

LORDSWOOD ACADEMIES TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDING 31 AUGUST 2014

Company Registration No: 07567230 (England and Wales)

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

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LORDSWOOD ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs. J. Götschel
Mrs. M. Orleans-Thompson
Mr. T. Davis

Trustees of Lordswood Academies Trust

Chair of Trustees **	Mr. P. Brownsword
Trustee **	Mr. G. Darbyshire
Trustee*	Mr. T. Davis
Executive Headteacher & Accounting Officer* **	Mrs. J. Götschel
Trustee **	Mr. D. Inman
Trustee*	Mr. R. Minott
Trustee **	Ms. H. Walker
Trustee*	Mr. P. Wood
Trustee **	Mrs. D. Sharples

*Members of the Finance and Premises Committee

**Members of the Staffing Committee

Company Secretary

Mrs. S. J. Durkin

Senior Management Team

Trust

Executive Headteacher & Accounting Officer	Mrs. J. Götschel
Associate Headteacher	Miss K. Sheward
Assistant Headteacher	Miss J. Young
Assistant Headteacher	Miss L. Finucane
Academies Finance and Services Director	Mrs. J. Durkin
Academies HR Director	Mrs. D. Dodd
Academies Estate Director	Mrs. T. Rolf

Leadership Team - Lordswood Girls' School

Associate Headteacher	Mr. M. Pearce
Assistant Headteacher	Mr. K. Bufton
Assistant Headteacher	Ms. J. Millward
Assistant Headteacher	Mrs. P. Parsloe
Assistant Headteacher	Mrs. L. Verma

Leadership Team - Lordswood Boys' School

Associate Headteacher	Mrs. M. Carty
Assistant Headteacher	Mrs. K. O'Shaugnessey
Assistant Headteacher	Mrs. E. Thacker-Vutts
Assistant Headteacher	Mr. L. Williams

LORDSWOOD ACADEMIES TRUST
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Registered Office

Lordswood Girls' School and Sixth Form Centre
Knightlow Road
Harborne
Birmingham
B17 8B

Company Registered number

07567230

Auditors

Clement Keys LLP
No 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

Bankers

Lloyds Bank Plc
25 Gresham Road
London
EC2V 7HN

Solicitors

Stone King LLP
16 St. John's Lane
London
EC1M 4BS

LORDSWOOD ACADEMIES TRUST
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TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year 1 September 2013 to 31 August 2014. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The trust operates 2 single sex secondary academies in Harborne Birmingham providing 11-16 education with mixed 16-19 education within the Lordswood Sixth Form Centre. Its academies have a combined pupil capacity of 1,650 and had a roll of 1,482 in the school census January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academies 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 trust. The trustees of Lordswood Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lordswood Academies Trust.

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The Academies Trust maintains Trustees' and Officers' liability insurance which gives appropriate cover for any action against the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty of which they may be guilty in relation to the Trust. Such indemnity will not apply to any act or omission which the Trustees knew to be in breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of duty or not, nor will such indemnity extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as directors of the academies trust.

Method of Recruitment and Appointment of Trustees

The board of trustees comprises of:

- The Executive Headteacher
- The Chair of each Local Governing Body
- The Vice-Chair of each Local Governing Body
- Three persons appointed under article 50 from the Local Governing Body of the Girls' School
- Two persons appointed under article 50A from the Local Governing Body of the Boys' School
- Any additional directors, if appointed under Article 61, 61A or 67A
- Any further directors, if appointed under Article 62 or 67A
- Up to 2 directors, if appointed by the Secretary of State in accordance with the terms of any of the Relevant Funding Agreements following provision of a notice by the company to terminate that Relevant Funding Agreement
- The company may also have any co-opted director appointed under Article 58

LORDSWOOD ACADEMIES TRUST
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TRUSTEES' REPORT (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience. Where necessary, induction training will be provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the Academies and have the opportunity to meet with staff and students. All Trustees are provided with copies of policies through their own web-site, procedures, minutes, budgets, plans and other documents that they need to undertake their role.

Organisational Structure

The organisational structure consists of three levels, the Trustees, Local Governing Bodies and the Leadership Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting policy, adopting an annual plan, monitoring the Trust's use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Local Governing Bodies are responsible for ensuring the day to day management and operation of the academy is maintained and act as the link between the individual academy and the Trust.

The Leadership Team(s) across both sites ensure that policies laid down by the Trustees are implemented working closely with the Local Governing Body in developing development plans, monitoring expenditure and making reports for the use of Trustees.

Connected Organisations including Related Party Relationships

The Trust does not have a sponsor and is not related to any other charitable trust or other party.

Objectives and Activities

The charitable company took over the operation of Lordswood Boys' School in addition to Lordswood Girls' School on the conversion to a Multi Academy Trust on 1st January 2013. The charitable company's principal objective is to advance public benefit through education and by managing and developing both schools and the sixth form centre providing education to pupils between the ages of 11 and 19.

The main objectives of the Trust are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To continue to raise the standard of educational achievement of all pupils and thereby grow and develop the academies' local and national reputation;
- To improve the effectiveness of both academies by keeping the curriculum and organisational structure under review;
- To provide value for money for expenditure incurred;
- To comply with appropriate statutory and curriculum requirements; and
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

The main strategies for the Trust are set out in each Academies' School Improvement Plan; to achieve this, the key activities are:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications;
- Training opportunities for all staff and especially teaching staff;
- A programme of sporting and after school leisure activities open to all students; and

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TRUSTEES' REPORT (continued)

- Provision of careers information, advice and guidance to support students' progression post-16 and post-18 and maintain the Trust's 0% NEETs record.

Public Benefit

In setting the Trust's objectives and planning its activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. All Trustees have been issued with the relevant information and this has been translated in the workings of the Trust via the development planning process.

STRATEGIC REPORT

Achievements and Performance

The main achievements and performance for the period are summarised below:

- September 2013 saw the first intake of students into the new Lordswood Sixth Form Centre. The Sixth Form Centre was developed from the two separate sixth forms at Lordswood Girls' and Lordswood Boys' Schools and is a joint co-educational and culturally diverse sixth form of over 320 students. The 100% A*-E record established by the former Girls' School sixth form was maintained in 2014 with an increase in the percentage of passes at grades A*-B.
- Lordswood Girls' School continues to be oversubscribed and has maintained its position in the top 3% schools nationally for student progress at KS4.
- At Lordswood Girls' School, 75% students achieved 5 GCSEs at grades A*-C including English and maths.
- Lordswood Boys' School remains undersubscribed and is currently below its PAN in years 7-9; this trend is expected to continue based on LA demographic projections.
- At Lordswood Boys' School, 31% of students achieved 5 GCSEs at grades A* - C including English and mathematics in 2014.
- Lordswood Boys' School was inspected by Ofsted in September 2014 and was graded as 'inadequate' and, as a result, was placed in special measures. A detailed action plan has been submitted to Ofsted and it is hoped that the school will now receive the additional support that has been denied it to date.
- Lordswood Boys' School has been successful in ensuring that all students progress to education or training post-16. The school has also reduced the percentage of persistence absence from 15% to 4%.
- Both schools were unsuccessful in bids to the Education Funding Agency (EFA) Academies Capital Maintenance Fund in 2013-14 although the Boys' School was successful in obtaining emergency funding to carry out repairs to the roof of the Technology Block.
- Both schools are fully staffed, although recruiting well-qualified, strong classroom practitioners remains a challenge particularly in core subjects.

Key Financial Performance Indicators

The key performance indicators used by the Academy Trust are as follows:

Indicator	Academy Trust
Teacher's employment costs as a percentage of EFA income	78%
Total staff employment costs as a percentage of EFA income	81%
Pupil numbers 11-16	1,168
Pupil numbers 16-19	314
Total pupil numbers	1,482
Cash reserves as number of days expenditure	17

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TRUSTEES' REPORT (continued)

Going Concern

After making appropriate enquiries the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operation 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 Policy.

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of the General Annual Grant (GAG) the use of which is restricted to particular purposes; i.e. the objects of the Academy. The GAG received during the period of this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Expenditure for the period covered by this report was covered by the GAG received from the EFA and other income, such as voluntary income, activities for generating funds and investment income.

The general funds (excluding pension) have fallen by £115,178 in the year. This is after a transfer of £180,517 from unrestricted funds to the fixed asset fund to cover capital expenditure.

The Trust pupil numbers have again grown in the year, due to the expansion of the post 16 provision. This has resulted in the funded pupil numbers being less than the actual pupil numbers in the schools, resulting in "lagged" funding of almost £300,000 in the year. This funded pupil gap reduces a little in 2014/15.

The result of this funding gap is that budgets remain tight moving forward. This is not helped by the continued investment in the Boys School, for which capital grants are being sought from the EFA to help reduce the rising repair bills. The Trust are currently reviewing all expenditure and in 2014/15 are conducting a value for money tendering exercise. This has already produced some significant savings.

Reserves Policy

The Trustees of the Lordswood Academies Trust review the reserve levels on an annual basis. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves.

Reserves are needed to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £290,238. It is the Trust's intention to continue to build up free reserves to the level required.

Investment Policy

There are no material investments. Cash is managed using our Lloyds current account and the management of these funds is constantly under review. Bank advice at present is that there is a reasonable return in the form of interest payments on this account and in the context of other rates currently on offer. This is under review.

Principal Risks and Uncertainties

The principal financial risks to the Trust result from a projected deficit in the Local Government Pension Scheme, not meeting its budgetary deadlines and the risks of incurring a deficit due to budgetary spending constraints. In addition the Boys' School is currently affected by falling roles which will have a budgetary impact going forward as is the increase in post-sixteen numbers for which the Trust is not receiving funding for until 2014-15. Control measures are in place to mitigate risks associated with fraud, damage to reputation and failure to maintain and improve academic performance.

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TRUSTEES' REPORT (continued)

The Trust has assessed the risks to which each academy is exposed, in particular those that relate to teaching, staff retention, health and safety and security, financial and computing. The Trust has implemented a number of systems to assess risks that each academy faces especially in operational areas such as school trips, teaching, health and safety, bullying and financial controls with a view to minimising the risks to which the Trust is exposed.

Plans for the future

The Trust's plans for the foreseeable future involve:

- Lordswood Boys' School will be submitting CIF bids for replacement windows and facades and for a Salix loan to improve the heating system which will assist with cost savings in energy consumption.
- Lordswood Girls' School will be submitting CIF bids for the gymnasium refurbishment and a build of a Sixth Form block to address the continual increase numbers at Post 16.
- The Academy Trust is in discussions with Birmingham City Council about proposal to expand a successful local primary school on the Lordswood site. This would take the form of a two form entry primary provision on the site and one of the benefits will be increased collaboration and sharing of good practice across primary & secondary phases.
- Plans are in place for the relocation of an Astroturf playing pitch to the Lordswood site which will improve facilities for the both schools and improve the Trust's ability to let the grounds to the community and sporting affiliations.

Priorities

- To continue to ensure that student outcomes improve at Lordswood Boys' School especially in English and Mathematics and that the practices and processes that are being established enable a sustained improvement.
- To provide increased support to Lordswood Boys' School through the establishment of a School improvement team from Lordswood Girls' School to provide mentoring and sharing of good practice.
- To continue to work on recruitment at post-16 and to year 7 at Lordswood Boys' School.
- To continue to recruit high calibre staff where vacancies arise.

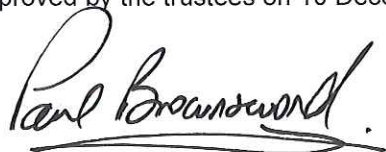
Auditors

Insofar as the trustees are aware:

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

The auditors Clement Keys LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the trustees on 10 December 2014 and signed on their behalf.



Mr. P. Brownsword
Chair of Trustees

LORDSWOOD ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Head Teacher, as accounting officer, for ensuring financial controls confirm with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lordswood Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr. P. Brownsword	6	6
Mr. G. Darbyshire	5	5
Mr T. Davis	5	6
Mrs. J. Götschel	6	6
Mr. D. Inman	3	3
Mr. R. Minott	6	6
Mrs. D. Sharples	6	6
Ms. H. Walker	5	6
Mr. P. Wood	6	6

Audit committee

The Board of Trustees have put in place an Audit Committee to carry out on its behalf an annual programme of visits and checks in order to verify the internal controls and operational activities of the Trust. Members of the committee are linked to key areas and individuals with whom they liaise with making reports back to the committee. Membership of the audit committee comprises the following individuals:

Mr. T Davis
Mr. G Darbyshire
Mr. A Harrison
Mr. P Spoforth
Mr. M Saimbhi

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GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lordswood Academies Trust for the year of 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academies 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 the trust's significant risks that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academies trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregations 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 and Premises Committee and the Staffing and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Clement Keys LLP, the external auditor, to perform additional checks. The auditors' role included giving advice on financial matters and performing a range of checks on the trust's financial systems. The auditor reports to the Resources and Staffing Committee on a termly basis on the operation of the systems of control and the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As accounting officer the Executive Head Teacher 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 external auditor;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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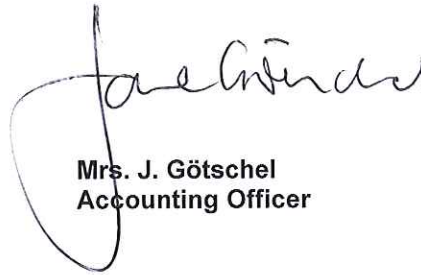
GOVERNANCE STATEMENT (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and the Resources and Staffing Committee and will ensure that continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10 December 2014 and signed on its behalf by:



Mr. P. Brownsword
Chair of Trustees



Mrs. J. Götschel
Accounting Officer

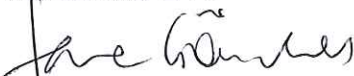
LORDSWOOD ACADEMIES TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Lordswood Academies Trust, I have considered my responsibilities to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with the EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 agreements 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.



Mrs. J. Götschel

Accounting Officer

Date: 10 December 2014

LORDSWOOD ACADEMIES TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 10 December 2014 and signed on its behalf.


Mr. P. Brownsword

Chair of Trustees

LORDSWOOD ACADEMIES TRUST
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REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
LORDSWOOD ACADEMIES TRUST

We have audited the financial statements of Lordswood Academies Trust for the year ended 31 August 2014 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 Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the academies 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 academies trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academies trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, 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 (APB'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 academies 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' 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 academies trust's affairs as at 31 August 2014, 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 2013 to 2014 issued by the Education Funding Agency.

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REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
LORDSWOOD ACADEMIES TRUST (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, incorporating 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.



Simon Atkins FCA
Senior Statutory Auditor
for and on behalf of

CLEMENT KEYS LLP
Chartered Accountants
Statutory Auditors

No.8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

10 December 2014

LORDSWOOD ACADEMIES TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
LORDSWOOD ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lordswood Academies Trust during the year 1 September 2013 to 31 August 2014 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 Lordswood Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lordswood Academies Trust 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 the Lordswood Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lordswood Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lordswood Academies Trust funding agreement with the Secretary of State for Education dated 30 March 2011 (as amended by a deed of variation dated 31 December 2012) and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by the 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 an examination, on a test basis, of evidence relevant to the regularity and propriety of the academies trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- review of committee meetings for evidence of non-compliance;
- review of Reporting Officer reports for evidence of non-compliance;
- discussion with the Accounting Officer and senior management team about controls;
- testing expenditure to ensure it conforms with the terms and conditions of the funding agreement;
- testing of income to ensure that restricted funds are used for the purposes intended;
- ensuring that proper accounting records have been maintained; and

LORDSWOOD ACADEMIES TRUST
(formerly LORDSWOOD GIRLS' SCHOOL & SIXTH FORM CENTRE)
(Company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
LORDSWOOD ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

- review of the financial handbook to ensure that all procedures are being adhered to.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



CLEMENT KEYS LLP
Chartered Accountants
Statutory Auditors

10 December 2014

No. 8 Calthorpe Road
Birmingham
B15 1QT

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 August 2014

(incorporating an Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Fixed Asset Fund £	2014 Total £	2013 Total £
Incoming resources						
Voluntary income- transfer on Academy conversion		-	-	-	-	2,850,000
Activities for generating funds	1	355,888	-	-	355,888	271,670
Investment income	2	2,351	-	-	2,351	3,666
Funding for the Academy's educational operations	3	-	9,255,890	185,221	9,441,111	8,707,639
		<u>358,239</u>	<u>9,255,890</u>	<u>185,221</u>	<u>9,799,350</u>	<u>11,832,975</u>
Resources expended						
Other resources expended- transfer on Academy conversion		-	-	-	-	852,790
Charitable activities						
Academy's educational operations		244,526	9,376,511	222,823	9,843,860	8,081,206
Governance costs	6	-	31,753	-	31,753	50,710
Total resources expended	4	<u>244,526</u>	<u>9,408,264</u>	<u>222,823</u>	<u>9,875,613</u>	<u>8,984,706</u>
Net incoming/(outgoing) resources being net income/(expenditure) before transfers		113,713	(152,374)	(37,602)	(76,263)	2,848,269
Gross transfers between funds	14	(180,517)	-	180,517	-	-
Net incoming/(outgoing) resources being net income/(expenditure) before other recognised gains and losses		(66,804)	(152,374)	(142,915)	(76,263)	2,848,269
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	23	-	109,000	-	109,000	89,000
Net movement in funds		<u>(66,804)</u>	<u>(43,374)</u>	<u>(142,915)</u>	<u>32,737</u>	<u>2,937,269</u>
Total funds brought forward at 1 September 2013		357,042	(1,337,803)	6,839,182	5,858,421	2,921,152
Funds carried forward at 31 August 2014		<u>290,238</u>	<u>(1,381,177)</u>	<u>6,982,097</u>	<u>5,891,158</u>	<u>5,858,421</u>

All of the academy trust's activities derive from continuing operations.

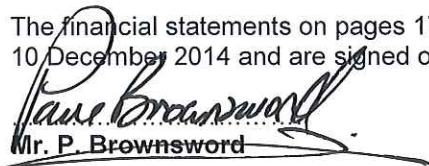
A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

BALANCE SHEET
as at 31 August 2014
Company Registration No: 07567230

		2014	2013
		£	£
	Note		
Fixed assets			
Tangible fixed assets	10	6,982,097	6,811,633
Current assets			
Debtors	11	116,143	241,361
Cash at bank and in hand		466,380	618,102
		<u>582,523</u>	<u>859,463</u>
Creditors: amounts falling due within one year	12	(245,210)	(343,450)
Net current assets		337,313	516,013
Creditors: amounts falling due after more than one year	13	(20,252)	(56,225)
Net assets excluding pension liability		<u>7,299,158</u>	<u>7,271,421</u>
Pension scheme liability	23	(1,408,000)	(1,413,000)
Net assets including pension liability		<u>5,891,158</u>	<u>5,858,421</u>
Funds of the academy trust			
Restricted funds			
General funds	14	26,823	75,197
Fixed asset fund	14	6,982,097	6,839,182
Pension scheme reserve	14	(1,408,000)	(1,413,000)
		<u>5,600,920</u>	<u>5,501,379</u>
Unrestricted funds			
General fund	14	290,238	357,042
		<u>5,891,158</u>	<u>5,858,421</u>

The financial statements on pages 17 to 42 were approved by the Trustees, and authorised for issue on 10 December 2014 and are signed on their behalf by:


Mr. P. Brownsword

Chair of Trustees


Mrs. J. Götschel

Head Teacher

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

CASHFLOW STATEMENT
for the year ended 31 August 2014

	Note	2014 £	2013 £
Net cash inflow/(outflow) from operating activities	18	53,992	(15,889)
Returns on investment and servicing of finance	19	2,351	3,666
Capital expenditure	20	(208,065)	(209,450)
		<hr/>	<hr/>
Decrease in cash	21	(151,722)	(221,673)
		<hr/> <hr/>	<hr/> <hr/>
 Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		618,102	839,775
Decrease in cash		(151,722)	(221,673)
		<hr/>	<hr/>
Net Funds at 31 August 2014		466,380	618,102
		<hr/> <hr/>	<hr/> <hr/>

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2014

Basis of Preparation of Financial Statements

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') and the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006.

Going Concern

The governors 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 governors 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 included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 the restricted general fund.

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.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market 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 policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2014

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

Certain types of incoming resources are shown in the Statement of financial activities net of expenditure as follows:

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.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

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 Trust'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 lives, as follows:

Leasehold property	2.5%
Furniture & equipment	10%
Computer equipment and software	33%

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.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES
31 August 2014

Leased assets

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

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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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. 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 Governors.

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency and other funders.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

1 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
Trainee teacher income	-	-	-	3,375
Catering income	149,790	-	149,790	136,007
Lettings fees	22,051	-	22,051	24,361
Uniform sales	-	-	-	1,247
Educational visits	25,215	-	25,215	34,716
Miscellaneous income	158,832	-	158,832	29,182
Recognition of school fund balances	-	-	-	42,782
	<u>355,888</u>	<u>-</u>	<u>355,888</u>	<u>271,670</u>

2 INVESTMENT INCOME

	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
Bank interest receivable	2,351	-	2,351	3,666
	<u>2,351</u>	<u>-</u>	<u>2,351</u>	<u>3,666</u>

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

3 FUNDING FOR THE ACADEMIES' EDUCATIONAL OPERATIONS

	Unrestricted 2014 £	Restricted 2014 £	Total 2014 £	Total 2013 £
EFA/DfE capital grants				
Capital Grants	-	185,221	185,221	980,227
	-	185,221	185,221	980,227
EFA/DfE revenue grants				
General Annual Grant (GAG)	-	8,383,342	8,383,342	7,190,621
Other EFA/DfE grants	-	833,138	833,138	449,985
	-	9,216,480	9,216,480	7,640,606
Other government grants				
Local Authority grants	-	39,410	39,410	43,380
Other grants	-	-	-	33,626
	-	39,410	39,410	77,006
Other income	-	-	-	9,800
	-	9,441,111	9,441,111	8,707,639

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

4 RESOURCES EXPENDED

	Staff costs £	Non pay expenditure Premises £	Other costs £	Total 2014 £	Total 2013 £
Academy's educational operations					
Direct costs	6,238,977	166,207	747,379	7,152,563	6,045,265
Allocated support costs	1,427,581	420,364	843,352	2,691,297	2,035,941
	<u>7,666,558</u>	<u>586,571</u>	<u>1,590,731</u>	<u>9,843,860</u>	<u>8,081,206</u>
Governance costs including allocated support costs	-	-	31,753	31,753	50,710
	<u>7,666,558</u>	<u>586,571</u>	<u>1,622,484</u>	<u>9,875,613</u>	<u>8,131,916</u>

The method used for the apportionment of support costs is disclosed in the accounting policies on page 20.

Incoming/outgoing resources for the year include:

	2014 £	2013 £
Depreciation	222,823	157,056
Operating leases rentals	120,352	123,112
Fees payable to the auditor – audit	15,000	10,000
Fees payable to the auditor – other	-	22,500
	<u> </u>	<u> </u>

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

5 CHARITABLE ACTIVITIES – ACADEMIES' EDUCATION OPERATIONS

	Total 2014 £	Total 2013 £
Direct costs		
Teaching and education support staff costs	4,919,605	4,187,079
National insurance	339,986	332,754
Pension costs	649,257	568,092
Agency staff costs	330,129	262,206
Educational consultancy	55,103	70,098
Curriculum resources	401,406	237,612
Depreciation	56,960	31,146
Educational visits	49,146	35,215
Equipment purchase/hire	109,247	132,560
Exam expenses	149,261	140,507
Staff development	41,245	27,067
Other direct costs	51,218	20,929
	<hr/> 7,152,563 <hr/>	<hr/> 6,045,265 <hr/>
Allocated support costs		
Support staff costs	975,509	600,770
National insurance	69,097	40,163
Pension costs	233,154	124,819
Catering staff costs	149,821	146,570
Administration & office equipment	141,661	86,081
Advertising	50,637	24,055
Cleaning	144,192	116,322
Depreciation	165,863	125,910
Heat and light	125,213	146,547
ICT support	40,235	45,843
Insurance	60,512	55,348
Licences	28,379	6,432
HR and payroll costs	29,382	54,734
Rent and rates	49,377	22,216
Repairs and maintenance	68,776	100,807
Transport costs	19,775	9,065
Travel expenses	1,410	5,934
Catering	195,380	175,874
Other support costs	142,924	148,451
	<hr/> 2,691,297 <hr/>	<hr/> 2,035,941 <hr/>
	<hr/> 9,843,860 <hr/>	<hr/> 8,081,206 <hr/>

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

6 GOVERNANCE COSTS

	Total 2014 £	Total 2013 £
Legal and professional fees	16,647	40,710
Audit fees	15,000	10,000
Trustees' reimbursed expenses	106	-
	<hr/> 31,753	<hr/> 50,710
	<hr/>	<hr/>

7 STAFF COSTS

Staff costs during the year were:

	2014 £	2013 £
Wages and salaries	6,044,935	4,787,849
Social security costs	409,083	372,917
Other pension costs	882,411	692,911
	<hr/> 7,336,429	<hr/> 5,853,677
Agency staff costs	330,129	262,206
	<hr/> 7,666,558	<hr/> 6,115,883
	<hr/>	<hr/>

The average number of persons (including members of the senior management team) employed by the Academy during the year ended 31 August 2014, expressed as fulltime equivalents, was as follows:

	2014 No.	2013 No.
Charitable activities		
Teachers	110	132
Administration and support	72	101
Management	13	11
	<hr/> 195	<hr/> 244
	<hr/>	<hr/>

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

7 STAFF COSTS - continued

Four employees (2013: two) earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2014. The total emoluments of these employees were in the following ranges:

	2014 No.	2013 No.
£60,000 - £70,000	2	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£100,001 - £110,000	1	-

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff members amounted to £43,376 (2013: £20,846).

8 TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher only receives remuneration in respect of services they provide undertaking the roles of Principal and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of the Headteacher's remuneration was as follows:

Headteacher: £100,000 - £105,000

Related party transactions involving the trustees are set out in note 24.

During the period, trustees received reimbursements of £106 (2013: £nil) for travel and subsistence.

9 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust 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 £25,000,000 for any one claim. The cost of this insurance is included in the total insurance cost.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

10 TANGIBLE FIXED ASSETS

	Leasehold land & buildings £	Furniture & equipment £	Computer equipment £	Total £
Cost				
At 1 September 2013	6,730,373	239,873	106,166	7,076,412
Additions	305,983	-	87,304	393,287
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	7,036,356	239,873	193,470	7,469,699
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2013	179,698	41,360	43,721	264,778
Depreciation charge for the year	141,875	23,987	56,961	222,823
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	321,573	65,347	100,682	487,601
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2014	6,714,783	174,526	92,788	6,982,097
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2013	6,550,675	198,513	62,445	6,811,633
	<hr/>	<hr/>	<hr/>	<hr/>

Included within leasehold land and buildings is £1,290,000 (2013: £1,290,000) of land that is not depreciated.

The Academy acquired the leasehold for the school land and buildings from Birmingham City Council upon conversion to Academy status.

The Trustees have based their valuation of the buildings on an independent, existing use valuation undertaken by Reeves & Partner Chartered Surveyors. The valuation is in compliance with RICS Valuation Standards.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

11	DEBTORS	2014 £	2013 £
	Trade debtors	43,801	8,490
	Prepayments and accrued income	71,131	190,830
	Other debtors	1,211	42,041
		<hr/>	<hr/>
		116,143	241,361
		<hr/>	<hr/>
12	CREDITORS: Amounts falling due within one year	2014 £	2013 £
	Taxation and social security	136,484	133,747
	Accruals	108,726	209,703
		<hr/>	<hr/>
		245,210	343,450
		<hr/>	<hr/>
13	CREDITORS: Amounts falling due after more than one year	2014 £	2013 £
	Accruals	20,252	56,225
		<hr/>	<hr/>

Included within accruals are amounts of £33,391 (2013: £101,737) and £30,213 (2013: £40,790) due to the EFA in respect of the rebasing exercise undertaken in the year ending 31 August 2013 and the deficit arising on conversion of Lordswood Boys' School to an academy respectively.

A payment plan is in place to repay these debts and a total of £43,872 (2013: £86,302) is disclosed in accruals shown within creditors due within one year and the balance of £20,252 (2013: £56,225) is disclosed within accruals within creditors due after more than one year.

LORDSWOOD ACADEMIES TRUST
(Company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

14 STATEMENT OF FUNDS

The income funds of the Academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains/(losses) and transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	75,197	8,383,342	(8,431,716)	-	26,823
Pupil Premium	-	467,636	(467,636)	-	-
16-19 Bursary	-	52,644	(52,644)	-	-
Other government grants	-	352,268	(352,268)	-	-
Pension reserve – Girls	(654,000)	-	(53,000)	75,000	(632,000)
Pension reserve – Boys	(759,000)	-	(51,000)	34,000	(776,000)
	<u>(1,337,803)</u>	<u>9,255,890</u>	<u>(9,408,264)</u>	<u>109,000</u>	<u>(1,381,177)</u>
Restricted fixed asset funds					
Devolved capital grant	29,207	-	(2,921)	-	26,286
EFA capital grants – windows - Girls	1,141,368	-	(13,696)	-	1,127,672
EFA capital grants – science block – Girls	879,555	-	(21,989)	-	857,566
Capital grant from GAG	162,847	185,221	(52,210)	-	295,858
Transfer on academy conversion – Girls	1,790,534	-	(42,694)	-	1,747,840
Transfer on academy conversion - Boys	2,806,484	-	(42,851)	-	2,763,633
EFA Capital Grant – Toilet refurb - Boys	29,187	-	(212)	-	28,975
Fixed assets purchased from general funds	-	-	(46,250)	180,517	134,267
	<u>6,839,182</u>	<u>185,221</u>	<u>(222,823)</u>	<u>180,517</u>	<u>6,982,097</u>
Unrestricted general funds					
General funds	397,832	358,239	(244,526)	(180,517)	331,028
Transfer on Academy conversion	(40,790)	-	-	-	(40,790)
	<u>357,042</u>	<u>358,239</u>	<u>(244,526)</u>	<u>(180,517)</u>	<u>290,238</u>
Total funds	<u>5,858,421</u>	<u>9,799,350</u>	<u>(9,875,613)</u>	<u>109,000</u>	<u>5,891,158</u>

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	£
Lordswood Girls' School and Sixth Form Centre	333,613
Lordswood Boys' School	(16,552)
Total before fixed assets and pension reserve	<u>317,061</u>
Restricted fixed asset fund	6,982,097
Pension reserve	(1,408,000)
Total funds	<u>5,891,158</u>

The Lordswood Academies Trust is currently investing time and money into the Lordswood Boys' School to produce efficiencies that return the school to a surplus. The centralisation of the key operating functions in 2014 is the first of a number of initiatives which is part of the action plan that has been created by the Trustees.

LORDSWOOD ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

14 STATEMENT OF FUNDS (continued)

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

	Teaching and Education Support Staff Costs £	Other Support Staff Costs £	Education Supplies £	Other Costs (excluding depreciation) £	Total £
Lordswood Girls	3,286,390	875,482	222,716	1,001,599	5,386,187
Lordswood Boys	2,622,458	552,099	233,793	826,500	4,234,850
Academy Trust	5,908,848	1,427,581	456,509	1,828,099	9,621,037

- (i) General Annual Grant must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that I could carry forward at 31 August 2014.
- (ii) Restricted fixed assets were funded by government grants or sponsors;
- (iii) The pension reserve is the deficit in the Local Government Pension Scheme;
- (iv) Unrestricted general funds include voluntary payments made to the School Fund and surpluses transferred on academy conversion, to be spent at the discretion of the governors.

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets	-	-	6,982,097	6,982,097
Current assets	555,700	26,823	-	582,523
Current liabilities	(245,210)	-	-	(245,210)
Long term liabilities	(20,252)	-	-	(20,252)
Pension scheme liability	-	(1,408,000)	-	(1,408,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	290,238	(1,381,177)	6,982,097	5,891,158
	<hr/>	<hr/>	<hr/>	<hr/>

16 CAPITAL COMMITMENTS

	2014 £	2013 £
Authorised by governors, but not yet contracted	90,605	92,785
	<hr/>	<hr/>

17 FINANCIAL COMMITMENTS

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<i>Other operating leases</i>		
Expiring within one year	2,155	10,065
Expiring within two to five years inclusive	162,490	110,431
	<hr/>	<hr/>

LORDSWOOD ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net (outgoing)/incoming resources	(76,263)	2,848,269
Capital grants from EFA	(185,221)	(980,227)
Transfer of assets on conversion	-	(2,850,000)
Depreciation	222,823	157,056
Interest receivable	(2,351)	(3,666)
FRS 17 pension costs less contributions payable	57,000	(61,000)
FRS 17 pension finance costs	47,000	98,000
(Increase)/decrease in debtors	125,218	(156,204)
Increase/(decrease) in creditors	(134,214)	119,883
Inherited pension scheme deficit	-	812,000
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	53,992	(15,889)
	<hr/> <hr/>	<hr/> <hr/>

19 RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2014 £	2013 £
Interest received	2,351	3,666
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	2,351	3,666
	<hr/> <hr/>	<hr/> <hr/>

20 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2014 £	2013 £
Purchase of tangible fixed assets	(393,287)	(1,189,677)
Capital grants from EFA	185,222	980,227
	<hr/>	<hr/>
Net cash outflow from capital expenditure	(208,065)	(209,450)
	<hr/> <hr/>	<hr/> <hr/>

LORDSWOOD ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	618,102	(151,722)	466,380
	<hr/>	<hr/>	<hr/>
	618,102	(151,722)	466,380
	<hr/>	<hr/>	<hr/>

22 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

As at 31 August 2014 there were 3 (2013: 3) members of the charitable company.

23 PENSION COMMITMENTS

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

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NOTES TO THE FINANCIAL STATEMENTS
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23 PENSION COMMITMENTS – continued

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

Teachers' Pension Scheme (TPS)

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- and employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

23 PENSION COMMITMENTS – continued

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire.

There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

West Midlands Pension Fund

The LGPS is a funded defined benefit scheme, with assets held in separate administered funds. The total contribution made for the year ended 31 August 2014 was £267,333 (2013: £231,625) of which employer's contributions totalled £189,500 (2013: £176,664) and employees' contributions totalled £77,833 (2013: £54,961). The agreed contribution rates for the year ended 31 August 2014 were 13.6% (2013: 16.2%) for employers and depending on salary 5.5% - 7.5% (2013: 5.5% - 7.5%) for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

23 PENSION COMMITMENTS – continued

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2014	At 1 August 2013
	%	%
Rate of increase in salaries	3.95	4.15
Rate of increase in pensions	2.20	2.40
Discount rate for scheme liabilities	4.00	4.60
Inflation Assumption (CPI)	2.20	2.40

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

Retiring today:

Males	22.9	22.1
Females	25.5	24.8

Retiring in 20 years:

Males	25.1	23.9
Females	27.8	26.0

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

	Expected return at 31 August 2014	Fair value at 31 August 2014	Expected return at 31 August 2013	Fair value at 31 August 2013
	%	£'000	%	£'000
Equities	7.0	829	7.0	582
Government Bonds	2.9	146	3.4	116
Other Bonds	3.8	190	4.4	154
Property	6.2	161	5.7	120
Cash/Liquidity	0.5	82	0.5	57
Other	7.0	438	7.0	347
Total fair value of scheme assets		1,846		1,376
Present value of scheme liabilities		(3,254)		(2,789)
Deficit in the scheme		(1,408)		(1,413)

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

23 PENSION COMMITMENTS – continued

The actual return on the scheme assets in the year was £109,000 (2013: £114,000).

Analysis recognised in the statement of financial activities	2014 £'000	2013 £'000
Current service cost (net of employee contributions)	246	174
Total operating charge	<u>246</u>	<u>174</u>
Analysis of pension finance income/(costs)	2014 £'000	2013 £'000
Expected return on scheme assets	89	58
Interest on pension liabilities	(136)	(98)
Pension finance income/(costs)	<u>(47)</u>	<u>(40)</u>

The actuarial 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 £198,000 gain (2013: £89,000 gain).

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

	2014 £'000	2013 £'000
At 1 September	2,789	1,224
Current service cost	246	174
Pension finance costs/(income)	136	98
Member contributions	78	55
Actuarial (gain)/loss	6	(33)
Benefits paid	(1)	(86)
Business combination	-	1,357
At 31 August	<u>3,254</u>	<u>2,789</u>

Movement in the fair value of the academy's share of scheme assets:

	2014 £'000	2013 £'000
At 1 September	1,376	571
Expected return on scheme assets	89	58
Actuarial gains/(losses)	115	56
Employer contribution	189	177
Member contribution	78	55
Benefits paid	(1)	(86)
Business combinations	-	545
At 31 August	<u>1,846</u>	<u>1,376</u>

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NOTES TO THE FINANCIAL STATEMENTS
31 August 2014

23 PENSION COMMITMENTS – continued

The estimate value of employer contributions for the year ended 31 August 2015 is £220,000.

The three year history of experience gains/(losses) adjustments is as follows:

	2014 £'000	2013 £'000	2012 £'000
Present value of defined benefit obligations	(3,254)	(2,789)	(1,224)
Fair value of share of scheme assets	<u>1,846</u>	<u>1,376</u>	<u>571</u>
Deficit in the scheme	<u>(1,408)</u>	<u>(1,413)</u>	<u>(653)</u>
Experience gains/(losses) on share of scheme assets	115	56	(24)
Experience gains/(losses) on share of scheme liabilities	198	-	-

24 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the Trust Board being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Trust Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

During the year the academy paid Ridge and Partners LLP £nil (2013: £78,552) in relation to professional services received. This organisation is related by virtue of the fact that Mr P Brownsword a trustee of the academy is employed by this organisation.

During the year the academy paid Fenestra Building Services £nil (2013: £21,102) in relation to building work. This company is related by virtue of the fact that the owner of this company is related to the academy site manager Mr P Bond.

The academy trust employed Mr N Götschel, a close family member of Mrs J Götschel (A trustee of the trust). He received remuneration commensurate with that of other employees holding the same position in the academy and Mrs J Götschel did not partake in the decision making process regarding his remuneration or performance management.