | (1,389,351) | (13,022) | (1,402,373) |
| Non-current liabilities | - | (158,783) | - | (158,783) |
| Pension scheme liability | - | - | - | - |
| Total Net Assets | 49,859 | 367,451 | 32,807,690 | 33,225,000 |

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 | - | - | 33,067,553 | 33,067,553 |
| Current assets | 38,432 | 1,784,480 | 19,164 | 1,842,076 |
| Current liabilities | - | (1,507,586) | (13,022) | (1,520,608) |
| Non-current liabilities | - | (325,449) | - | (325,449) |
| Pension scheme liability | - | - | - | - |
| Total Net Assets | 38,432 | (48,555) | 33,073,695 | 33,063,572 |

20. 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:

| | 2024 £ | 2023 £ |
|--|---------------|----------------|
| Assets other than land & buildings | | |
| Amounts due within one year | 25,278 | 32,279 |
| Amounts due between one and five years | 61,734 | 84,277 |
| Amounts due after five years | - | 806 |
| | <u>87,012</u> | <u>117,362</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 2024 (continued)

21. Capital Commitments

| | 2024 | 2023 |
|--|-------------|-------------|
| | £ | £ |
| Contracted for, but not provided in the financial statements | - | - |
| | <u>-</u> | <u>-</u> |

22. 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 2024 (continued)**23. 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 2020 and of the LGPS to the period ended 31 March 2022.

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

| | 2024 | 2023 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Teachers' Pension Scheme | 121,009 | 96,508 |
| Local Government Pension Scheme | 34,897 | 33,604 |
| | <u>155,906</u> | <u>130,112</u> |

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

| | 2024 | 2023 |
|--|------------------|------------------|
| | £ | £ |
| Teachers' Pension Scheme | 974,426 | 823,828 |
| Local Government Pension Scheme | 314,020 | 289,563 |
| Local Government Pension Scheme deficit recovery | 37,608 | 66,125 |
| LGPS current service cost/contributions adjustment | <u>(95,000)</u> | <u>(26,000)</u> |
| | <u>1,231,054</u> | <u>1,153,516</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 ensure scheme costs are recognised and managed appropriately and the review specifies 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 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)**23. Pensions and Similar Obligations (continued)**

The result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

The employer's pension costs paid to TPS in the period amounted to £974,426 (2023: 823,828).

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 an unfunded multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the academy trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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:

| | 2024 | 2023 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Employer's contributions | 351,628 | 355,688 |
| Employees' contributions | 96,003 | 89,547 |
| Total contributions | <u>447,631</u> | <u>445,235</u> |

The agreed contribution rates for future years are 20.2% 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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

At the balance sheet date the scheme is in surplus per the FRS101/102 pension scheme accounting figures, however the 31 March 2022 actuarial valuation of the fund showed that the scheme was still in deficit and annual deficit contribution payments are required to be made to the scheme.

The Academy has entered into an agreement effective from 1 April 2023 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 10 years from 1 April 2023, including £36,900 for 2023/24, £38,600 in 2024/25 and £40,400 in 2025/26.

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

| The principal actuarial assumptions are: | At 31 August 2024 | At 31 August 2023 |
|--|----------------------|----------------------|
| Rate of increase in salaries | 4.10% | 4.30% |
| Rate of increase for pensions in payment / inflation | 2.70% | 2.90% |
| Discount rate for scheme liabilities | 4.90% | 5.40% |
| Inflation assumption (CPI) | 2.60% | 2.80% |

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 2024 | At 31 August 2023 |
|-----------------------------|----------------------|----------------------|
| <i>Retiring today</i> | | |
| Males | 21.0 | 21.0 |
| Females | 23.5 | 23.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.2 | 22.2 |
| Females | 25.3 | 25.2 |

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation. The figures are based on the surplus /deficit in the scheme before any surplus restriction.

| | (Surplus) / Deficit | At 31 August 2024 Change | (Surplus) / Deficit | At 31 August 2023 Change |
|--|------------------------|--------------------------------|------------------------|--------------------------------|
| Discount rate + 0.1% | (372,000) | (94,000) | (358,000) | (82,000) |
| Discount rate - 0.1% | (183,000) | 95,000 | (192,000) | 84,000 |
| Mortality assumption - 1 year increase | (134,000) | 144,000 | (151,000) | 125,000 |
| Mortality assumption - 1 year decrease | (419,000) | (141,000) | (398,000) | (122,000) |
| CPI rate + 0.1% | (183,000) | 95,000 | (193,000) | 83,000 |
| CPI rate - 0.1% | (372,000) | (94,000) | (358,000) | (82,000) |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

23. 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 2024 £ | Fair value at 31 August 2023 £ |
|---|---|---|
| Equity instruments | | |
| Equities | 3,167,000 | 2,916,000 |
| Debt instruments | | |
| Government bonds | 7,000 | 24,000 |
| Other bonds | 7,000 | - |
| Property | 565,000 | 572,000 |
| Cash/liquidity | 93,000 | 36,000 |
| Other | 2,803,000 | 2,475,000 |
| Total Market Value of Assets | 6,642,000 | 6,023,000 |
| Present value of scheme liabilities | | |
| Funded | (6,364,000) | (5,747,000) |
| Unfunded | - | - |
| Surplus / (deficit) in the scheme | 278,000 | 276,000 |
| Surplus restriction | (278,000) | (276,000) |
| Surplus / (deficit) recognised in the financial statements | - | - |

Surplus Restriction

As noted above the actuary has valued the academy's share of the Lancashire LGPS to be a surplus of £278,000. The trust has not recognised this surplus as an asset, as FRS102 states that a surplus can only be recognised to the extent that it reduces future contributions. The rate of future contributions are set at the triennial reviews of the LGPS, the last one was at 31 March 2022. In the supporting valuation reports, this stated that only surpluses over 110% of liabilities are able to be returned to scheme participants through reduced future contributions. In the academy's case the assets do not exceed 110% of the liabilities, therefore, under the scheme's current funding strategy the academy cannot reduce its future contributions.

The actual return on the scheme assets in the year was £455,000 (2023: £127,000).

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

| | 2024 £ | 2023 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (257,000) | (337,000) |
| Net interest cost | 23,000 | (25,000) |
| Administration expenses | (9,000) | (9,000) |
| Past service (cost)/gain | - | - |
| Gain/(loss) on curtailment | - | - |
| Total operating charge | (243,000) | (371,000) |

Other recognised gains and (losses)

| | 2024 £ | 2023 £ |
|--|------------------|----------------|
| Remeasurements (liabilities) | (232,000) | 1,074,000 |
| Remeasurements (assets) | 125,000 | (2,000) |
| Surplus restriction movement | (2,000) | (276,000) |
| Total amount recognised in the SOFA | (109,000) | 796,000 |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

| Changes in the (surplus) / deficit in the year: | 2024 | 2023 |
|---|------------------|------------------|
| | £ | £ |
| Deficit in scheme at beginning of period | (276,000) | 788,000 |
| Current service cost | 257,000 | 337,000 |
| Interest cost | 307,000 | 267,000 |
| Employer contributions | (352,000) | (363,000) |
| Past service (cost)/gain | - | - |
| Actuarial (gain)/loss - Remeasurements | 107,000 | (1,072,000) |
| Administration expenses | 9,000 | 9,000 |
| Interest income | (330,000) | (242,000) |
| Plan introductions, benefit changes, curtailments and settlements | - | - |
| Deficit / (Surplus) at 31 August 2024 | (278,000) | (276,000) |
| Surplus restriction | 278,000 | 276,000 |
| Deficit / (Surplus) recognised in the financial statements | - | - |

| Changes in the present value of defined benefit obligations were as follows: | 2024 | 2023 |
|--|--------------------|--------------------|
| | £ | £ |
| At beginning of period | (5,747,000) | (6,242,000) |
| Current service cost | (257,000) | (337,000) |
| Interest cost | (307,000) | (267,000) |
| Employee contributions | (94,000) | (90,000) |
| Past service (cost)/gain | - | - |
| Actuarial gain/(loss) - Remeasurements | (232,000) | 1,074,000 |
| Benefits / transfers paid | 273,000 | 115,000 |
| Plan introductions, benefit changes, curtailments and settlements | - | - |
| Benefit obligation at 31 August 2024 | (6,364,000) | (5,747,000) |

| Changes in the fair value of Academy's share of scheme assets: | 2024 | 2023 |
|---|------------------|------------------|
| | £ | £ |
| At beginning of period | 6,023,000 | 5,454,000 |
| Interest income | 330,000 | 242,000 |
| Administration expenses | (9,000) | (9,000) |
| Actuarial gain/(loss) - Remeasurements | 125,000 | (2,000) |
| Employer contributions | 352,000 | 363,000 |
| Employee contributions | 94,000 | 90,000 |
| Benefits / transfers paid | (273,000) | (115,000) |
| Plan introductions, benefit changes, curtailments and settlements | - | - |
| Scheme assets at 31 August 2024 | 6,642,000 | 6,023,000 |

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)

24. 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 £75,971 (2023: £129,150) and £6,753 (2023: £2,987) respectively.

The Friends of LRGS Charity also made a capital donation of £nil (2023: £12,500) towards the refurbishment of the Upper Courts.

Expenditure Related Party Transactions

During the year there was also rent paid of £175,000 (2023: £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, the balance owing to the charity was a debtor of £Nil (2023: 174,554). The transactions are recharged at cost.

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

Notes to the Financial Statements for the Year Ended 31 August 2024 (continued)**25. 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 | 34,308 | 57,437 |
| Receipts during the year | 38,566 | 48,308 |
| Distributions during the year | (16,453) | (77,596) |
| Distributions during the year to LRGS | (1,928) | (20,522) |
| Repayable to ESFA | (17,855) | - |
| Balance carried forward | <u>36,638</u> | <u>7,627</u> |

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

| | 16-19 ESFA Bursary | British Council |
|---------------------------------------|-------------------------------|----------------------------|
| Monies brought forward | 16,274 | 15,421 |
| Receipts during the year | 34,308 | 42,028 |
| Distributions during the year | (14,315) | (12) |
| Distributions during the year to LRGS | (1,715) | |
| Repayable to ESFA | (244) | |
| Balance carried forward | <u>34,308</u> | <u>57,437</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 2024 (continued)

26. Boarding Activities Trading Account

| | 2024 | | 2023 | |
|---|-----------|-------------------|--------------------|------------------|
| | £ | £ | £ | £ |
| Income | | | | |
| <i>Allocated to general boarding fund</i> | | | | |
| Fee income | 2,107,798 | | 2,279,692 | |
| Other income | - | | 3,750 | |
| Bank interest | 21,842 | | - | |
| <i>Allocated to restricted fixed asset boarding fund</i> | | 2,129,640 | | 2,283,442 |
| Grant income | 18,939 | | - | |
| Gifts in kind (see note 3) | - | | - | |
| | | 18,939 | | - |
| Expenditure | | | | |
| <i>Allocated to general boarding fund</i> | | | | |
| Staff costs | 1,094,314 | | 1,114,239 | |
| Rent | 175,000 | | 175,000 | |
| Catering | 459,870 | | 452,471 | |
| Maintenance | 72,857 | | 68,718 | |
| Rates | 62,171 | | 39,428 | |
| Heat & light | 93,908 | | 161,444 | |
| Insurance | 13,511 | | 12,856 | |
| Cleaning | 7,176 | | 9,163 | |
| Administrative supplies | 28,938 | | 26,516 | |
| Bad debts | 6,669 | | 1,700 | |
| Staff development | 2,115 | | 3,524 | |
| Commission and publicity costs | 14,445 | | 19,620 | |
| Bank charges | 3,336 | | 2,719 | |
| Activities | 9,308 | | 12,454 | |
| Technology costs | 2,635 | | 3,010 | |
| Legal fees | 4,736 | | 10,940 | |
| Professional fees | 19,149 | | 16,428 | |
| Other | 1,491 | | 1,510 | |
| CIF loan interest payable | 554 | | 711 | |
| <i>Allocated to restricted fixed asset boarding fund</i> | | (2,072,183) | | (2,132,451) |
| Maintenance | 18,939 | | - | |
| Maintenance of premises and equipment - CIF | - | | - | |
| Legal and professional | - | | - | |
| Loss on disposal of fixed assets | - | | - | |
| | | (18,939) | | - |
| Trading Statement Surplus/ (Deficit) on Boarding | | 57,457 | | 150,991 |
| Boarding Funds Reconciliation | | Restricted | Restricted | |
| | | General | Fixed Asset | |
| | | Funds | Funds | Total |
| | | £ | £ | £ |
| Boarding funds surplus/ (deficit) brought forward | | 1,235,024 | - | 1,235,024 |
| Trading statement surplus/ (deficit) | | 57,457 | - | 57,457 |
| Non cash pension adjustment | | (38,000) | - | (38,000) |
| Boarding funds before transfers | | 1,254,481 | - | 1,254,481 |
| Assets purchased during the period | | - | - | - |
| 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 | | 1,254,481 | - | 1,254,481 |