

**Lancaster Girls' Grammar School  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the year ended 31<sup>st</sup> August 2015**

**Company Registration Number:  
07441463 (England and Wales)**

## Lancaster Girls' Grammar School

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## Lancaster Girls' Grammar School

### Reference and administrative details

#### Trustees / Members

Mrs S Bain (Vice Chair)  
Mrs J Cahalin (Head teacher & Accounting Officer)  
Prof A Chetwynd  
Mr I Dodd  
Mrs S Haythornthwaite  
Mrs S Hodgson (Vice Chair)  
Mr S Jackson  
Mrs S Keith (appointed October 2014)  
Dr J Lavelle (Chair of Trustees)  
Mrs M Lingard  
Mrs A Norfolk  
Mrs S Randall-Paley  
Mrs J Stables  
Mr R Taylor  
Mrs D Watson (resigned October 2014)  
Mrs A Whittaker

#### Secretary

Ms N Chester (resigned June 2015)  
Mrs J Mason (appointed July 2015)

#### Senior Leadership Team

Mrs J Cahalin (Head teacher)  
Miss S Bellin (Deputy Head)  
Mr D Green (Assistant Head)  
Mrs J Pardoe (Assistant Head)  
Mr K Strachan (Assistant Head)  
Mrs S Hutchinson (Assistant Head) (appointed September 2014)  
Ms N Chester (Business Manager) (resigned June 2015)  
Mrs J Mason (Business Manager) (appointed July 2015)

#### Registered Office

Regent Street  
Lancaster  
LA1 1SF

#### Company Registration Number

07441463

#### Auditors

CWR Chartered Accountants  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

**Lancaster Girls' Grammar School**

**Reference and administrative details (Continued)**

Bankers

Lloyds Bank  
PO Box 1000  
Andover  
BX1 1LT

Solicitors

Lancashire Legal Services  
County Hall  
Preston  
PR1 0LD

Veale Wasbrough Vizards  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

Surveyors

Cassidy and Ashton  
7 East Cliff  
Preston  
PR1 3JE

## **Lancaster Girls' Grammar School**

### **Trustees' Report**

The Trustees present their annual report together with the financial statements and auditor's report of Lancaster Girls' Grammar School (the Academy) for the period from the 1<sup>st</sup> September 2014 to the 31<sup>st</sup> August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The Trust operates an Academy for students aged 11 to 18 serving a catchment area from where the Academy is situated. It has a pupil capacity of 959 and had a roll of 884 on 15<sup>th</sup> January 2015.

### **1. Structure, Governance and Management**

#### **1.1 Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust, being registered on 16<sup>th</sup> November 2010.

The Trustees of Lancaster Girls' Grammar School are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lancaster Girls' Grammar School. The Trustees also make up the Governing Body of the Academy and each Trustee is a Governor of the Academy.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 2.

#### **1.2 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.

#### **1.3 Trustees' Indemnities**

In accordance with normal company practise, the Academy has purchased insurance to protect Trustees and Officers for claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover of up to £2,000,000 on any one claim (see note 26).

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

The number of Trustees shall not be less than three but shall not be subject to any maximum.

The Members may appoint Staff Trustees through such process as they may determine, providing the total number of Trustees (including the Head teacher) who are employees of the Academy Trust does not exceed one third of the total number of Trustees.

The Head teacher shall be treated for all purposes as being an ex officio Trustee.

The Parent Trustees shall be elected by parents of registered pupils at the Academy. Where a vacancy for a Parent Governor is required to be filled by election the Board of Trustees shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he/she is entitled to stand as a candidate, and vote at that election, and given an opportunity to do so.

The Trustees may appoint up to 3 Co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees.

**Trustees' Report (Continued)**

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

New Trustees are given an introductory pack on appointment with information about the membership of the various committees. The Academy is a member of the National Governors Association (NGA) which can support and advise any Trustee in school. The school subscribes to GEL (Governors E-Learning), which allows Trustees to access online training modules. There is also a Google documents site for Trustees where they can find all the relevant LGGS documentation and other useful resources. Full Trustees and Committee Meetings are also used to provide updates for Trustees on key governance issues eg. Radicalisation and Reporting and Analysis for Improvement through school Self-Evaluation (RAISEonline).

**1.6 Organisational Structure**

The management structure in place for the year consisted of a Head teacher, one Deputy Head teacher, four Assistant Head teachers and the School Business Manager (SBM). These seven posts constituted the Academy's Senior Leadership Team (SLT). A new School Business manager joined LGGS in July 2015.

The Senior Leadership Team of the Academy is responsible for the day to day management of the school, for acting on the strategic decisions taken from the Board of Trustees and sub-committees, and ensuring a School Improvement Plan is set out, monitored and carried out successfully.

**1.7 Related Parties and Other Connected Charities and Organisations**

Connected to the Academy is an entity called Lancaster Girls' Grammar School Fund, a charity registered with the Charity Commission whose charity number is 1142061. The objects of this Charity are to assist the furtherance and advancement of the education of the students who attend Lancaster Girls' Grammar School.

The Trustees of the Charity will continue to make donations to the Academy for specific purposes as money is raised within the Charity through fundraising activities.

**2. Objectives and Activities**

**2.1 Objects and Aims**

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

**2.2 Objectives, Strategies and Activities**

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

The Academy's main objective is to prepare the highest quality education that meets the needs of able girls. At LGGS we believe that all our girls are exceptional and we are dedicated to enabling every one of them to reach her full potential. Our students are supported and guided as they grow in knowledge and confidence; preparing them for success and fulfilment in the future.

**Trustees' Report (Continued)**

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

The main strategies and activities of the Academy during the year ended 31<sup>st</sup> August 2015 are summarised below:

1. To raise standards and support subjects with below school average performance at KS4 and KS5.
  - Support programmes put in place for three subjects at A level and two at GCSE. Monitored through regular meetings with SLT link and feedback to the Academic Committee.
  - Links established with North Halifax Grammar School in Mathematics.
  - Year 11 Easter Revision school sessions very well attended.
2. Continue to develop the tracking of progress of students in KS4 and the sixth form, putting in place intervention when necessary.
  - SISRA data analysis software training taking place and used to analyse intervention.
  - Large Year 11 academic mentoring programme and Year 10 programme started for ten students.
  - Subject support booklet published and parent/student revision evenings taken place with positive feedback.
  - English intervention for targeted Year 11 with small group sessions.
  - Some additional tutoring in Maths for those most at risk of not achieving three Levels of progress.
3. Continue to develop strategies to support the progress of students new to the sixth form and those in A Level Performance System (ALPS) Bands 4 and 5.
  - Sixth Form learning focus review took place in autumn term and fed back to staff and Academic Committee.
  - Focus groups of sixth form students taken place and recommendations acted on.
  - Tracking of band 4 and 5 students at each data event with a more flexible personalised approach.
  - Support plans and mentoring for Year 12 increased following mocks.
4. Continue to monitor the performance of 'vulnerable groups' at all key stages and ensure all teachers are aware of these students and the support they may need.
  - Monitoring at each data event and shared with Governor committee's.
  - Good practice from the Sutton Trust report incorporated into how the disadvantaged pupil money is spent.
  - Introduction of dyslexia screening in Year 10, some Year 11 and sixth formers.
  - Staff more aware of any individual specific learning needs and special arrangements for exams.
5. Ensure students manage their workload effectively, meet deadlines and achieve to their full potential in their controlled assessments / coursework.
  - Behaviour for learning policy introduced.
  - Publication of deadlines for KS4 controlled assessments.
  - KS4 supported study being used effectively to ensure catch up.
  - Year 11 and 10 study and revision skills workshops for families were well attended.

**Trustees' Report (Continued)**

6. Plan for new A level specifications and the new post 16 curriculum offer.

- Subject training taking place.
- Decisions made on specifications for 2015.
- Decision made on keeping AS exams for 2016.

7. Plan for new GCSE specifications and KS4 curriculum.

- English and Maths responsibilities for planning in place.
- Audits carried out in English and Maths with changes made to KS3 curriculum.
- Maths one extra hour of curriculum time at KS4 from September 2015.
- English one extra hour in Year 9 from September 2015.

8. Review KS3 subject curriculum to ensure sufficient challenge and preparation for new GCSE's.

- KS3 Assessment review.
- KS3 Assessment group reported with recommendations for new assessment and tracking policy.
- Worked with other schools to share ideas on KS3 assessment.

9. To implement teaching and learning strategies which maximise learning opportunities.

- Focused on reflection and improvement time in Inset, Head of Departments (HoD's) and assemblies.
- Feedback and good practice from learning focus reviews shared with staff.
- Emphasis on Teaching and Learning strategies in the Autumn term CPD programme.

10. To promote well-being and ensure all students are aware of support available in school.

- CPD programme in the spring term had a clear focus on pastoral / wellbeing issues.
- Anti-bullying group set up.
- Improved sixth form tutorial programme responsive to students' needs.

11. To further improve attendance rates aiming at all year groups at 96% and above, reducing the number of persistent absentees.

- Co-ordinator of student well-being worked successfully with individual families.
- Use of KS4 office as a smaller, quieter place to work for students who occasionally need this.
- Assistant Head teacher KS4 developed good links with external agencies.
- Some successes with reintegration for individual students following an extended period of absence.

12. To further improve our monitoring of the quality of teaching, learning and assessment.

- Four learning reviews taken place plus a detailed work scrutiny.
- Assessment review taken place with recommendations.

13. To improve parental engagement.

- Parental involvement in music increased and more parents involved in sporting fixtures / successes.
- Parents' section of website improved.
- Good attendance at Year 7 open mornings.

**Trustees' Report (Continued)**

14. To demonstrate in all areas outstanding leadership and management and promote a positive staff culture.

- Increase in time to departments for development work.
- Staff made aware well in advance of difficult decisions regarding funding, the curriculum and staffing.

15. To maximise income and ensure spending on staffing stays below 83% of total budget.

- Decisions taken in respect of curriculum and staffing, which enabled us to set the 2015-16 budget without a deficit.

**2.3 Public Benefit**

In setting the objectives and planning the Academy's activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The key public benefit delivered by the Trust is the provision of a high quality of education to its students. The attainment at KS4 is well above national averages. Almost all Year 11 students stay on to study A levels at LGGGS. The sixth form also attracts around 65 students new to the school. Attainment at A level is also well above national averages with the vast majority of students progressing onto Higher Education.

The school also offers exceptional opportunities for personal as well as academic success. The wide ranging programme of extracurricular opportunities and extensive range of extracurricular trips and visits show excellent participation rates. There is a culture of student leadership within the school, especially for sixth formers. The extended sixth form leadership team, the House system and the form mentor programme continue to offer a range of leadership opportunities. For younger students the School Council, anti-bullying projects, roles within the form and sports teams also offer many leadership opportunities.

**3. Strategic report**

**3.1 Achievements and Performance**

LGGGS remains the best performing state school in Lancashire, Cumbria and Yorkshire for GCSE results. Standards remain very high and are well above the national average. The % of A\*- A grades, at 77% is likely to increase even more due to the school being successfully awarded a centre remark for GCSE English Literature. Projected value added measures are significantly above average both overall and in each of the EBacc subject areas.

In Mathematics the proportion of A\*- A grades is very high at 80.5%. The proportion of the cohort making both expected progress, at 97%, and more than the expected progress, at 81%, is significantly above the national average.

In English Language the proportion of A\* or A grades, at 76% was 8% higher than last year. There has been a corresponding improvement in the proportion of girls making more than the expected progress, which at 77% is significantly above national expectation. Progress figures are high in comparison with national benchmarks for able pupils.

All students study the separate sciences. Standards are very high with over 80% of students achieving A\*- A in each of Biology, Chemistry and Physics. Many students achieved some of their highest grades in science subjects. Overall progress data in Science is significantly above national expectation.

Standards and achievement across a broad range of GCSE option subjects is consistently strong, and this is a significant strength of the school. Exceptionally high performing subjects included History, Drama and both Technology specifications (food and product design). The new indicator Progress 8, without any grade changes, is +0.6 with the value added for the 5 disadvantaged pupils at +0.4. This performance represents outstanding achievement especially given the high prior attainment of students.

## Lancaster Girls' Grammar School

### Trustees' Report (Continued)

A level grades at A\* - B were 74% with an increase in A\* grades to 19.5%. The proportion of A\* grades was high (above 20%) in a number of subjects including Art, Biology, Drama, History, Mathematics, Further Mathematics, RS and Spanish.

A significant number of subjects achieved upper quartile value added (grade 3 ALPS or better). Subjects with large entries and upper quartile value added included Biology, English Language, History, Mathematics and Spanish. There was a further improvement in the ALPS grades for teaching quality, which at grade 3, places LGGs in the top 25% of post-16 providers.

The overall ALPS value added measure and single year T score both remained at grade 3 this year suggesting that in terms of overall achievement value added in 2015 was upper quartile. The three year rolling value added measure (T score) has also improved to grade 3, the same as last year, suggesting that outcomes over the last three years (as measured by the average points score per student) are consistently above expectation given the prior attainment of students.

The vast majority of Year 11 pupils stayed at LGGs for their A level education. There were no students not in education, employment or training (NEET's) from our Year 11. Out of 163 Year 13 students, 158 have confirmed their university destinations, apprenticeship or employment. This includes successes in the most competitive courses and institutions, including 12 successful Oxbridge applications and 5 students gaining places for Medicine. Ten students are studying Engineering. The route map used in the sixth form is very successful. Our students and parents rate the extensive programme of talks and our excellent links with universities including residential visits to Durham, Oxford and Cambridge very highly.

Pupils continued to benefit from a wide range of enrichment and extracurricular activities. LGGs students enjoyed success in a number of competitions. LGGs students Arundhati Wuppalapati, Eleanor Ward and Supriya Potamsetty were also regional winners in the National Health Service Schools' Competition. This is a tremendous achievement, especially as the competition received entries from over 1700 students across the country. LGGs is a national finalist in the prestigious Rolls Royce Science competition and students worked on this project throughout 2014/15. Our innovative project involves sixth formers teaching Year 8 girls in a series of after school sessions, focusing on the role Science can play in solving current world problems.

An increasingly important feature of LGGs life is the society programme, organised by sixth formers. These societies attract speakers into school and encourage debate and deeper learning. They include History, English, Geography, and Medicine. Sixth formers are also keen to enter national competitions. The LGGs Mock Bar team won the district competition and went on to represent the region.

Raising money for charities and a concern for others remain key aspects of LGGs life. We supported a very special fundraising campaign Days for Girls, where former LGGs student Alice Roberts travelled to Uganda with much needed sanitary supplies for the girls and young women.

Each house now has its own charity to fundraise for and we are currently supporting St John's Hospice, North West Ambulance, Lancaster and District Homeless Action Service and Alexandra House as well as the Sixth Form Food Bank for the women's refuge in Lancaster. We should also not forget the many hours LGGs students spend volunteering in the local community as part of their Duke of Edinburgh award.

LGGs enjoyed a very successful sporting year. The Under 18 hockey team won the district heats, Lancashire championships and the North semi-final, which allowed us to compete in the North final. Our Under 13 football team gained considerable success, winning the local final of the Football League Girls Cup 2014 at the Globe Arena, thereby representing Morecambe at the Area Final at Blackburn. The Under 16 table tennis had a very successful year becoming national champions.

## **Trustees' Report (Continued)**

Pupil well-being continues to be a top priority. Key school policies have been reviewed to ensure they promote emotional health. We have reduced the amount of homework set for pupils in years 7 and 8. In a special week of different sporting activities including zorbing and cheerleading, students were encouraged to think about the importance of sport in maintaining well-being. Opportunities for support were well publicised and the parental section on the website relating to well-being improved.

Changes were made to our Continuing Professional Development (CPD) programme to allow personalised learning and enhance sharing of best practice. Our in-house training looked at the use of data, SISRA, planning for differentiation, stretching the most able and resilience. There was a focus on well-being training in the spring term with training on self-harm, mental health and drugs. One very useful training opportunity was provided by the Respect programme on radicalisation and extremism. A key focus for subject leaders was gaining more knowledge of the changes planned in GCSE and A levels.

Teaching and Learning was kept high on agenda for all, promoting teaching and learning strategies, which maximise learning opportunities and independent learning. There was a programme of focused learning reviews as well as lesson observations. We focused on the middle ability students in the sixth form, assessment, citizenship and students at risk of under-achievement.

During 2014-15 we made a number of improvements to our buildings and resources. We used the reserves of parental donations from our annual fund and the investing in excellence appeal to replace our hockey pitch astro turf, a considerable investment for the school and an indicator of how much we value the pupils' physical and emotional well-being.

In conclusion, the outstanding GCSE exam results, the range of student successes in enrichment opportunities and the high levels of progress in the sixth form are the significant achievements of the last 12 months.

### **3.2 Key Performance Indicators**

The Academy monitors its performance on examination results achieved and Ofsted reports received. It complies with all the terms and conditions of its funding agreement with the EFA and manages its reserves in line with the policies set out below.

### **3.3 Going Concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies (note 1).

## **4. Financial Review**

### **4.1 Operating and Financial Review**

The academy complies with the terms and conditions of the funding agreement. The level of General Annual Grant (GAG) surplus at 31st August 2015 is £409,000.

The financial statements reflect a 12 month accounting period of operation as an Academy Trust. The majority of income received is obtained from the Education Funding Agency (EFA) in the form of recurrent (GAG) funding, the use of which is restricted for the day to day running of the Academy Trust. Total grants received from the EFA are set out in the statement of financial activities.

**Trustees' Report (Continued)**

During the year ended 31st August 2015, total expenditure of £4,997,000 (before depreciation) was more than covered by grant funding from the EFA together with other incoming resources.

The Trustees are concerned by the very large deficit that the Local Government Pension Fund is reporting (see note 27 to the financial statements) and continue to consider the potential impact on contributions at the next valuation.

**4.2 Reserves Policy**

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £300,000. The reason for this is to provide sufficient working capital to cover delays between spending and the receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves is £308,000 and the Trustees will continue to maintain this level of free reserves in the future.

**4.3 Investment Policy**

The Academy follows a Treasury management Policy for investing any surplus balances, which are agreed by the Finance Committee. Investment is only with the same financial institution with which the bank account is held.

**4.4 Principal Risks and Uncertainties**

The current risks to the Academy are a reduction in sixth form funding and a lack of specialist accommodation for growing numbers.

The Academy has a risk policy and risk register, which includes assessments of financial risk. A Financial Management and Governance Evaluation (FMGE) was submitted to the EFA in 2012. This will continue to be followed in future even though it is no longer a requirement. Unexpected items are considered in line with the reserves policy.

**5. Plans for Future Periods**

The 2015-16 annual development plan has been drawn up and is summarised below. The school's core purpose is to continue to deliver exceptional opportunities for personal and academic success for its students.

Achievement

- Maintain high levels of outstanding achievement.
- Increase the use of tracking data by departments.
- Personalised intervention for students at risk of not achieving their target grades or making three levels of progress at GCSE.
- Develop alternative provision for any student at risk of not gaining two GCSE Science grades at C and above.
- Support and intervention for any groups of sixth form students which ALPS identifies as underperforming.
- Develop progress monitoring in Key Stage 3.
- Introduce Homework Club for Key Stage 3.
- Introduce tracking system for Year 7 and Year 8.
- Use Disadvantaged Pupils' money to support increased intervention with KS3 students.
- Implement new style learning passports for Special Educational Needs (SEN) students, with greater involvement by the student in target setting.
- Review the use of supported study in the Sixth Form.

**Trustees' Report (Continued)**

- Further improve the use of lunchtime and after school supported study for KS4 students who need catch-up time on controlled assessments.

Teaching and Learning

- Prioritise areas identified for teaching and learning development from our 2014-15 self-evaluation.
- Create more opportunities for peer observations.
- Promote opportunities for action research projects as part of CPD time.
- Further develop the use of new technologies to support teaching and learning.
- Ensure high quality schemes of work are in place for all subjects.
- Develop Moodle 2.
- Promote the sharing of good practice in marking including the use of reflection and improvement time.
- Ensure all departments embed strategies for supporting the teaching of written communication.
- Further develop a database for monitoring lesson observations, performance management and CPD.

Curriculum

- Plan for new A Level specifications and the new post-16 curriculum offer.
- Decision made about AS entry policy for September 2016.
- Plan for new GCSE specifications and KS4 curriculum.
- Implement new GCSEs in Maths and English.
- Promote Technology to ensure sufficient numbers to run a GCSE option.
- Review KS3 subject curriculum to ensure sufficient challenge and preparation for new GCSE.
- Carry out review of teaching time for subjects in KS3, benchmarked against other schools.

Behaviour and Safety of Students

- Introduce the new anti-bullying policy with anti-bullying mentors used in Year 8 and Year 9.
- Continue to develop opportunities for student leadership in KS3 and KS4.
- Establish a well-being committee.
- Set up a well-being programme of evening information talks for parents.
- Update KS3 and KS4 Citizenship programme.
- Improve use of morning registration time.
- Monitor the support for students with severe individual needs that disrupt their learning.
- Monitor site security and identification; ensure all staff wear badges.
- Improve e-safety education and ensure it reflects up-to-date practice.
- Continue to develop students' understanding of the importance of safeguarding issues through assemblies, bulletin, and curriculum.
- Audit extra-curricular and enrichment opportunities.
- Introduce a recording system for students of their participation in activities.
- Introduce new style Bronze Duke of Edinburgh programme.
- Develop staff and student awareness of the threat of radicalisation and extremism.

Finance and learning environment

- Continue to bid for specific grants where possible and ensure all fundraising options are considered.
- Maximise income and ensure spending on staffing stays below 83% of total budget.
- Continue to seek funding for Science and Arts block to allow for planned increase.
- Prepare for the increase in admission numbers by carrying out a rooming audit to ensure we are making best use of our accommodation.

**Trustees' Report (Continued)**

- Monitor staff workload in the light of financial efficiencies and scale of curriculum and qualification changes.
- Continue to review our staffing and curriculum offer in the light of the school's five year financial plan.

Self-evaluation and continuous improvement

- Continue to improve the quality of school self-evaluation through half-termly SLT review programme.
- Support subjects where exam results are significantly below expected.
- Develop the use of staff and student focus groups.
- Seek ways of increasing collaboration with other schools.

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

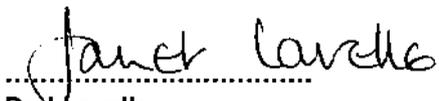
During the year ending the 31<sup>st</sup> August 2015 Lancaster Girls' Grammar School did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

**7. Auditor**

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on the 4<sup>th</sup> December 2015 and signed on the board's behalf by:



**Dr J Lavelle**  
**Chair of Trustees**

**Governance Statement**

**1. Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to Mrs J Cahalin, 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 Lancaster Girls' Grammar School and the Secretary of State for Education. She is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**2. Governance**

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

<b>TRUSTEE</b>	<b>MEETINGS ATTENDED</b>	<b>OUT OF POSSIBLE</b>
Mrs S Bain	5	5
Mrs J Cahalin	5	5
Prof A Chetwynd	4	5
Mr I Dodd	4	5
Mrs S Haythornthwaite	5	5
Mrs S Hodgson	4	5
Mr S Jackson	4	5
Mrs S Keith (appointed October 2014)	5	5
Dr J Lavelle	2	5
Mrs M Lingard	4	5
Mrs A Norfolk	5	5
Mrs S Randall-Paley	5	5
Mrs J Stables	4	5
Mr R Taylor	5	5
Mrs D Watson (resigned October 2014)	0	0
Mrs A Whittaker	4	5

The Finance Committee is a sub-committee of the main Board of Trustees. This committee is responsible for all financial matters related to the Trust. Attendance at meetings in the year was as follows:

<b>TRUSTEE</b>	<b>MEETINGS ATTENDED</b>	<b>OUT OF POSSIBLE</b>
Mrs S Bain	7	7
Mrs J Cahalin	7	7
Mrs S Hodgson	6	7
Mrs A Norfolk	5	7
Mrs S Randall-Paley	7	7

## **Lancaster Girls' Grammar School**

### **Governance Statement (continued)**

The Academic Committee met three times. The Committee monitors progress towards achievement targets and contributes to whole school evaluation in particular teaching and learning issues, assessment and achievement.

The Students, Parents and Community Committee met four times. The key roles for this committee are the evaluation of the school's well-being and support systems, including safeguarding, parental engagement and community links. It also monitors student attendance and behaviour. The Committee also looks in detail at disadvantaged students and evaluates SEN provision.

The Buildings Committee oversees major building projects, which included putting together a bid to the Condition Improvement Fund (CIF) and monitors the management and development of the school site. This Committee met formally twice.

The Health and Safety Committee, which met five times, carries out a rolling programme of health and safety checks around school. It also oversees Educational Visits.

The Strategy committee, which incorporates the Pay Committee and looks at strategic issues, met four times. A key role for this committee during 2014-15 was the need to ensure that the school was able to reduce expenditure through savings in staffing and produce a balanced budget for 2015-16.

The Senior Leadership team of the Academy is responsible for the day-to-day management of the school as well as ensuring the annual development plan is carried out successfully. The Senior Leadership Team in place for the year ended 31<sup>st</sup> August 2015 consisted of Head teacher, one Deputy Head teacher, four Assistant Head teachers and a Business Manager.

### **3. Review of Value for Money**

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

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

#### Improving educational outcomes:

LGGS remains the best performing state school in Lancashire, Cumbria and Yorkshire for GCSE results. Standards remain very high and are well above the national average.

#### Targeted improvement:

Subjects where performance was not as strong as the school average were supported. Significant improvements were made in A level Mathematics where 81% of grades were achieved at A\* - B, compared to 76% in 2014, and the average point score rose by 20 points to 260.

#### Focus on individual pupils:

We employed additional Maths and English staff to support disadvantaged pupils and ensure they made good progress. 95% of Year 11 attended Easter revision school. We continued to offer after school classes in Mandarin, a third Modern Foreign Language, GCSE Further Mathematics, Critical Thinking and Latin for those pupils requiring more stretch and challenge.

## **Lancaster Girls' Grammar School**

### **Governance Statement (continued)**

#### Collaboration:

We worked with Lancaster Royal Grammar School (LRGS) to share the delivery of A level Music Studies. We are a strategic partner in the Ripley Teaching School Alliance and benefitted from a series of training opportunities hosted by the Alliance.

#### New initiatives:

An innovative project in Science has resulted in additional income to develop teaching and learning. The project's success means that LGGGS is now a national finalist in the Rolls Royce Science competition. A new anti - bullying initiative was launched, with students taking on the role of mentors.

#### Quantifying improvements:

The RAISEonline data for 2014 results confirmed that pupils at LGGGS made very good progress; all the main indicators were significantly positive. Attendance at 96% is above national average. Behaviour records and both pupil and parental surveys show that behaviour is very good. These improvements were made while keeping to budget.

#### Financial governance and oversight:

The Finance Committee is made up of specialists with considerable legal and financial experience. They hold detailed discussions and challenge financial information at Finance Committee and full Governing Body meetings. The Finance Committee is given regular management accounts to track, and hold to account, the finances of the Academy. These reports are used to make informed decisions about the best use of the Academy funds. A schedule of delegation is reviewed and ratified each academic year by the Finance Committee, as is the risk register.

In addition to External Auditors, Responsible Officer (RO) checks are undertaken termly on the school's finances and a report submitted to the Finance Committee. Benchmarking is undertaken with the Finance Committee to compare expenditure on key cost items with similar schools.

#### Better purchasing:

We have continued with a salary sacrifice scheme for staff computers and laptops, which has enabled us to make savings against our own ICT budget and focus on improving facilities for students. Three quotes are usually sought for all ICT equipment, even when the amounts spent were under the limits required to do so, to ensure value for money is being achieved.

#### Maximising income generation:

We have a good record of making bids and were successful in improving staff changing and showering facilities through a bid to Lancashire County Council. We need to review our methods used to generate additional and regular income from parental donations as contributions to the school's development fund have declined.

**Governance Statement (continued)**

Reviewing controls and managing risks:

The School Business Manager produces monthly budget monitoring reports. Strong internal controls are in place to ensure that budget holders sign off all ordering. These budget holders are tasked with running their departments within their budgets and to maintain the high quality learning and teaching environment and outstanding exam results. The Finance Committee reviewed strategic risks and a summary was produced for discussion by the Governing Body on actions taken to manage and mitigate against the risks. A Treasury Management policy is in place and the Academy invests cash flow surpluses for a limited period of up to one year in order to generate a return that can be reinvested in the education of our pupils. In balancing risk against return however the Academy policy is clearly geared towards minimising risk rather than maximising returns.

Lessons learned (reviewing operations to maximise resources):

We have been able to make savings through reducing our staffing expenditure and rationalising the curriculum. This means that there are very few uneconomical teaching groups at Key Stage 4 or in the sixth form. We intend to carry out a full curriculum review in 2015-16 to ensure our curriculum is broad enough to meet the needs of our students whilst still ensuring it is cost effective.

We have used reserves of parental donations and other charitable gifts to replace our hockey pitch astro turf. This was a considerable financial outlay for the school. It shows our commitment to using reserves for the benefit of our students. A priority now is to ensure we start to build up funds again for new projects and further develop our income generating strategies.

**4. The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lancaster Girls' Grammar School for the year ending 31<sup>st</sup> August 2015 and up to the date of approval of the annual report and financial statements.

**5. Capacity to Handle Risk**

The Board of Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31<sup>st</sup> August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**Governance Statement (continued)**

**6. The Risk and Control Framework**

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

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

The Board of Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed CWR Chartered Accountants, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO 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 RO function has been fully delivered in line with the EFA's requirements and no material control issues arose as a result of the RO's work.

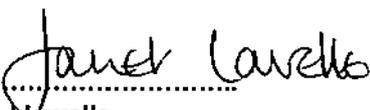
**7. Review of Effectiveness**

As Accounting Officer, Mrs J Cahalin 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 Responsible Officer;
- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 the 4<sup>th</sup> December 2015 and signed on its behalf by:

  
.....  
**Dr J Lavelle**  
**Chair of Trustees**

  
.....  
**Mrs J Cahalin**  
**Accounting Officer**

## Lancaster Girls' Grammar School

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Lancaster Girls' Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA 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.

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.

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 EFA.

.....*JSCahalin*.....

**Mrs J Cahalin**  
**Accounting Officer**

Date: 4<sup>th</sup> December 2015

**Statement of Trustees' Responsibilities**

The Trustees (who act as Governors of Lancaster Girls' Grammar School and are also Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction published by the Education Funding Agency.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

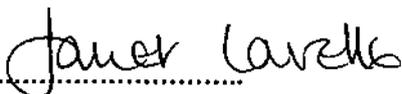
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Trustees are aware:

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

The Trustees 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 Board of Trustees on the 4<sup>th</sup> December 2015 and signed on its behalf by:

  
.....  
**Dr J Lavelle**  
**Chair of Trustees**

**Independent Auditor's Report to the Members of Lancaster Girls' Grammar School**

We have audited the financial statements of Lancaster Girls' Grammar School for the year ended 31<sup>st</sup> August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2014 to 2015 issued by the Education 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustees (who are also the Directors of the Academy Trust 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31<sup>st</sup> August 2015, 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

*(Continued)*

**Independent Auditor's Report to the Members of Lancaster Girls' Grammar School (continued)**

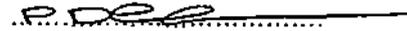
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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



**Mr Phillip Dennison FCCA (Senior Statutory Auditor)**  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 10<sup>th</sup> December 2015

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

In accordance with the terms of our engagement letter dated 1<sup>st</sup> September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lancaster Girls' Grammar School during the year 1<sup>st</sup> September 2014 to the 31<sup>st</sup> August 2015 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 Lancaster Girls' Grammar School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lancaster Girls' Grammar School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lancaster Girls' Grammar School and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Lancaster Girls' Grammar School's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Lancaster Girls' Grammar School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from the 1<sup>st</sup> September 2014, 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 2014 to 2015. 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 from the 1<sup>st</sup> September 2014 to the 31<sup>st</sup> August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

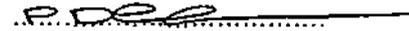
- Obtaining evidence including those tests relevant to the circumstances of the academy as prescribed in Section 9.4 of the Academies Accounts Direction 2014 to 2015 issued by the EFA in June 2015; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

*(continued)*

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from the 1<sup>st</sup> September 2014 to the 31<sup>st</sup> August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Mr Phillip Dennison FCCA (Senior Statutory Auditor)**  
For and on behalf of CWR Chartered Accountants  
Statutory Auditor  
20 Mannin Way  
Lancaster Business Park  
Caton Road  
Lancaster  
LA1 3SW

Date: 10<sup>th</sup> December 2015

**Statement of Financial Activities for the year ended 31<sup>st</sup> August 2015  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	<b>Total 2015 £000</b>	<b>Total 2014 £000</b>
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	-	554	43	597	411
Activities for generating funds	3	134	13	-	147	152
Investment income	4	3	-	-	3	3
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	4,422	59	4,481	4,557
<b>Total incoming resources</b>		<b>137</b>	<b>4,989</b>	<b>102</b>	<b>5,228</b>	<b>5,123</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income	6	-	569	-	569	386
Costs of activities for generating funds	6	141	13	-	154	169
<i>Charitable activities:</i>						
Academy's educational operations	7	-	4,264	277	4,541	4,824
Governance costs	8	-	10	-	10	9
<b>Total resources expended</b>	6	<b>141</b>	<b>4,856</b>	<b>277</b>	<b>5,274</b>	<b>5,388</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>(4)</b>	<b>133</b>	<b>(175)</b>	<b>(46)</b>	<b>(265)</b>
Gross transfers between funds	17	-	38	(38)	-	-
<b>Net income/(expenditure) for the year</b>		<b>(4)</b>	<b>171</b>	<b>(213)</b>	<b>(46)</b>	<b>(265)</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	17, 27	-	(50)	-	(50)	20
<b>Net movement in funds</b>		<b>(4)</b>	<b>121</b>	<b>(213)</b>	<b>(96)</b>	<b>(245)</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 <sup>st</sup> September 2014	17	312	(562)	12,291	12,041	12,286
<b>Funds carried forward at 31<sup>st</sup> August 2015</b>	17	<b>308</b>	<b>(441)</b>	<b>12,078</b>	<b>11,945</b>	<b>12,041</b>

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

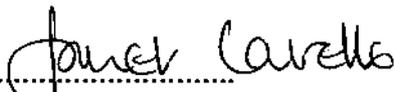
A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Lancaster Girls' Grammar School**

**Balance sheet as at 31<sup>st</sup> August 2015**

	Notes	2015 £000	2015 £000	2014 £000	2014 £000
<b>Fixed assets</b>					
Tangible assets	12		12,038		12,272
<b>Current assets</b>					
Stock	13	3		3	
Debtors	14	260		129	
Cash at bank and in hand		1,001		775	
		<u>1,264</u>		<u>907</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>(438)</u>		<u>(280)</u>	
<b>Net current assets</b>			<u>826</u>		<u>627</u>
<b>Total assets less current liabilities</b>					
			12,864		12,899
Creditors: Amounts falling due after more than one year	16		<u>(42)</u>		<u>(48)</u>
<b>Net assets excluding pension liability</b>			<u>12,822</u>		<u>12,851</u>
Pension scheme liability	27		<u>(877)</u>		<u>(810)</u>
<b>Net assets including pension liability</b>			<u>11,945</u>		<u>12,041</u>
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	17	12,078		12,291	
General fund(s)	17	436		248	
Pension reserve	17	<u>(877)</u>		<u>(810)</u>	
<b>Total restricted funds</b>			<u>11,637</u>		<u>11,729</u>
<b>Unrestricted income funds</b>					
General fund(s)	17	<u>308</u>		<u>312</u>	
<b>Total unrestricted funds</b>			<u>308</u>		<u>312</u>
<b>Total funds</b>			<u>11,945</u>		<u>12,041</u>

The financial statements on pages 25 to 47 were approved by the Trustees, and authorised for issue on the 4<sup>th</sup> December 2015 and are signed on their behalf by:

  
 .....  
**Dr J Lavelle**  
**Chair of Trustees**

Company Limited by Guarantee  
 Registration Number 07441463

**Lancaster Girls' Grammar School**

**Cash Flow Statement for the year ended 31<sup>st</sup> August 2015**

	Notes	<b>2015 £000</b>	<b>2014 £000</b>
<b>Net cash inflow from operating activities</b>	21	164	78
Returns on investments and servicing of finance	22	3	3
Capital expenditure and financial investment	23	59	11
<b>Increase in cash in the year</b>	24	<u>226</u>	<u>92</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 <sup>st</sup> September 2014		775	683
<b>Net funds at 31<sup>st</sup> August 2015</b>		<u>1,001</u>	<u>775</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015

**1 Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming Resources**

All incoming resources are recognised when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

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 year for which it is receivable and any unspent amount is reflected as a balance in restricted general funds. Capital grants are recognised when receivable 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.

- **Donations**

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

- **Other income**

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

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

1 Accounting Policies (continued)

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the Academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

**Resources Expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable activities**

These are costs incurred on the Academy's educational operations.

- **Governance costs**

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

1 Accounting Policies (continued)

**Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

Freehold buildings	Over 50 years straight line
Fixtures, fittings and equipment	Over 3 years straight line
ICT equipment	Over 3 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

**Leased Assets**

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the statement of financial activities on a straight line basis over the period of the lease.

**Stock**

Stock consists of unused catering and stationery stores and are valued at the lower of cost or net realisable value.

**Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

**1 Accounting Policies (continued)**

**Pensions Benefits**

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**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 funders 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/donor and include grants from Education Funding Agency/Department for Education.

**Agency Arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from Education Funding Agency. Payments received from Education Funding Agency and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 29.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

2 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Trips and fundraisers	-	337	337	329
Donations towards hockey pitch resurfacing	-	173	173	-
Other donations	-	87	87	82
	<u>-</u>	<u>597</u>	<u>597</u>	<u>411</u>

3 Activities for Generating Funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Sale of educational goods and services	30	-	30	42
Insurance claim	-	13	13	-
Exam re-sit fees	15	-	15	19
Catering income	89	-	89	91
	<u>134</u>	<u>13</u>	<u>147</u>	<u>152</u>

4 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Short term deposits	3	-	3	3
	<u>3</u>	<u>-</u>	<u>3</u>	<u>3</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 5 Funding for Academy's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
<b>DfE/EFA capital grants</b>				
Academy capital maintenance grants	-	38	38	43
Academy main building grants	-	21	21	19
	<u>-</u>	<u>59</u>	<u>59</u>	<u>62</u>
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	-	4,380	4,380	4,421
Other DfE/EFA grants	-	34	34	41
	<u>-</u>	<u>4,414</u>	<u>4,414</u>	<u>4,462</u>
<b>Other Government grants</b>				
Local authority grants	-	3	3	27
Special educational projects	-	5	5	6
	<u>-</u>	<u>8</u>	<u>8</u>	<u>33</u>
	<u>-</u>	<u>4,481</u>	<u>4,481</u>	<u>4,557</u>

## 6 Resources Expended

	Staff Costs £000	Non Pay Expenditure		Total 2015 £000	Total 2014 £000
		Premises £000	Other Costs £000		
Costs of generating voluntary income	-	185	384	569	386
Costs of activities for generating funds	6	15	133	154	169
Academy's educational operations					
Direct costs	3,200	136	262	3,598	3,807
Allocated support costs	359	352	232	943	1,017
	<u>3,565</u>	<u>688</u>	<u>1,011</u>	<u>5,264</u>	<u>5,379</u>
Governance costs including allocated support costs	-	-	10	10	9
	<u>3,565</u>	<u>688</u>	<u>1,021</u>	<u>5,274</u>	<u>5,388</u>

The method used for the apportionment of support costs is disclosed in the accounting policies (note 1).

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 6 Resources Expended (continued)

	2015 £000	2014 £000
<b>Net expenditure for the year includes:</b>		
Operating leases		
Plant and machinery	23	10
Other leases	-	-
Fees payable to auditor for:		
Audit	4	4
Other services	6	5
	<u>33</u>	<u>19</u>

No transactions have taken place under Section 3.1.8 and 3.1.9 of the 2014 Academies Financial Handbook which require additional disclosure.

## 7 Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
<b>Direct costs – educational operations</b>				
Teaching and educational support staff costs	-	3,200	3,200	3,335
Depreciation	-	147	147	147
Educational supplies	-	131	131	181
Examination fees	-	109	109	130
Staff development	-	11	11	14
	<u>-</u>	<u>3,598</u>	<u>3,598</u>	<u>3,807</u>
<b>Support costs – educational operations</b>				
Support staff costs	-	359	359	366
Depreciation	-	130	130	130
Recruitment and support	-	5	5	19
Maintenance of premises and equipment	-	108	108	141
Cleaning	-	10	10	10
Rent and rates	-	33	33	34
Insurance	-	37	37	34
Transport	-	24	24	21
Catering	-	10	10	2
Government Bursaries 16-19	-	-	-	21
Heat and light	-	71	71	65
Other support costs including service level agreements and other professional fees	-	156	156	174
	<u>-</u>	<u>943</u>	<u>943</u>	<u>1,017</u>
Total direct and support costs	<u>-</u>	<u>4,541</u>	<u>4,541</u>	<u>4,824</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

**8 Governance Costs**

	Unrestricted Funds £000	Restricted Funds £000	Total 2015 £000	Total 2014 £000
Legal and professional fees	-	-	-	-
Auditor's remuneration				
• Audit of financial statements	-	4	4	4
• Responsible officer	-	1	1	1
• Accountancy, taxation and other services	-	5	5	4
	<u>-</u>	<u>10</u>	<u>10</u>	<u>9</u>

**9 Staff**

**(a) Staff costs**

	2015 £000	2014 £000
Staff costs during the period were:		
Wages and salaries	2,893	2,972
Social security costs	207	223
Pension costs	457	515
	<u>3,557</u>	<u>3,710</u>
Supply staff costs	8	7
	<u>3,565</u>	<u>3,717</u>

**(b) Staff numbers**

The average number of persons (including senior management team) employed by the Academy during the year, and the full time equivalents, was as follows:

	2015 Number	2015 Full-time equivalent	2014 Number	2014 Full-time Equivalent
<b>Charitable Activities</b>				
Teachers	62	51	65	52
Administration and support	61	32	60	33
Management	7	7	7	7
	<u>130</u>	<u>90</u>	<u>132</u>	<u>92</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

9 Staff (continued)

(c) Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No.	2014 No.
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	2	2

Both of the above employees participated in the Teacher's Pension Scheme.

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more Trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust. The Head teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

J Cahalin (Head teacher and Trustee):	
Remuneration	£85,000 - £90,000 (2014: £85,000 - £90,000)
Employers' pension contributions	£10,000 - £15,000 (2014: £10,000 - £15,000)
J Haslam (Staff Trustee): resigned May 2014	
Remuneration	Not a Staff Trustee (2014: £30,000 - £35,000)
Employers' pension contributions	Not a Staff Trustee (2014: £0 - £5,000)
L Aitken (Staff Trustee): resigned September 2013	
Remuneration	Not a Staff Trustee (2014: £0 - £5,000)
Employers' pension contributions	Not a Staff Trustee (2014: £0 - £5,000)
J Stables (Staff Trustee):	
Remuneration	£15,000 - £20,000 (2014: £10,000 - £15,000)
Employers' pension contributions	£0 - £5,000 (2014: £0 - £5,000)
S Keith (Staff Trustee): appointed October 2014	
Remuneration	£25,000 - £30,000 (2014: Not a Staff Trustee)
Employers' pension contributions	£0 - £5,000 (2014: Not a Staff Trustee)

No other transactions with Trustees were undertaken during the course of the year ended 31<sup>st</sup> August 2015.

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31<sup>st</sup> August 2015 was £788 (2014: £765). The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
<b>Cost</b>				
At 1 <sup>st</sup> September 2014	13,130	70	33	13,233
Additions	43	-	-	43
At 31 <sup>st</sup> August 2015	<u>13,173</u>	<u>70</u>	<u>33</u>	<u>13,276</u>
<b>Depreciation</b>				
At 1 <sup>st</sup> September 2014	910	31	20	961
Charged in year	243	23	11	277
At 31 <sup>st</sup> August 2015	<u>1,153</u>	<u>54</u>	<u>31</u>	<u>1,238</u>
<b>Net book values</b>				
At 31 <sup>st</sup> August 2015	<u>12,020</u>	<u>16</u>	<u>2</u>	<u>12,038</u>
At 31 <sup>st</sup> August 2014	<u>12,220</u>	<u>39</u>	<u>13</u>	<u>12,272</u>

13 Stock

	2015 £000	2014 £000
Stationery	2	2
Catering	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

14 Debtors

	2015 £000	2014 £000
Other debtors	214	83
Prepayments and accrued income	<u>46</u>	<u>46</u>
	<u>260</u>	<u>129</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

15 Creditors: amounts falling due within one year

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	7	68
Taxation and social security	59	61
Other creditors	132	115
Accruals and deferred income	240	36
	<u>438</u>	<u>280</u>

16 Creditors: amounts falling due after more than one year

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Other creditors	42	48
	<u>42</u>	<u>48</u>

Other creditors relate to a Salix loan received in order to fund boiler improvements in the school. The term of the loan is 8 years with repayments commencing from May 2015.

The total repayable after more than five years is £18,000 (2014 – £24,000).

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 17 Funds

	Balance at 1 <sup>st</sup> September 2014 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 <sup>st</sup> August 2015 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	224	4,380	(4,233)	38	409
Other DfE/EFA grants	1	34	(16)	-	19
Local Authority grants	-	3	(3)	-	-
Other restricted funds	23	572	(587)	-	8
	248	4,989	(4,839)	38	436
Pension reserve	(810)	-	(17)	(50)	(877)
	(562)	4,989	(4,856)	(12)	(441)
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	19	21	-	-	40
Other restricted fixed asset funds	-	43	-	(43)	-
Other capital grants	-	38	-	(38)	-
Capitalised assets post conversion	1,612	-	(67)	43	1,588
Assets on conversion	10,660	-	(210)	-	10,450
	12,291	102	(277)	(38)	12,078
<b>Total restricted funds</b>	11,729	5,091	(5,133)	(50)	11,637
<b>Unrestricted funds</b>					
Unrestricted funds	312	137	(141)	-	308
<b>Total unrestricted funds</b>	312	137	(141)	-	308
<b>Total funds</b>	12,041	5,228	(5,274)	(50)	11,945

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

The General Annual Grant (GAG) must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31<sup>st</sup> August 2015. At the year end the carry forward of GAG funding was £409,000.

Other DfE/EFA Grants includes monies received outside of GAG funding and these Grants are all related to the furtherance of education within the Academy. £19,000 remains unspent at the year end is carried forward to the next accounting period.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. This includes funds which relate specifically to Special Educational Needs (SEN) funding. As at the 31<sup>st</sup> August 2015 these funds had been spent in full.

Other restricted funds include monies from trips & non public funds, assisted musical instrument purchases and donations from Lancaster Girls' Grammar School Fund (charity no. 1142061) predominantly towards the resurfacing of the hockey pitch. During the year the trips & non public funds had no excess expenditure over income.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

17 Funds (continued)

The other donations received are for restricted purposes and as at the year end £8,000 of the donations received remained unspent.

The pension reserve represents the value of the academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had risen to £877,000 at the 31<sup>st</sup> August 2015.

DfE/EFA capital grants represent capital monies received during the year from the EFA. £40,000 remains unspent at the year end is carried forward to the next accounting period.

Other restricted fixed asset funds include donations from Lancaster Girls' Grammar School Fund (charity no. 1142061) for the restricted purpose of installing a lift in the 6<sup>th</sup> form Resource Centre and this was fully spent at the year end.

Other capital grants include the remaining funding from the Capital Improvement Fund for boiler replacements of £38,000. None of this grant income remains unspent at the year end.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

Assets on conversion represents the transfer of the freehold assets into the Academy on conversion to Academy status depreciated over a 50 year period.

Unrestricted funds represents funds generated via activities such as the sale of materials to students, catering, payments from other schools for the provision of teaching staff. It also includes the brought forward surplus on conversion to Academy status. The surplus on this fund at the year end was £308,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the Academy.

18 Analysis of net assets between funds

Fund balances at 31<sup>st</sup> August 2015 are represented by:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	12,038	12,038
Current assets	308	916	40	1,264
Current liabilities	-	(438)	-	(438)
Non-current liabilities	-	(42)	-	(42)
Pension scheme liability	-	(877)	-	(877)
<b>Total net assets</b>	<b>308</b>	<b>(441)</b>	<b>12,078</b>	<b>11,945</b>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

19 Capital commitments

	2015 £000	2014 £000
Contracted for, but not provided in the financial statements	-	35

20 Financial commitments

Operating leases

At 31<sup>st</sup> August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
<b>Land and buildings</b>		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<u>-</u>	<u>-</u>
<b>Other</b>		
Expiring within one year	11	2
Expiring within two and five years inclusive	9	6
Expiring in over five years	-	-
	<u>20</u>	<u>8</u>

21 Reconciliation of net income to net cash inflow from operating activities

	2015 £000	2014 £000
Net income	(46)	(265)
Depreciation (note 12)	277	277
Capital grants from DfE/EFA and other capital income (note 17)	(102)	(73)
Interest receivable (note 4)	(3)	(3)
FRS 17 pension cost less contributions payable (note 27)	1	45
FRS 17 pension finance income (note 27)	16	27
(Increase) in debtors	(131)	(51)
Increase in creditors	152	121
<b>Net cash inflow from operating activities</b>	<u>164</u>	<u>78</u>

22 Returns on investments and servicing of finance

	2015 £000	2014 £000
Interest received	3	3
<b>Net cash inflow from returns on investment and servicing of finance</b>	<u>3</u>	<u>3</u>

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

**23 Capital expenditure and financial investment**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Purchase of tangible fixed assets	(43)	(62)
Capital grants from DfE/EFA	59	62
Capital funding received from others	43	11
<b>Net cash outflow from capital expenditure and financial investment</b>	<u>59</u>	<u>11</u>

**24 Analysis of changes in net funds**

	At 1 <sup>st</sup> September 2014 £000	Cash flows £000	At 31 <sup>st</sup> August 2015 £000
Cash in hand and at bank	<u>775</u>	<u>226</u>	<u>1,001</u>
	775	226	1,001

**25 Contingent Liabilities**

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

**26 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.

**27 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31<sup>st</sup> March 2012 and of the LGPS 31<sup>st</sup> March 2013.

Contributions amounting to £56,332 (2014: £58,482) were payable to the schemes at 31<sup>st</sup> August 2015 and are included within creditors.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

27 Pension and similar obligations (continued)

**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<sup>st</sup> April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1<sup>st</sup> 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**

Not less than every four years 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<sup>st</sup> March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9<sup>th</sup> 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2.0% 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1<sup>st</sup> April 2019.

The pension costs paid to TPS in the period amounted to £540,000 (2014: £542,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 27 Pension and similar obligations (continued)

## Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31<sup>st</sup> August 2015 was £156,000, of which employer's contributions totalled £123,000 and employees' contributions totalled £33,000. The agreed contribution rates for future years are 16.4% for employers and the rate for employees remains dependent on the salary of the employee.

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<sup>th</sup> July 2013.

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

<b>Principal Actuarial Assumptions</b>	<b>At 31<sup>st</sup> August 2015</b>	<b>At 31<sup>st</sup> August 2014</b>
Rate of increase in salaries	3.7%	3.6%
Rate of increase for pensions in payment / inflation	2.2%	2.1%
Discount rate for scheme liabilities	3.9%	3.9%
Inflation assumption (CPI)	2.2%	2.1%
Commutation of pensions to lump sums	50%	50%

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

	<b>At 31<sup>st</sup> August 2015</b>	<b>At 31<sup>st</sup> August 2014</b>
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.8	27.7

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 27 Pension and similar obligations (continued)

## Local Government Pension Scheme (continued)

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 <sup>st</sup> August 2015	Fair value at 31 <sup>st</sup> August 2015 £000	Expected return at 31 <sup>st</sup> August 2014	Fair value at 31 <sup>st</sup> August 2014 £000
Equities	6.5%	369	7.0%	455
Government Bonds	2.5%	59	2.9%	2
Other Bonds	3.6%	28	3.8%	243
Property	6.1%	97	6.2%	88
Cash/liquidity	0.5%	14	0.5%	22
Other	6.5%	504	7.0%	105
<b>Total market value of assets</b>		<u>1,071</u>		<u>915</u>
Present value of scheme liabilities				
- Funded		(1,948)		(1,725)
<b>(Deficit) in the scheme</b>		<u>(877)</u>		<u>(810)</u>

The actual return on scheme assets was £39,000 (2014: £50,000).

## Amounts recognised in the statement of financial activities

	2015 £000	2014 £000
Current service cost (net of employee contributions)	124	113
Past service cost	-	-
Total operating charge	<u>124</u>	<u>113</u>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	54	35
Interest on pension liabilities	(70)	(62)
<b>Pension finance (costs)</b>	<u>(16)</u>	<u>(27)</u>

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £96,000 gain (2014: £146,000 gain).

Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)

## 27 Pension and similar obligations (continued)

## Local Government Pension Scheme (continued)

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

	2015 £000	2014 £000
<b>At 1<sup>st</sup> September 2014</b>	1,725	1,350
Current service cost	124	113
Past service cost	-	-
Interest cost	70	62
Employee contributions	33	32
Actuarial loss	35	184
Curtailments and settlements	-	50
Benefits paid	(39)	(66)
<b>At 31<sup>st</sup> August 2015</b>	1,948	1,725

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

	2015 £000	2014 £000
<b>At 1<sup>st</sup> September 2014</b>	915	592
Expected return on assets	54	35
Actuarial (loss)/gain	(15)	204
Employer contributions	123	118
Employee contributions	33	32
Assets distributed on settlements	-	-
Transfer in of new members	-	-
Benefits paid	(39)	(66)
<b>At 31<sup>st</sup> August 2015</b>	1,071	915

The estimated value of employer contributions for the year ended 31<sup>st</sup> August 2016 is £125,000.

The five-year history of experience adjustments is as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Present value of defined benefit obligations</b>	(1,948)	(1,725)	(1,350)	(1,188)	(963)
<b>Fair value of share of scheme assets</b>	1,071	915	592	415	294
<b>(Deficit) in the scheme</b>	(877)	(810)	(758)	(773)	(669)
<b>Experience adjustments on share of scheme assets</b>	(15)	204	37	11	(17)
<b>Experience adjustments on scheme liabilities:</b>	-	(161)	-	-	-

**Notes to the Financial Statements for the year ended 31<sup>st</sup> August 2015 (continued)**

**28 Related Party Transactions**

Owing to the nature of the academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are to be conducted at cost and in accordance with the Trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

No related party transactions with Trustees took place during the course of the year ended 31<sup>st</sup> August 2015.

During the accounting year the Academy transacted with Lancaster Girls' Grammar School Fund, a charity registered with the Charities Commission whose charity number is 1142061.

The objects of this Charity are to advance the education of pupils at Lancaster Girls' Grammar School. During the year ended the 31<sup>st</sup> August 2015 the Charity made numerous donations to the Academy totalling £236,583. These donations were for a variety of educational purposes including the resurfacing of the hockey pitch and the installation of a lift in the 6<sup>th</sup> form resource centre.

As at the 31<sup>st</sup> August 2015 the Academy had fully utilised these donations.

**29 Agency arrangements**

The Academy distributes 16-19 bursary funds to students as an agent for the Education Funding Agency. In the accounting year ending 31<sup>st</sup> August 2015 the trust received £23,163 and disbursed £20,175 from the fund.

An amount of £2,988 is included in other creditors relating to undistributed funds however this has subsequently been distributed after the end of the year.