

**Company Registration No: 07698914**

**QEGSMAT LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2017**

**QEGSMAT**  
**(a company limited by guarantee)**

**CONTENTS**

	<b>Page</b>
<b>Reference and administrative details</b>	<b>1 - 2</b>
<b>Trustees' report</b>	<b>3 - 13</b>
<b>Governance statement</b>	<b>14 - 17</b>
<b>Statement on regularity, propriety and compliance</b>	<b>18</b>
<b>Statement of Trustees' responsibilities</b>	<b>19</b>
<b>Independent auditors' report on the financial statements</b>	<b>20 - 22</b>
<b>Independent reporting accountant's assurance report on regularity</b>	<b>23 - 24</b>
<b>Statement of financial activities incorporating income and expenditure account</b>	<b>25</b>
<b>Balance sheet</b>	<b>26 - 27</b>
<b>Statement of cash flows</b>	<b>28</b>
<b>Notes to the financial statements</b>	<b>29 - 53</b>

**QEGSMAT**  
**(a company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2017**

**Members**

Mrs E Barnes	Appointed 01.04.2017
Mr D Channon	Appointed 01.04.2017
Mr P Gadsby	Appointed 01.04.2017
Mr S Oliver	Appointed 01.04.2017
Mrs H Baker	Resigned 31.03.2017
Mr M Betteridge	Resigned 31.03.2017
Mr M Jeffery	Resigned 31.03.2017
Mrs A Martin	Resigned 31.03.2017
Mr H Tresidder	Resigned 31.03.2017
Mr K Wesley	Resigned 31.03.2017

**Trustees**

Mr M Betteridge	
Mr M Jeffery (Chair)	
Mrs A Martin (Executive Headteacher/Chief Executive)	
Rev G Pond	
Mrs J Shepherd (Vice Chair)	Appointed 01.04.2017
Mr H Tresidder	
Mr K Wesley	
Mr M Atkins	Resigned 31.03.2017
Mrs H Baker (Vice Chair)	Resigned 31.03.2017
Mr M Caton	Resigned 31.03.2017
Mrs J Hart	Resigned 31.03.2017
Mr P Oakes	Resigned 31.03.2017
Mr R Palmer-Clarke	Resigned 02.03.2017
Mr C Smith	Resigned 31.03.2017
Mr R Tuck	Resigned 17.05.2017
Mrs C Ward	Resigned 31.03.2017
Mr R Watson	Resigned 31.03.2017

**Company Secretary**

Mrs L Key

**Executive Leadership Team**

Executive Headteacher/Chief Executive  
Director of Finance & Operations  
Director of Education

Mrs A Martin

Mrs L Key  
Mrs B Smith

**QEGSMAT**  
**(a company limited by guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

<b>Principal and Registered Office</b>	The Green Road Ashbourne Derbyshire DE6 1EP
<b>Company Registration Number</b>	7698914 (England and Wales)
<b>Independent Auditor</b>	Smith Cooper Limited St. Helens House King Street Cathedral Quarter Derby DE1 3EE
<b>Bankers</b>	Lloyds Bank Compton Ashbourne Derbyshire DE6 1BX
<b>Solicitors</b>	Browne Jacobson 44 Castlegate Nottingham NG1 7BJ

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their Annual Report, together with the financial statements and auditors' report of the charitable company, for the period 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' report and a Directors' report under company law.

The charitable company was incorporated on 8<sup>th</sup> July 2011 and commenced trade as a single academy trust, Queen Elizabeth's Grammar School Ashbourne Academy (QEGS) on 1<sup>st</sup> August 2011. On 1<sup>st</sup> April 2017 QEGS converted from a single academy trust to a multi academy trust when Waterhouses CE Primary School joined QEGS to form the QEGSMAT (the Academy Trust). On 1<sup>st</sup> June 2017 Springfield Junior School also joined the Academy Trust.

**Structure, Governance and Management**

**Constitution**

The QEGSMAT 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 the QEGSMAT are also the Directors of the charitable company for the purposes of company law.

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**

Subject to the provisions of the Companies Act 2006 and the Academy Trust's Articles of Association, every Trustee shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Indemnity cover for Trustees is provided by the Education and Skills Funding Agency's Risk Protection Arrangement.

**Methods of Recruitment and Appointment or Election of Trustees**

The Academy Trust recruits and appoints Trustees in accordance with its Articles of Association:

- a) Up to 7 shall be appointed by the Members
- b) No less than 1 shall be appointed by the Derby Diocesan Board of Education
- c) No less than 1 shall be appointed by the Lichfield Diocesan Board of Education
- d) Up to 2 shall be appointed by the Old Trust

The total number of Trustees appointed by the Derby and Lichfield Diocesan Boards of Education shall not exceed 25% of the total number of Trustees, and the Executive Headteacher/Chief Executive shall be a Trustee, being the only employee of the Academy Trust who may be a Trustee.

The term of office for any Trustee shall be 4 years, save this time limit shall not apply to the Executive Headteacher/Chief Executive who shall serve for as long as they hold office.

Trustees are recruited following a rigorous process, which includes an initial introductory discussion, an informal CV review and an interview with the Chair of the Board. Appointments are made based on skills and experience, and in order for the Board to operate effectively, the following mix of skills has been identified: education, business, governance, human resources, organisational development, legal, financial, information technology, estates and asset management, marketing, public relations, strategic partnership, health, safety and safeguarding.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**  
**Structure, Governance and Management (continued)**

The Trustees carry out an annual skills audit, which informs the recruitment and appointment of Trustees.

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

The induction and training provided to Trustees is tailored to their needs and is dependent on their skills and experience.

New Trustees attend an induction meeting, as soon as practicable, at which the following information is provided:

- Vision and values
- Strategic and development plans
- Organisational structure
- Details of other Trustees
- Terms of Reference
- Scheme of Delegation
- Articles of Association
- Academies Financial Handbook
- Calendar of meetings
- Minutes of the two most recent meetings
- Latest Performance Report to Trustees
- Code of Conduct
- List of Academy Trust policies and where to access them

They are also encouraged to visit at least one of the Academy Trust's academies and meet with pupils, students and staff.

Governance reviews are undertaken regularly and there is an on-going commitment to training and development as appropriate.

**Organisational Structure**

During the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> March 2017, when the Academy Trust was a single academy trust, the Governors of QEGS were the Trustees. The Governing Body were responsible for setting strategy and policy and for the educational and financial performance of the Academy Trust. It operated with two sub-committees (or working parties), one to review the pay and remuneration of the Academy Trust's employees (the Pay Committee), and one to consider audit matters and to undertake the detailed work associated with converting from a single academy trust to a multi academy trust (the Academy Board).

On 1<sup>st</sup> April 2017, when the multi academy trust was formed, some Governors resigned as Trustees of the Academy Trust and took up positions on the newly formed QEGS Local Governing Body (LGB).

Each of the Trust's academies has an LGB, responsible for supporting and challenging the Headteacher and Leadership Team of their academy and for making decisions about their academy in accordance with their Terms of Reference and the Academy Trust's approved decision making framework, the Scheme of Delegation.

**QEGSMAT**  
(a company limited by guarantee)

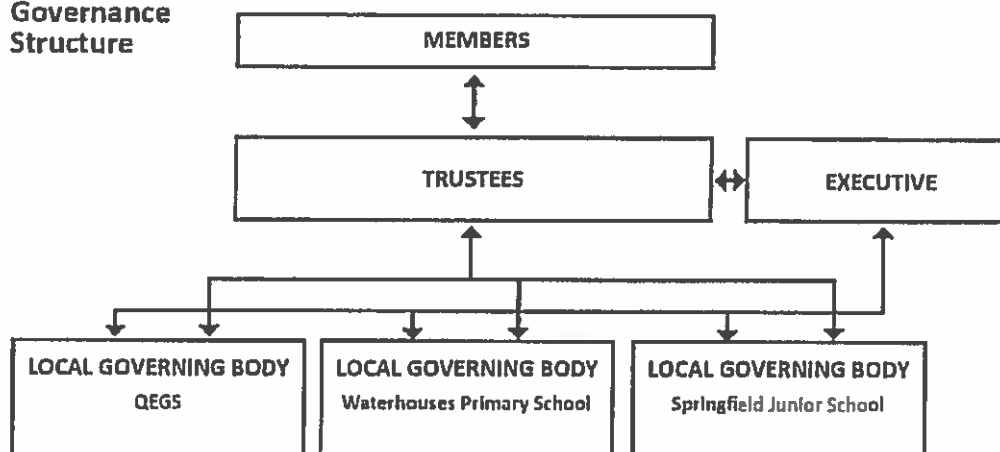
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Structure, Governance and Management (continued)**

Set out below is the multi academy trust's organisational structure.

**QEGSMAT**

**Governance  
Structure**



The Executive is made up of the Academy Trust's Executive Leadership Team (the Executive Headteacher/Chief Executive, the Director of Finance and Operations and the Director of Education) and the Headteachers of the Academy Trust's academies. This group meets once per half term to ensure the strategic plans of the Academy Trust are successfully implemented for the benefit of the Trust's pupils and students.

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

The Members, Trustees and Executive Leadership Team make up the Academy Trust's key management personnel.

The Members and Trustees receive no pay or remuneration for their work and discharge their responsibilities wholly voluntarily.

Whilst the Executive Headteacher/Chief Executive is remunerated, this is wholly in accordance with her contract of employment for her work as an employee of the Academy Trust, and not for her role as a Trustee.

The Board of Trustees is responsible for setting the pay and remuneration of the Academy Trust's Executive Leadership Team and does so in accordance with the School Teachers' Pay and Conditions Document and the Academy Trust's Pay and Appraisal Policies. These are reviewed and adopted by the Trustees annually.

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

The Academy Trust has continued to benefit from strong partnerships with other organisations for the benefit of its pupils and students.

During the period under review the Executive Headteacher/Chief Executive continued to work as a National Leader of Education (NLE), effectively supporting schools in challenging circumstances, and QEGS continued to be a National Support School.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Structure, Governance and Management (continued)**

As an NLE, the Executive Headteacher/Chief Executive developed and delivered training and development programmes on behalf of the National College for Teaching and Leadership and became a coach for Women Leading in Education, mentoring aspirant and new Headteachers. Additionally, she became Chair of the South Derbyshire & Derbyshire Dales Local Partnership Board, working alongside local multi-agency teams and public, private and voluntary sector organisations, to improve the life chances and outcomes of children and young people in challenging circumstances.

Additionally, the Academy Trust's Director of Education and the Headteacher of Waterhouses CE Primary Academy qualified as Pupil Premium Reviewers under the National College for Teaching and Leadership.

The Academy Trust is a strategic partner in the Painsley, Landau Forte and Ashbourne Dove Valley Teaching School Alliances, and its academies continue to have flourishing relationships with a wide range of other partners. For example, QEGS continues to be a member of the soft federation of schools in the High Peak and Derbyshire Dales area of Derbyshire known as 'Peak 11'. These schools work collaboratively to support each other in a variety of management and curriculum areas including pastoral support, careers information, advice and guidance and gifted and talented programmes. Also, Waterhouses continues to work alongside the Leek Education Partnership.

Each academy within the Academy Trust holds regular meetings with their partner schools and leaders from the QEGSMAT attend these meetings to share and receive information as required.

The Academy Trust continues to provide its pupils and students with a wide range of enrichment opportunities, including overseas travel, and continues to enjoy the support and sponsorship of the Old Trust (The Trustees and Assistants of Queen Elizabeth's Grammar School), The Woodroffe Benton Foundation, The Old Ashburnian Society and the Friends, Parents and Teachers Association.

**Objectives and Activities**

**Objects and Aims**

The Academy Trust's object is specifically restricted to advancing for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with Christian religious character offering a broad and balanced curriculum.

**Objectives, Strategies and Activities**

Headteachers are required to develop an annual School Improvement Plan setting out their academy's main priorities for the academic year, which their LGB will review and recommend to the Board of Trustees for approval. The main objectives of each academy for the year 2016/17 are set out below:

**Queen Elizabeth's Grammar School**

- **Further develop teaching, learning and assessment:** prioritise 'Quality First Teaching', improve continuity of teaching group staffing, develop consistency and authenticity of assessments and further develop appropriate and accurate use of data.
- **Improve educational outcomes:** focus on specific ability groups and pupil premium/disadvantaged, boys; develop and implement Raising Achievement Plans for specific subjects.
- **Further develop skills for life:** build on the QEGSMAT values (Question, Explore, Give, Succeed) and increase participation in the wider life of the school.
- **Improve recruitment and retention of staff and students:** focus on promoting school successes and achievements and student transition (primary to secondary, secondary to post-16) and recruiting, retaining and developing talented staff to meet the challenge of national teacher shortages.
- **Further develop student and staff wellbeing:** focus on emotional and mental health, build on student and staff voice and improve attendance.



**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Objectives and activities (continued)**

**Waterhouses CE (VC) Primary Academy**

- **Further improve teaching, learning and assessment:** ensure the quality of teaching is consistently good or better in all year groups and lessons and continue to review and adapt assessment methods.
- **Improve education outcomes:** target key groups and specific areas: pupil premium/disadvantaged, Writing (spellings, grammar and cursive handwriting) and Maths (basic skills and problem solving) and continue to emphasise the importance of parent partnership on pupil progress.
- **Ensure the leadership skills of all teaching staff continue to be developed to drive improvement:** ensure high quality CPD, sharing of good practice, time and resources to carry out monitoring roles including governor monitoring and maximise networking and collaborate opportunities with other schools.
- **Continue to develop lifelong learning skills:** build on Waterhouses Christian values and ethos, develop independent learning skills and motivation to succeed and ensure high quality PHSE and positive playtime experiences.

**Springfield Junior School**

- **Improve teaching, learning and assessment:** develop teaching and learning in core subject areas (Talk 4 Writing, Reading and reasoning in Maths), use formative and summative assessments to track assessments and provide accurate and consistent data.
- **Improve educational outcomes:** improve attainment and progress at Key Stage 2 and close the gaps between vulnerable groups across the school.
- **Improve leadership at all levels:** undertake a review of governance, engage in coaching for the Senior Leadership Team, develop robust monitoring systems and triangulate evidence.
- **Promote a growth mind-set amongst ALL stakeholders:** set high expectations in all aspects of school life.

The QEGSMAT remained committed to ensuring all pupils and students benefited from consistently good or outstanding teaching to support their learning and provided support and training and development opportunities to staff to facilitate this. Improving the achievement of all pupils and students remained the Academy Trust's highest priority. There was a real emphasis on all children and young people making progress, on improving and maintaining high quality teaching, learning and assessment, and on preparing children and young people for new curriculum demands and new qualifications.

There was also a drive to ensure pupil and student attendance levels were above average, and to provide all pupils and students with a wide range of enrichment and extra-curricular opportunities. A further aim was to secure at least good judgements from Ofsted at the next inspection. To enable these priorities to be achieved Leadership and Management was a focus, with particular emphasis on improving communication and engagement with all stakeholders and holding others to account through a rigorous and robust line management process.

Effective financial management and targeting of resources supported the achievement of these priorities.

**Public Benefit**

The Academy Trust's academies are non-selective, non-fee paying academies, and as such operate entirely for the public benefit. In addition to striving for and achieving the highest educational standards and attainment for all pupils and students, the Academy Trust engages in partnership working with others, particularly in Derbyshire, Derby City and Staffordshire.

The Academy Trust also has links with many local and national businesses that provide support for a wide range of enrichment and careers activities and opportunities for the benefit of its pupils and students. There are also links with the local churches in Ashbourne, and with the Derby and Lichfield Diocesan Boards of Education and with Derby Diocesan Academy Trust (DDAT).

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Objectives and activities (continued)**

The Academy Trust works for the benefit of the communities it serves, making its sports facilities, including indoor sports halls, swimming pools, hard surface tennis courts and sports pitches, including a floodlit all weather pitch, available to hire. It also hosts events for the benefit of the community and supports the work of local groups such as the White Peak Astronomical Observing Group and Ashbourne Arts.

Also, a number of external agencies use the Academy Trust's facilities to enable families to access support and social care including:

- Multi-agency teams
- Derbyshire & Staffordshire Children's Services
- Behaviour support services
- CAMHS (Children and Young Adults Mental Health Services)
- Barnardos
- ACE Youth Trust
- Police services

**Strategic Report**

**Achievements and Performance**

Queen Elizabeth's Grammar School has operated as an academy since August 2011, Waterhouses Primary Academy since April 2017 and Springfield Junior School since June 2017. As at 31<sup>st</sup> August 2017 the Academy Trust employed a total of around 295 people, in both teaching and non-teaching roles, and had approximately 1,550 pupils and students on roll aged between 3 and 18.

All of the Trust's academies provide a broad and balanced curriculum designed to promote academic excellence and develop individual talents and interests through enrichment and extra-curricular activities and opportunities. Each curriculum offer reflects both national and local priorities.

**Key Performance Indicators**

The primary performance indicator for the Academy Trust will always be the success of the pupils and students. The results for the pupils and students who were assessed in the summer of 2017 are listed below.

**Queen Elizabeth's Grammar School**

GCSE	All	Girls	Boys	Pupil Premium	Non Pupil Premium
Total number of students	189	103	86	29	160
Actual result Attainment 8 average	51.2	53.2	49.0	45.1	52.3
Progress 8	-0.01	0.09	-0.12	-0.33	0.05
% achieving 5+ in both English & Maths	55.0	57.3	52.3	44.8	56.9
% achieving 4+ in both English & Maths	76.2	78.6	73.3	69.0	77.5
% Achieving Ebacc	28.0	31.1	24.4	17.2	30.0

Attainment and progress improved in 2017 and the new progress measures indicate the Academy Trust's strategies were effective. Differences in performance between certain groups of students, such as gender and Pupil Premium, are closing in 2017, and swift action has been taken to bring about further improvements in current cohorts.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Strategic report (continued)**

<b>A-level</b>	<b>All</b>	<b>Girls</b>	<b>Boys</b>	<b>Disadvantaged</b>
Total number of students	101	50	51	6
Average point per entry	38.39	38.24	38.53	40.88
Alps value added grade	2			

<b>Vocational (L3 BTEC)</b>	<b>All</b>	<b>Girls</b>	<b>Boys</b>	<b>Disadvantaged</b>
Total number of students	23	13	10	1
Average point per entry	47.51	53.19	37.26	90.00
Alps value added grade	2			

This was another highly successful year with attainment and progress measures placing the academy in the top 20% in the country.

**Absence 2016/17**

All students 4.6% (national 5.2%)

Persistent absence 9.9% (national 13.9%)

**Ofsted**

In September 2016 a monitoring inspection was carried out. The findings confirmed, "Leaders and managers have taken effective action to maintain the high standards of behaviour identified at the school's previous inspection".

**Waterhouses CE (VC) Primary School**

**Attainment:**

60% of children achieved the Expected Standard in Reading, Writing and Maths combined

40% achieved the Higher standard

**Average scaled score:**

Reading 107.0

Maths 106.4

**Progress scores:**

Reading +2.9

Writing +7.48

Maths +2.04

While a very small cohort of children makes statistical comparisons unreliable, these results do reflect an outstanding level of achievement.

**Absence**

All pupils 2.8% (national 4%)

Persistent absence 0.94% (national 8.2%)

**SIAMS**

A statutory inspection of Anglican and Methodist schools was carried out on 3<sup>rd</sup> April 2017 which saw the grading move from Good to Outstanding.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Strategic report (continued)**

**Springfield Junior School**

No data is available or applicable for this school. The school maintained by Derbyshire Local Authority closed on 31<sup>st</sup> May 2017 and re-opened as an academy sponsored by the QEGSMAT on 1<sup>st</sup> June 2017. Key Stage 2 assessment is carried out in May.

**Going Concern**

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

**Financial Review**

The Academy Trust's incoming resources for the year ended 31 August 2017 totalled £11,199,000, made up of income from donations and capital grants, funding for the Academy Trust's educational operations, income from trading activities and bank interest. This was an increase of £3,729,000 compared with the previous year, mostly due to the transfer of land, buildings and other fixed assets to the Academy Trust by Staffordshire and Derbyshire Local Authorities in respect of Waterhouses CE (VC) Primary Academy and Springfield Junior School.

Resources expended totalled £8,673,000, £783,000 greater than in the previous period. This is not representative of the Academy Trust's cash outgoings as it included the following significant non-cash items:

- Depreciation of £408,000 due to the high valuation on the Academy Trust's buildings;
- A movement of £300,000 on the Academy Trust's Local Government Pension Scheme deficit. This comprised a £89,000 net interest charge for the year plus a £11,000 excess on the current service cost calculated by the actuary when compared to the contributions made during the year

Cash balances at 31 August 2017 were £1,709,000, £411,000 greater than in the previous year and net current assets were £1,150,000, an increase of £99,000.

**Reserves Policy**

The reserve levels of the Academy Trust are reviewed by the Board of Trustees on a termly basis. It is the Academy Trust's policy to carry forward a prudent level of funding to ensure long term cyclical needs can be met, assets can be renewed and unforeseen circumstances such as emergency building repairs can be managed efficiently and effectively.

Unrestricted fund reserves as at 31st August 2017 were £179,000, made up largely of lettings income generated since the August 2011 when the Academy Trust first began operating. This figure does not represent the profit on lettings, purely income, as no lettings costs have been attributed to the unrestricted fund since the Academy Trust opened as these are considered to be immaterial. These reserves will be used solely for the purpose of the Academy Trust's charitable objects and aims and to deliver the school improvement priorities.

However, there is a deficit of £2,557,000 on the restricted fund due to a LGPS reserve deficit of £3,493,000. Without the pension reserve deficit there would be a surplus on the restricted reserve of £936,000, derived from both the General Annual Grant (the Academy Trust's main source of funding) and other grant income carried forward to be used for the Academy Trust's charitable activities in future periods.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Financial Review (continued)**

The pension reserve reflects the present value of the defined benefit liability determined on an actuarial basis using a variety of assumptions. The liability therefore will only become due over the lifetime of the pension scheme. Parliament has agreed to a guarantee to meet these outstanding liabilities in the event of academy closure. The academy has continued to make additional deficit reduction payments to the LGPS, as advised by the actuary, to mitigate the extent of this deficit. Many of the assumptions on which the valuation is based relate to factors outside of the Academy Trust's control however and these factors have contributed to a significant deficit although this has reduced in the current year.

**Investment Policy**

Investments can only be made when approved by the Board of Trustees and only low risk investments will be approved. In the year under review £450,000 was held in fixed rate deposit accounts with Lloyds Bank, the Academy Trust's bankers, for an improved return on cash balances.

**Principal Financial Risks and Uncertainties**

The Academy Trust maintains a register of the risks to which it is exposed and has established internal control systems and procedures to mitigate these. The risk register and control arrangements are reviewed by the Board of Trustees at least annually.

The Academy Trust's principal financial risks and uncertainties are:

- Government funding – the Academy Trust has considerable reliance on continued government funding through the ESFA. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same level or on the same terms. This risk is mitigated in the following ways:
  - Prudent reserves are retained and the Academy Trust's cash balances are tightly controlled;
  - The Academy Trust works hard to recruit and retain pupils and students since levels of Government funding are driven by how many of these are on roll. It works hard to safeguard its reputation and ensure that all pupils and students consistently receive high quality education and opportunities, and systems are in place to ensure the quality of teaching and learning is consistently good or better. Pupil and student progress is monitored rigorously from an early stage and where required, Interventions are swift and effective in ensuring that pupils and students make progress and achieve.
- Local Government Pension Scheme (LGPS) liabilities – the Academy Trust carries a share of the LGPS deficit, as shown in the financial statements. The Trust makes employer pension contributions, determined by an independent actuary, and continues to monitor its exposure to risk.
- Cash solvency – the Academy Trust works closely with its internal auditors to ensure sound systems of internal financial control are in place to minimise the possibility of unexpected financial losses. Furthermore, the scrutiny of financial information by the Board and its LGBs help ensure due diligence in all aspects of financial planning and cash management and forecasting. Careful attention is paid to the consideration of new schools joining the Academy Trust and appropriate due diligence work is undertaken to inform decisions about whether to admit a school. The Academy Trust is focussed on sustainable growth and building the necessary capacity to operate effectively

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Financial Review (continued)**

**Plans for Future Periods**

The Academy Trust's core purpose remains to provide the best possible educational outcomes for children and young people to develop and thrive, in an environment which supports pupils, students, staff and the community.

Through the actions resulting from the mission to Question, Explore, Give, Succeed, the Academy Trust is driven to provide world-class education and care to enable every child and young person to reach their best potential.

In order to achieve its purpose and vision the Academy Trust will focus on the following key goals:

- Recognise the importance of teaching and learning and effective leadership;
- Operate a supportive and robust school improvement programme to raise standards;
- Develop our pupils and students to the best of their abilities, offering opportunities for fulfilment, and raise aspirations and social mobility;
- Support the culture and individuality of each academy in our Trust and build strong communities in and around them;
- Offer a rewarding and stimulating workplace for staff; and
- Provide a strong, secure and financially sustainable environment.

To help support these priority areas the Academy Trust will continue to work in collaboration with others. It will continue to be a strategic partner in the Painsley Teaching School Alliance, an outstanding 11-18 school in Staffordshire and the Ashbourne Dove Valley Teaching School Alliance led by Osmaston CE (VC) Primary School. More recently the Academy Trust began to work with the Landau Forte Teaching School Alliance in Derby City and this will continue, alongside the Executive Headteacher/Chief Executive working as a National Leader of Education and providing bespoke school to school support to others. The Academy Trust will also continue to work with a range of Educational Improvement Consultants to provide external quality assurance.

The Academy Trust is committed to improving pupil and student outcomes in each of its academies and much wider. On 1<sup>st</sup> September 2017 the City of Derby Academy, Sinfen, joined the Academy Trust from the Greenwood Academies Trust, and in early 2018 Castle View Primary School will join, having converted from a Derbyshire Local Authority maintained school to an academy. The Academy Trust is also in discussion with a number of other schools in the Derby City/South Derbyshire and Ashbourne areas about the educational benefits being part of the QEGSMAT, as the Academy Trust seeks to develop two regional clusters for the benefit of children and young people in those areas.

The Academy Trust's growth will be measured and capacity driven so that the quality of its work is not compromised and the educational improvement journeys and resource management of its academies is not hampered. The Academy Trust aims to be a centre for outstanding Learning and Teaching, providing the communities it serves with the best education, opportunities, facilities and resources available.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Financial Review (continued)**

**Funds held as Custodian Trustee on behalf of others**

As at 31 August 2017, the Academy Trust was holding £14,980, being the balance of a £25,000 academy conversion grant awarded by the DfE in respect of Castle View Primary School. This grant was awarded to fund their conversion from a Local Authority maintained school to a QEGSMAT academy and will be spent specifically on:

- Obtaining legal advice in respect of the conversion process;
- Software licence transfers;
- HR/TUPE advice;
- Re-branding; and
- Other expenses incurred in the setting up of the academy.

This £14,980 has not been recognised as income and is included as a liability at 31 August 2017.

The funds are segregated from those of the wider Academy Trust.

**Auditor**

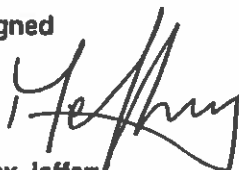
In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is aware; 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.

Smith Cooper, St. Helens House, King Street, Cathedral Quarter, Derby, DE1 3EE have been re-appointed as auditors for the financial year 2016/17.

The Trustees' Report, incorporating a strategic report, was approved by order of the members of the Board of Trustees, as company directors, on 27<sup>th</sup> November 2017 and signed on the Board's behalf by:

Signed



Max Jeffery  
Trustee

15/12/17

Date



**QEGSMAT**  
(a company limited by guarantee)

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**GOVERNANCE STATEMENT**

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher/Chief Executive office as Accounting Officer, for ensuring financial controls conform to 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 QEGSMAT 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 met 6 times during the 2016/17 academic year as a single academy trust, and once as a multi academy trust (in July 2017). Attendance during the year was as follows:

Name	19.9.16	17.10.17	28.11.16	30.1.17	27.3.17	3.7.17
Mr M Jeffery (Chair)	✓	✓	✓	✓	✓	✓
Mrs A Martin	Apologies	✓	✓	✓	✓	✓
Mrs H Baker	✓	✓	✓	✓	✓	
Mr H Tresidder	✓	✓	Apologies	Apologies	Apologies	✓
Mr M Betteridge	✓	✓	✓	Apologies	✓	✓
Mr P Oakes	✓	✓	✓	✓	Apologies	
Mr K Wesley	✓	✓	Apologies	✓	✓	✓
Mr M Caton	✓	✓	✓	✓	✓	
Mrs G Pond	Absent	Apologies	✓	Apologies	Apologies	Apologies
Mrs J Hart	✓	✓	✓	✓	✓	
Mr R Palmer-Clark	Absent	Apologies	Absent	✓	✓	
Mr C Smith	✓	✓	✓	✓	Apologies	
Mrs C Ward	✓	✓	✓	✓	✓	
Mr R Watson	✓	✓	✓	✓	✓	
Mr M Atkins	✓	✓	✓	Apologies	✓	
Mr R Tuck	Apologies	✓	✓	✓	✓	
Mrs J Shepherd						✓
<b>Total Trustees Present</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>12</b>	<b>6</b>

The Board of Trustees has operated well throughout the year and all meetings were quorate. The prime focus of meetings was to improve educational outcomes for all pupils and students, initially at QEGS and then at Waterhouses CE Primary Academy and Springfield Junior School.



**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Governance statement (continued)**

As aforementioned, between 1<sup>st</sup> September 2016 and 31<sup>st</sup> March 2017 (when the Trust was a single academy trust), two sub-committees of the Board were in operation, a Pay Committee and an Academy Board. Attendance at these meetings during the period under review is set out below:

**Pay Committee**

Name	31.10.16	16.1.17
Mr M Jeffery (Chair)	Apologies	✓
Mrs A Martin	✓	Apologies
Mrs H Baker	✓	✓
Mr P Oakes	✓	
Mr K Wesley	Apologies	✓
<b>Total Trustees Present</b>	<b>3</b>	<b>3</b>

**Academy Board**

Name	31.11.16
Mr M Jeffery (Chair)	✓
Mrs A Martin	✓
Mrs H Baker	✓
Mr H Tresidder	Apologies
Mr K Wesley	Apologies
<b>Total Trustees Present</b>	<b>3</b>

**Review of Value for Money**

As Accounting Officer, the Executive Headteacher/Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

**Targeting its resources effectively**

The Academy Trust's use of resources has been targeted at educational improvement for the benefit of all pupils and students. Staffing levels were kept under review and were appropriate for the number of pupils and students on roll and the curriculum plans of the Academy Trust. The roles and responsibilities of some staff were reviewed and some leadership restructuring was undertaken. Swift, targeted intervention was put in place for pupils and students at risk of not achieving their targets, particularly in core curriculum areas, and pupils and students benefited from mentoring programmes and out of school hours study sessions. The Pupil Premium and funding received to support those pupils and students with special educational needs and/or disabilities was also targeted at the progress and attainment of relevant pupils and students.

There was a continuous and relentless drive to improve the quality of teaching and learning. The Academy Trust supported the training and development of its workforce and implemented rigorous quality assurance and appraisal processes.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Governance statement (continued)**

Capital investment was also targeted at key premises and ICT priorities.

**Purchasing reviews**

During the last year the Academy Trust reviewed its approved supplier list and undertook regular market testing to ensure high value for money from purchases. Tender processes were undertaken where appropriate.

**Reviewing financial controls**

During the year there was a review of the Academy Trust's financial operations and internal financial control framework, ensuring its suitability in a multi academy trust. The Academy Trust continues to operate a rigorous and robust internal financial control framework tested by independent auditors each term.

Robust governance and oversight of Trust finances remains a priority and the Trustees continue to receive and review regular reports on the Academy Trust's financial performance and are responsible for significant financial decisions.

**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 the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place at QEGSMAT for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy 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's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

**QEGSMAT**  
**(a company limited by guarantee)**

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017 (continued)**

**Governance statement (continued)**

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Smith Cooper Limited as its internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period include:

- Testing of payroll systems
- Testing of purchasing systems
- Testing of control account/bank reconciliations
- Testing of controls around other areas such as fixed assets, expense claims, credit card transactions, petty cash income, related party transactions and other compliance matters

On a termly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

The Academy Trust's internal auditor has delivered its schedule of work for the 2016/17 academic year as planned and has raised no material issues as a result of its work.

**Review of Effectiveness**

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

- Internal auditor;
- External auditor;
- The financial management and governance self-assessment process (if relevant)
- Academy Trust's Director of Finance and Operations who has 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on .....15/12/17..... and signed on its behalf by:

  
**Max Jeffery**  
**Trustee**

  
**Anne Martin**  
**Accounting Officer**

## **QEGSMAT**

**(a company limited by guarantee)**

### **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of QEGSMAT 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 ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



**A Martin**  
**Executive Headteacher and Accounting Officer**

15 December 2017

## **QEGSMAT**

**(a company limited by guarantee)**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 15/12/17 and signed on its behalf by:

  
.....  
**M Jeffery**  
**Chair of Board of Trustees**

**QEGSMAT**  
**(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QEGSMAT**

**OPINION**

We have audited the financial statements of QEGSMAT (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in

## **QEGSMAT**

**(a company limited by guarantee)**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QEGSMAT**

our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

#### **RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

## **QEGSMAT**

(a company limited by guarantee)

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF QEGSMAT**

#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Sarah Flear (Senior Statutory Auditor)

for and on behalf of

**Smith Cooper Limited**

Chartered Accountants and Statutory Auditors

St Helen's House

King Street

Derby

DE1 3EE

Date: 19 December 2017



## **QEGSMAT**

(a company limited by guarantee)

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QEGSMAT AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by QEGSMAT during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **RESPECTIVE RESPONSIBILITIES OF QEGSMAT'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of QEGSMAT's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to allow us to draw our conclusions includes:

- A review of the outcome of the 2016 regularity audit
- A review of the internal audit reports during the year ended 31 August 2017 and adequacy of the programme of work.
- A review of the internal control environment and whether the environment has regard to regularity of transactions. Consideration to significant changes in the control environment and whether this has led to potential weaknesses
- Confirmation through enquiry and sample testing that gifts and hospitality are given and received in line with the academy trust's policies
- Confirmation through enquiry and sample testing that the use of expense claims or credit cards and petty cash adheres to internal control principles and that items are not for personal benefit

## **QEGSMAT**

**(a company limited by guarantee)**

### **INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO QEGSMAT AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

- Confirmation through enquiry and sample testing that expenditure does not contravene the funding agreement
- Confirmation through enquiry and sample testing that the lines of delegation and limits set both internally and by the ESFA have been adhered to
- Consideration to procurement and tendering procedures ensuring these have been correctly adhered to and administered
- A review of declarations of business interests for all governors/directors and key staff
- A review of meeting minutes of the various committees

### **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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Smith Cooper Limited**  
Chartered Accountants and Statutory Auditors  
St Helen's House  
King Street  
Derby  
DE1 3EE

Date: 19 December 2017

**QEGSMAT**  
(a company limited by guarantee)

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

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>INCOME FROM:</b>						
Donations and capital grants						
Transfers from local authorities on conversion	2	-	(414)	3,680	3,266	-
Other donations and capital grants	2	-	46	32	78	75
Charitable activities	3	-	7,806	-	7,806	7,371
Other trading activities	4	44	-	-	44	20
Investments	5	5	-	-	5	4
<b>TOTAL INCOME</b>		<b>49</b>	<b>7,438</b>	<b>3,712</b>	<b>11,199</b>	<b>7,470</b>
<b>EXPENDITURE ON:</b>						
Charitable activities	6	-	8,265	408	8,673	7,890
<b>TOTAL EXPENDITURE</b>	8	<b>-</b>	<b>8,265</b>	<b>408</b>	<b>8,673</b>	<b>7,890</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>49</b>	<b>(827)</b>	<b>3,304</b>	<b>2,526</b>	<b>(420)</b>
Transfers between Funds	21	-	(53)	53	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>49</b>	<b>(880)</b>	<b>3,357</b>	<b>2,526</b>	<b>(420)</b>
Actuarial gains/(losses) on defined benefit pension schemes	26	-	1,300	-	1,300	(1,336)
<b>NET MOVEMENT IN FUNDS</b>		<b>49</b>	<b>420</b>	<b>3,357</b>	<b>3,826</b>	<b>(1,756)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		130	(2,977)	14,306	11,459	13,215
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>179</b>	<b>(2,557)</b>	<b>17,663</b>	<b>15,285</b>	<b>11,459</b>

**QEGSMAT**

(a company limited by guarantee)  
 REGISTERED NUMBER: 07698914

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

	Note	£000	2017 £000	£000	2016 £000
<b>FIXED ASSETS</b>					
Intangible assets	15		4		-
Tangible assets	16		17,659		14,306
			<u>17,663</u>		<u>14,306</u>
<b>CURRENT ASSETS</b>					
Stocks	17	1		2	
Debtors	18	434		193	
Cash at bank and in hand		1,709		1,298	
		<u>2,144</u>		<u>1,493</u>	
<b>CREDITORS: amounts falling due within one year</b>	19	(994)		(442)	
<b>NET CURRENT ASSETS</b>			<u>1,150</u>		<u>1,051</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>18,813</u>		<u>15,357</u>
<b>CREDITORS: amounts falling due after more than one year</b>	20		(35)		-
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>18,778</u>		<u>15,357</u>
Defined benefit pension scheme liability	26		(3,493)		(3,898)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,285</u>		<u>11,459</u>
<b>FUNDS OF THE ACADEMY</b>					
<b>Restricted income funds:</b>					
Restricted income funds	21	936		921	
Restricted fixed asset funds	21	17,663		14,306	
Restricted income funds excluding pension liability		18,599		15,227	
Pension reserve		(3,493)		(3,898)	
Total restricted income funds			<u>15,106</u>		<u>11,329</u>
Unrestricted income funds	21		179		130
<b>TOTAL FUNDS</b>			<u>15,285</u>		<u>11,459</u>


**QEGSMAT**

**(a company limited by guarantee)**

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue, on 15/12/17 and are signed on their behalf, by:

  
.....  
**M Jeffery**  
**Chair of Board of Trustees**

  
.....  
**A Martin**  
**Executive Headteacher & Accounting Officer**

**QEGSMAT****(a company limited by guarantee)****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	<b>23</b>	<b>457</b>	<b>129</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>5</b>	<b>4</b>
Purchase of tangible fixed assets		<b>(83)</b>	<b>(63)</b>
Capital grants from DfE/ESFA		<b>32</b>	<b>28</b>
<b>Net cash used in investing activities</b>		<b>(46)</b>	<b>(31)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>411</b>	<b>98</b>
Cash and cash equivalents brought forward		<b>1,298</b>	<b>1,200</b>
<b>Cash and cash equivalents carried forward</b>	<b>24</b>	<b>1,709</b>	<b>1,298</b>

All of the cash flows are derived from continuing operations.

## **QEGSMAT**

**(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

#### **1. ACCOUNTING POLICIES**

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

##### **1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

QEGSMAT constitutes a public benefit entity as defined by FRS 102.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £'000.

##### **1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## **QEGSMAT**

**(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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

##### **1.3 Income**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

##### **1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.



## **QEGSMAT**

**(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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

##### **1.5 Intangible fixed assets and amortisation**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Computer software	- 33% Straight Line
-------------------	---------------------

##### **1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	- Over the useful economic life or the remaining length of the lease, whichever is shorter
Plant and machinery	- 10% Straight Line
Fixtures and fittings	- 20% Straight Line
Computer equipment	- 33% Straight Line

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

Certain land occupied and used by Queen Elizabeth's Grammar School belongs to the Old Trust, and as such is not included on the balance sheet of the Academy trust. No charge is made in the Statement of Financial Activities to reflect the use of this land as it has an infinite life, and would not therefore be depreciated. The Old Trust have confirmed that the land will be available for the use of the school for as long as the school requires it.

When Waterhouses CE (VC) Primary School converted to an academy on 1 April 2017 the ownership of existing school land, and other assets were transferred to the company from the Local Authority, at no cost, on a 125 year lease. The DRC valuation of the land was £92,000 which is now depreciated over the length of the lease. The agreement with the diocese for use of the buildings at Waterhouses CE Primary School is in substance purely a licence to occupy the buildings and as such no amount has been recognised on the Academy trust balance sheet in relation to these buildings.

**QEGSMAT**

(a company limited by guarantee)

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

**1. ACCOUNTING POLICIES (CONTINUED)**

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Stocks**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy trust's wholly owned subsidiary are held at face value less any impairment.

**QEGSMAT**

(a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****1. ACCOUNTING POLICIES (CONTINUED)****1.13 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.14 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

## **QEGSMAT**

**(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

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

##### **1.15 Conversion to an Academy Trust**

During the year Waterhouses CE (VC) Primary Academy and Springfield Junior School converted to academy trust status.

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Waterhouses CE (VC) Primary Academy and Springfield Junior School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

##### **1.16 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

##### **1.17 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Transfers from local authorities on conversion	-	(414)	3,680	3,266	-
Donations	-	46	-	46	47
Capital Grants	-	-	32	32	28
Subtotal	-	46	32	78	75
	-	(368)	3,712	3,344	75
Total 2016	1	47	27	75	

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

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>DfE/ESFA grants</b>				
General Annual Grant	-	6,466	6,466	6,288
Other ESFA Grants	-	521	521	414
	-	6,987	6,987	6,702
<b>Other government grants</b>				
Local Authority Grants	-	268	268	168
	-	268	268	168
<b>Other income</b>				
School trip income	-	325	325	290
Learning resources recovered	-	141	141	175
Sports development income	-	22	22	21
Other incoming resources	-	63	63	15
	-	551	551	501
	-	7,806	7,806	7,371
Total 2016	-	7,371	7,371	

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
General sales	7	-	7	1
Hire of facilities	37	-	37	19
	<u>44</u>	<u>-</u>	<u>44</u>	<u>20</u>
<i>Total 2016</i>	<u>19</u>	<u>1</u>	<u>20</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Short term deposits	5	-	5	4
	<u>4</u>	<u>-</u>	<u>4</u>	
<i>Total 2016</i>	<u>4</u>	<u>-</u>	<u>4</u>	

**6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Educational activities	-	8,673	8,673	7,890
	<u>265</u>	<u>7,625</u>	<u>7,890</u>	
<i>Total 2016</i>	<u>265</u>	<u>7,625</u>	<u>7,890</u>	

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****7. CHARITABLE ACTIVITIES**

	<b>Total funds 2017 £000</b>	<b>Total funds 2016 £000</b>
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	3,706	3,473
National insurance	394	321
Pension cost	563	549
Depreciation	408	398
Educational supplies	147	130
Examination fees	124	127
Staff development	32	27
Other direct costs	144	268
Other project costs	70	39
Recruitment	24	9
	<b>5,612</b>	<b>5,341</b>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>		
Wages and salaries	1,127	1,038
National insurance	78	61
Pension cost	515	353
Repairs and premises maintenance	169	155
Cleaning	174	166
Rent and rates	79	72
Heat and light	118	114
Catering	56	37
Legal and professional	138	51
Insurance	37	42
Transport	23	22
Other support costs	390	302
Technology	142	122
Governance costs	15	14
	<b>3,061</b>	<b>2,549</b>
	<b>8,673</b>	<b>7,890</b>

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****8. EXPENDITURE**

	<b>Staff costs</b>	<b>Premises</b>	<b>Other costs</b>	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Academy's educational operations:					
Direct costs	4,762	-	850	5,612	5,341
Support costs	1,720	717	624	3,061	2,549
	<u>6,482</u>	<u>717</u>	<u>1,474</u>	<u>8,673</u>	<u>7,890</u>
<i>Total 2016</i>	<u>5,982</u>	<u>507</u>	<u>1,401</u>	<u>7,890</u>	

No individual transactions exceeding £5,000 occurred under any of the following headings:

- Ex-gratia / compensation payments
- Gifts made by the Trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

**9. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	<b>Activities undertaken directly</b>	<b>Support costs</b>	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Educational activities	5,612	3,061	8,673	7,890
	<u>5,612</u>	<u>3,061</u>	<u>8,673</u>	<u>7,890</u>
<i>Total 2016</i>	<u>5,341</u>	<u>2,549</u>	<u>7,890</u>	

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

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Amortisation of Intangible fixed assets	2	-
Depreciation of tangible fixed assets:		
- owned by the charity	406	398
Auditors' remuneration - audit	12	9
Governance internal audit costs	3	3
Operating lease rentals	20	21
	<u>443</u>	<u>431</u>



**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****11. STAFF COSTS**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	4,833	4,511
Social security costs	472	381
Operating costs of defined benefit pension schemes	1,078	902
	<hr/>	<hr/>
Apprenticeship levy	6,383	5,794
Supply teacher costs	4	-
	95	188
	<hr/>	<hr/>
	6,482	5,982
	<hr/>	<hr/>

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

	2017 No.	2016 No.
Teachers	111	94
Administration and support	81	85
Management	8	8
	<hr/>	<hr/>
	200	187
	<hr/>	<hr/>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	1	1

The above employees participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme. During the period ended 31 August 2017, pension contributions for these staff members amounted to £49,742 (2016: £38,647).

The key management personnel of the academy trust comprise the trustees, the executive leadership team as listed on page 1 and the other members of the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to academy trust was £842,000 (2016: £742,000).

**12. CENTRAL SERVICES**

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****13. TRUSTEES' REMUNERATION AND EXPENSES**

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

		2017 £000	2016 £000
A Martin (Executive Headteacher)	Remuneration	105-110	100-105
	Pension contributions paid	15-20	15-20
M Atkins (Staff trustee)	Remuneration	40-45	40-45
	Pension contributions paid	5-10	5-10
S Bembridge (Previously Staff trustee)	Remuneration		45-50
	Pension contributions paid		5-10
R Tuck (Previously Staff trustee)	Remuneration		30-35
	Pension contributions paid		0-5

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year £676 of travel expenses (2016: £Nil) were reimbursed to the Executive Headteacher and the other staff governors that related to their role as a trustee.

**14. TRUSTEES' AND OFFICERS' INSURANCE**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

**15. INTANGIBLE FIXED ASSETS**

	Software £000
<b>Cost</b>	
At 1 September 2016	-
Additions	6
At 31 August 2017	6
<b>Amortisation</b>	
At 1 September 2016	-
At 1 September 2016 and 31 August 2017	2
<b>Carrying amount</b>	
At 31 August 2017	4
At 31 August 2016	-

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****16. TANGIBLE FIXED ASSETS**

	<b>L/Term leasehold property £000</b>	<b>Plant and machinery £000</b>	<b>Fixtures and fittings £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 September 2016	15,773	53	220	220	16,266
Additions	63	-	13	7	83
Transfers from local authorities on conversion	3,677	-	2	1	3,680
Disposals	-	-	(1)	(6)	(7)
<b>At 31 August 2017</b>	<b>19,513</b>	<b>53</b>	<b>234</b>	<b>222</b>	<b>20,022</b>
<b>Depreciation</b>					
At 1 September 2016	1,602	42	149	167	1,960
Charge for the year	346	3	29	28	406
On disposals	-	-	-	(3)	(3)
<b>At 31 August 2017</b>	<b>1,948</b>	<b>45</b>	<b>178</b>	<b>192</b>	<b>2,363</b>
<b>Net book value</b>					
<b>At 31 August 2017</b>	<b>17,565</b>	<b>8</b>	<b>56</b>	<b>30</b>	<b>17,659</b>
<b>At 31 August 2016</b>	<b>14,171</b>	<b>11</b>	<b>71</b>	<b>53</b>	<b>14,306</b>

## QEGSMAT

(a company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 16. TANGIBLE FIXED ASSETS (continued)

When Queen Elizabeth's Grammar School converted to an Academy, the ownership of existing school land, buildings and other assets were transferred to the company from the Local Education Authority, at no cost, on a 125 year lease.

The Governors regarded the value of the land and buildings to be so significant as to warrant a full external valuation at 1 August 2011.

The valuation was undertaken by David Brown Commercial, an independent RICS qualified surveyor on a depreciated replacement cost (DRC) basis. The DRC valuation includes all estimated costs of replacing the assets, including finance costs.

The DRC valuation of leasehold land and buildings recognised in the financial statements at 1st August 2011 was £15,500,000 including £1,750,000 in respect of land. The assets are now depreciated over their remaining estimated useful economic life.

Certain land occupied and used by Queen Elizabeth's Grammar School belongs to the Old Trust, and as such is not included on the balance sheet of the Academy trust. No charge is made in the Statement of Financial Activities to reflect the use of this land as it has an infinite life, and would not therefore be depreciated. The Old Trust have confirmed that the land will be available for the use of the school for as long as the school requires it.

When Waterhouses CE Primary School converted to an academy on 1 April 2017 the ownership of existing school land, and other assets were transferred to the company from the Local Authority, at no cost, on a 125 year lease. The DRC valuation of the land was £92,000 which is now depreciated over the length of the lease. The agreement with the diocese for use of the buildings at Waterhouses CE Primary School is in substance purely a licence to occupy the buildings and as such no amount has been recognised on the Academy trust balance sheet in relation to these buildings.

When Springfield Junior School converted to an academy on 1 June 2017 the ownership of existing school land, buildings and other assets were transferred to the company from the Local Authority, at no cost, on a 125 year lease.

The DRC valuation of the leasehold and buildings recognised in the financial statements at 1 June 2017 was £3,585,000 including £1,785,000 in respect of land. The assets are now depreciated over their remaining estimated useful life.

#### 17. STOCKS

	2017 £000	2016 £000
Uniforms	1	2

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****18. DEBTORS**

	2017 £000	2016 £000
Trade debtors	9	5
VAT recoverable	134	80
Other debtors	68	-
Prepayments and accrued income	223	108
	<u>434</u>	<u>193</u>

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

	2017 £000	2016 £000
Other loans	2	-
Trade creditors	365	151
Other taxation and social security	135	107
Other creditors	115	87
Accruals and deferred income	377	97
	<u>994</u>	<u>442</u>

	2017 £000	2016 £000
<b>Deferred income</b>		
Deferred income at 1 September 2016	30	28
Resources deferred during the year	288	30
Amounts released from previous years	(30)	(28)
	<u>288</u>	<u>30</u>

Deferred income relates to rates relief income, school to school support income, regional growth fund income, rebrokerage grants and academy conversion grants which relate to the 2017/18 academic and financial year.

**20. CREDITORS: Amounts falling due after more than one year**

	2017 £000	2016 £000
Other loans	<u>35</u>	<u>-</u>

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****20. CREDITORS: Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Repayable by instalments	<b>16</b>	<b>-</b>

The loan was entered into before conversion and is an interest free loan entered into with Salix Finance Ltd as part of the energy efficiency loans programme. The loan is interest free and repayments are made twice a year over an 8 year period.

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****21. STATEMENT OF FUNDS**

	Brought forward £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2017 £000
<b>Unrestricted funds</b>						
General Funds - all funds	130	49	-	-	-	179
<b>Restricted funds</b>						
Other grants and restricted funds	896	1,411	(1,499)	128	-	936
General Annual Grant	-	6,488	(6,486)	-	-	-
Funds held as custodian	25	(25)	-	-	-	-
Transfers from local authorities on conversion	-	(414)	-	414	-	-
Pension reserve	(3,898)	-	(300)	(595)	1,300	(3,493)
	<u>(2,977)</u>	<u>7,438</u>	<u>(8,265)</u>	<u>(53)</u>	<u>1,300</u>	<u>(2,557)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	14,306	3,712	(408)	53	-	17,663
Total restricted funds	<u>11,329</u>	<u>11,150</u>	<u>(8,673)</u>	<u>-</u>	<u>1,300</u>	<u>15,106</u>
Total of funds	<u>11,459</u>	<u>11,199</u>	<u>(8,673)</u>	<u>-</u>	<u>1,300</u>	<u>15,285</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £000	Income £000	Resources expended £000	Transfers in/out £000	Gains/ (losses) £000	Balance at 31 August 2016 £000
<b>Unrestricted funds</b>						
Unrestricted funds	106	24	-	-	-	130
	<u>106</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130</u>
<b>Restricted funds</b>						
Other restricted funds	921	1,106	(1,034)	-	(97)	896
General annual grant	-	6,288	(6,288)	-	-	-
Funds held as custodian	-	25	-	-	-	25
Pension reserve	(2,392)	-	(170)	-	(1,336)	(3,898)
	<u>(1,471)</u>	<u>7,419</u>	<u>(7,492)</u>	<u>-</u>	<u>(1,433)</u>	<u>(2,977)</u>

**QEGSMAT**  
(a company limited by guarantee)

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

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

**Restricted fixed asset funds**

Restricted Fixed Asset Funds - all funds	14,580	27	(398)	-	97	14,306
	<u>14,580</u>	<u>27</u>	<u>(398)</u>	<u>-</u>	<u>97</u>	<u>14,306</u>
Total restricted funds	13,109	7,446	(7,890)	-	(1,336)	11,329
	<u>13,109</u>	<u>7,446</u>	<u>(7,890)</u>	<u>-</u>	<u>(1,336)</u>	<u>11,329</u>
Total of funds	13,215	7,470	(7,890)	-	(1,336)	11,459
	<u>13,215</u>	<u>7,470</u>	<u>(7,890)</u>	<u>-</u>	<u>(1,336)</u>	<u>11,459</u>

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

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and will only be used for the purpose that the grants were intended. The main grant received within these funds is the GAG.

The devolved formula capital grant is received from the ESFA specifically for the purchase and maintenance of capital items. The grant was spent in its entirety during the year.

Funds held as custodian relates to funds held on behalf of William Allitt School, Swadlincote. These were returned after the year end.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Waterhouses CE Primary Academy	94	-
Springfield Junior School	128	-
Queen Elizabeth's Grammar School	788	1,051
QEGSMAT	105	-
	<u>1,115</u>	<u>1,051</u>
Total before fixed asset fund and pension reserve	1,115	1,051
Restricted fixed asset fund	17,663	14,305
Pension reserve	(3,493)	(3,898)
	<u>15,285</u>	<u>11,458</u>
Total	<u>15,285</u>	<u>11,458</u>



**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****21. STATEMENT OF FUNDS (continued)****ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2017 £000	Total 2016 £000
Waterhouses CE (VC) Primary Academy	184	2	17	51	254	-
Springfield Junior School	237	9	12	49	307	-
Queen Elizabeth Grammar School	4,247	1,706	103	1,612	7,668	-
QEGSMAT	-	4	11	25	40	-
	<u>4,668</u>	<u>1,721</u>	<u>143</u>	<u>1,737</u>	<u>8,269</u>	

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

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	-	17,659	17,659
Current assets	179	1,965	-	2,144
Creditors due within one year	-	(994)	-	(994)
Creditors due in more than one year	-	(35)	-	(35)
Provisions for liabilities and charges	-	(3,493)	-	(3,493)
	<u>179</u>	<u>(2,557)</u>	<u>17,663</u>	<u>15,285</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000
Tangible fixed assets	(1)	-	14,306	14,305
Current assets	131	1,364	-	1,495
Creditors due within one year	-	(443)	-	(443)
Provisions for liabilities and charges	-	(3,898)	-	(3,898)
	<u>130</u>	<u>(2,977)</u>	<u>14,306</u>	<u>11,459</u>

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £000	2016 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,526	(420)
<b>Adjustment for:</b>		
Depreciation and amortisation charges	408	398
Dividends, interest and rents from investments	(5)	(4)
Loss on the sale of fixed assets	7	1
Decrease in stocks	1	1
Increase in debtors	(241)	-
Increase in creditors	578	11
LGPS scheme cost less contributions payable	211	77
LGPS finance cost	89	93
Assets transferred from local authorities on conversion	(3,680)	-
LGPS deficits transferred from local authorities on conversion	595	-
Capital grants	(32)	(28)
<b>Net cash provided by operating activities</b>	<b>457</b>	<b>129</b>

**24. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £000	2016 £000
Cash in hand	1,259	848
Short term deposit accounts	450	450
<b>Total</b>	<b>1,709</b>	<b>1,298</b>

**25. CONVERSION TO AN ACADEMY TRUST**

On 1 April 2017 and 1 June 2017 Waterhouses CE (VC) Primary Academy and Springfield Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to QEGSMAT from Staffordshire County Council and Derbyshire County Council for no consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****25. CONVERSION TO AN ACADEMY TRUST (continued)**

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Tangible fixed assets - Waterhouses	-	-	94	94
Tangible fixed assets - Springfield	-	-	3,586	3,586
Budget surplus/(deficit) - Waterhouses	-	113	-	113
Budget surplus/(deficit) - Springfield	-	68	-	68
LGPS pension surplus/(deficit) - Waterhouses	-	(145)	-	(145)
LGPS pension surplus/(deficit) - Springfield	-	(450)	-	(450)
Net assets/(liabilities)	-	(414)	3,680	3,266

The above net assets include surplus' of £113,000 and £68,000 that were transferred to QEGSMAT.

**26. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Derbyshire County Council and Staffordshire County Council depending on the schools location. Both are defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme****Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The

## QEGSMAT

(a company limited by guarantee)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

#### 26. PENSION COMMITMENTS (continued)

valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £556,074 (2016 - £553,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £280,000 (2016 - £246,000), of which employer's contributions totalled £215,000 (2016 - £188,000) and employees' contributions totalled £65,000 (2016 - £58,000). The agreed contribution rates for future years are 18% for employers and 5.5-12.5% for employees.

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

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Expected return on scheme assets at 31 August	- %	2.10 %
Rate of increase in salaries	2.80 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	- %	3.10 %

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****26. PENSION COMMITMENTS (continued)**

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

	2017	2016
Current pensioners		
Males	21.9 & 22.2	22
Females	24.4	24.2
Future pensioners		
Males	23.9 & 24.1	24.1
Females	26.5 & 26.4	26.6

Sensitivity analysis	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate -0.5%	50	-
Salary increase rate 0.5%	12	-
Pension increase rate 0.5%	37	-

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	2,520	1,600
Debt instruments	687	494
Property	260	141
Cash	217	118
<b>Total market value of assets</b>	<b>3,684</b>	<b>2,353</b>

The actual return on scheme assets was £257,000 (2016 - £366,000).

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

	2017 £000	2016 £000
Current service cost	(426)	(265)
Net interest cost	(89)	(93)
<b>Total</b>	<b>(515)</b>	<b>(358)</b>

**QEGSMAT****(a company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017****26. PENSION COMMITMENTS (continued)**

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

	2017 £000	2016 £000
Opening defined benefit obligation	6,251	4,165
Transfers from local authorities on conversion	1,431	-
Current service cost	426	265
Interest cost	145	164
Employee contributions	65	58
Actuarial (gains)/losses	(1,099)	1,631
Estimated benefits paid	(41)	(32)
Closing defined benefit obligation	7,178	6,251

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

	2017 £000	2016 £000
Opening fair value of scheme assets	2,353	1,773
Transfers from local authorities on conversion	836	-
Interest income on plan assets	56	71
Actuarial losses	201	295
Employer contributions	215	188
Employee contributions	65	58
Benefits paid	(41)	(32)
Closing fair value of scheme assets	3,685	2,353

**27. OPERATING LEASE COMMITMENTS**

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

	2017 £000	2016 £000
<b>Amounts payable:</b>		
Within 1 year	21	17
Between 1 and 5 years	17	29
<b>Total</b>	<b>38</b>	<b>46</b>

Lease payments included as an expense for the current year total £21,000 (2016: £4,000).

**28. 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.

## **QEGSMAT**

**(a company limited by guarantee)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017**

#### **29. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the trust procured IT support from Peak Digital Limited a company in which Mark Longson, the local chair of governors is a director. Service costs totalled £776 for the period since the academy joined the trust.

Consultancy services in relation to Stephen Oliver totalling £1,881 were provided during the year. This contract was entered into prior to Stephen Oliver becoming a governor.

