Lordswood Academies Trust

Annual Report and Financial Statement

Year ended 31 August 2015

(A Company Limited by Guarantee)

Company Registration Number: 07567230 (England and Wales)

**Lordswood Academies Trust**

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**Lordswood Academies Trust**

**Reference and Administrative Details**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Members and Trustees**  Chair of Trustees  Trustee  Trustee  Executive Headteacher & Accounting Officer  Trustee  Trustee  Trustee  Trustee (appointed 25 March 2015)  Trustee (resigned 11 February 2015)  Trustee (resigned 12 February 2015) | | Mr P Brownsword \*\*  Mr G Darbyshire\*\*  Mr T Davis\*  Mrs J Götschel\* \*\*  Mr D Inman\*\*  Mr R Minott \*  Mrs D Sharples\*\*  Mr P Spofforth\*  Ms H Walker\*\*  Mr P Wood\* \*\*  \*Members of the Finance and Premises Committee  \*\* Members of the Staffing Committee | | | | |
| **Company Secretary**  **Principal and Registered office** | Mrs J Durkin (resigned 25 September 2015)  Mrs C Van Zeller (appointed 7 October 2015)  Lordswood Girls School and Sixth Form  Knightlow Road  Harborne  Birmingham  B17 8QB | | | |
| **Senior Management Team**  **Trust**  Executive Headteacher & Accounting Officer  Associate Headteacher  Academies Finance and Services Director  Academies Finance Director  Academies HR Director  Academies Estate Director | Mrs J Götschel  Miss K Sheward  Mrs J Durkin (resigned 25 September 2015);  Mrs L Latham (appointed 26 September 2015)  Mrs D Dodd  Mrs T Rolf | | | |
| **Leadership Team – Lordswood Girls’ School**  Associate Headteacher  Assistant Headteacher  Assistant Headteacher  Assistant Headteacher | | | Mr M Pearce  Miss K Bufton  Ms J Millward  Mrs L Verma |
| **Leadership Team – Lordswood Boys’ School**  Headteacher  Deputy Headteacher  Assistant Headteacher  Assistant Headteacher  Assistant Headteacher | | | Mr M Rennie  Dr G Koutsou  Mr L Williams  Mrs K O’Shaughnessy  Mr M Noor | | |

**Lordswood Academies Trust**

**Reference and Administrative Details (continued)**

|  |  |
| --- | --- |
| **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**

**Trustees’ Report**

The Trustees present their annual report together with the audited financial statements and Auditors’ report of Lordswood Academies Trust (the Academies Trust) for the period 1 September 2014 to 31 August 2015. The Trustees confirm that the Annual Report and the financial statements of the Academies Trust comply with the current statutory requirements, the requirements of the Academies Trust’s governing document and the provisions of the Statement of Recommended practice (SORP) “Accounting and Reporting by Charities”) issued in March 2005. The annual report serves the purposes of both a trustees’ report and a directors’ report under company law.

The Academies Trust operates 2 single sex secondary academies in Harborne, Birmingham providing 11-16 education with mixed 16-19 education within Lordswood Sixth Form Centre. Its academies have a combined pupil capacity of 1,650 and had a roll of 1,412 in the school census on January 2015.

**Structure, Governance and Management**

**Constitution**

The Academies Trust is a company limited by guarantee and an exempt charity. The Academies Trust’s funding agreements and memorandum and articles of association are the primary governing documents of the Trust. The Trustees of the Academies Trust are also directors of the charity for the purposes of company law. The charitable company is known as Lordswood Academies Trust.

Details of Trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

**Members’ Liability**

Each member of the Academies Trust undertakes to contribute to the assets of the Academies Trust 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 Trustee 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 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.

**Principal Activities**

The principal object of the Academies Trust 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 schools offering a broad and balanced curriculum.

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

The Board of Trustees comprises:

* 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**

**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 website, procedures, minutes, budgets, plans and other documents that they need to undertake their role.

**Organisational Structure**

This 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 monitoring the day to day management and operations of the academy and ensuring that high standards of teaching and learning are maintained across the schools. The Governing Bodies 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 and work closely with the Local Governing Body in developing development plans, monitoring expenditure and making reports for the use of Trustees.

**Risk Management**

The Trustees review the major business, strategic and educational risks which the trust faces. The principal risk to which the trust is exposed is reducing numbers in the Boys’ School.

**Connected Organisations including Related Party Relationships**

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

**Objectives and Activities**

**Objects and Aims**

The Academies Trust assumed responsibility forthe operation of Lordswood Boys' School in addition to Lordswood Girls' School on the conversion to a Multi Academy Trust on 1 January 2013. The Academy Trust'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 Academy Trust during the period 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 Trust’s 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 the expenditure incurred;
* To comply with appropriate statutory and national curriculum requirements; and
* To conduct the Academy Trust’s business in accordance with the highest standards of integrity, probity and openness.

**Lordswood Academies Trust**

**Trustees’ Report continued**

**Public Benefit**

In setting the Academy 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 plan.

**Objectives, Strategies and Activities**

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

* Tuition and learning opportunities for all students to attain appropriate academic qualifications and develop their fullest potential;
* Training opportunities for all staff and especially teaching staff;
* A programme of sporting and after school leisure activities open to all students, and,
* Provision of careers information, advice and guidance to support students’ progression post-16 and post-18 and maintain the Trust’s 0% NEET record.

**Lordswood Academies Trust**

**Strategic Report**

**Achievements and Performance**

A new Headteacher was appointed to lead Lordswood Boys’ School in April 2015 to continue the Trust’s drive to address underperformance and improve outcomes for students. Although summer 2015 results were below national figures, data for current year 11 is indicating that outcomes in 2016 will be above floor targets. The falling roll, however, continues to be a major concern and the school in its current form is financially unviable. Up until 2015, the running of the Boys’ School has been subsidised using Girls’ School reserves and funding. The Trust is involved in discussions with the Regional School Commissioner around the future direction for the Boys’ School. The school is now fully staffed with well-qualified teachers. Priorities for the Boys’ School remain improving outcomes for all groups of students across all years, and at GCSE in particular, and achieving a solution which delivers financial security.

Lordswood Girls’ School continues to be oversubscribed. Summer 2015 results, whilst in line with targets were adversely impacted by the need to support Lordswood Boys’ School through the deployment of staff across a number of areas including English and mathematics. A key priority for the Girls’ School is to increase the percentage of students exceeding expected progress. Results post-16 revealed an increase in the percentage of A\*/A grades. Both schools were pleased to maintain their 0% NEETS record. Other priorities include developing the capacity of leadership and management with a view to succession planning and to continue the focus on developing innovative and best practice through action research, increasing the number of SLEs and collaboration with and support for other schools.

Both schools were successful in their bid to the PSB2 programme. As part of this, there will be a new sixth form block, which is much needed and will allow the school to expand its current offer.

**Going Concern**

After making appropriate enquiries, the Trustees have concerns which cast some doubt upon the ability of the Trust to continue as a going concern. The pupil numbers in the Boys’ School have continued to fall and there are concerns that the demographics over the next 5 years do not fill the school quickly enough for the budget to balance. The Trust is in discussion with the EFA over their options to ensure that there is sufficient funding coming into the Trust to operate normally until a permanent solution can be found. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**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 was covered by the GAG received from the EFA and other income, such as voluntary income and activities for generating funds.

There are some concerns regarding the ability of the Trust to continue as a going concern in the short term. This relates mainly to continuing falling rolls at Lordswood Boys School and the associated reduction in funding. The

result of this is that the revenue received from the Boys’ School is significantly less than that needed to manage the school successfully.

The consequence is that the Girls’ School reserves have been exhausted and we are currently showing a deficit budget. However, a recovery plan has been submitted to the EFA and the Finance Director is working closely with the EFA advisors. Stringent finance constraints have been introduced to improve the financial situation and place the Trust in a more secure position. The demographics of the area show that the rolls should increase in 2018 and this should result in a significant rise in numbers on roll in the Boys’ School.

Another difficulty is the poor condition of the infrastructure of the Boys’ School and the extreme costs to maintain the buildings whilst waiting for the implementation of PSB2. The Trust are looking at a number of options with regards to the future of the Boys’ School and how to deal with the falling rolls over the next few years.

**Lordswood Academies Trust**

**Strategic Report continued**

**Reserves Policy**

The Trustees of the Academies Trust review the reserve levels on an annual basis. The Trust Finance and Premises Committee believe that reserves should provide sufficient working capital to cover delays between spending and receipt of grants and also allow for unexpected situations such as urgent maintenance work. During the last few years the reserves held by Lordswood Girls’ School have been consumed in the support of falling rolls in the Boys’ School.

**Investment Policy**

There are no material investments. Cash is managed using the 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 continues to be reviewed.

**Principal Risks and Uncertainties**

The principal financial risks to the Trust result from the ongoing concerns relating to the Local Government Pension Scheme deficit and the continuing falling roll at Lordswood Boys’ School.

The Trust assesses the risks to which each academy is exposed, in particular those that relate to teaching staff retention, lengthy staff long term absence, health and safety, security, financial and computing. The Trust has implemented a number of systems to assess risks that each academy faces especially in operational area 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.

The Risk and Audit committee have drawn up a risk register and this is reviewed at each meeting.

**Plans for Future Periods**

The Trust’s plans for the foreseeable future involve:

* Developing further post 16 provision and in particular the construction through CIF/PSB2 of a new sixth form block;
* Lordswood Boys’ School have received a Salix loan to improve the heating system which will assist with cost savings in energy consumption;
* The construction of a new sixth form block and an increase in pupil numbers in Key Stage 5;
* To increase the PAN by 22 once the new sixth form block is completed;
* Progressing plans regarding discussions with Birmingham City Council to expand a successful local primary school on the Lordswood site; and
* Progression of plans 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 are:

* To continue to work on recruitment to Year 7 at Lordswood Boys’ School;
* To continue to recruit high calibre staff where vacancies arise; and
* To continue to implement strategies to increase the percentage of students exceeding targets at Lordswood Girls’ School.

**Funds Held as Custodian Trustee on Behalf of Others**

The Academy does not hold such funds and does not act as the Custodian Trustees of any other charity.

**Lordswood Academies Trust**

**Strategic Report continued**

**Auditor**

In so far as the Directors are aware:

* There is no relevant audit information of which the Academies Trust’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.

This report incorporating the Strategic Report was approved by order of the Board of Directors on 9 December 2015 and signed on their behalf by:

Mr P Brownsword

**Chair of Trustees**

**Lordswood Academies Trust**

**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 Headteacher, as Accounting Officer, for ensuring financial controls agree 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 the 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 12 times during the year.

Attendance during the year at these meetings was as follows:

|  |  |  |
| --- | --- | --- |
| **Trustee** | **Meetings attended** | **Eligible Meetings** |
| Mr P Brownsword (Chair)  Mr G Darbyshire  Mr T Davis  Mrs J Götschel (Headteacher)  Mr D Inman  Mr R Minott  Ms H Walker (resigned 11 February 2015)  Mr P Wood (resigned 12 February 2015)  Mrs D Sharples  Mr P Spofforth (appointed 25 March 2015) | 11  9  12  12  7  10  3  6  12  4 | 12  12  12  12  12  12  6  6  12  4 |

**Risk and Audit Committee**

The Board of Trustees have put in place a Risk and Audit Committee to assist the Trust in fulfilling its oversight responsibilities with particular reference to financial reporting, internal control, risk management and external audit. It makes appropriate comments and recommendations to the Trust on such matters, on a regular basis, referring major issues for ratification.

Membership of the committee comprises the following individuals: Tim Davis (Chair, LBS governor), Paul Spofforth (LBS governor), and Graham Darbyshire (Trustee).

**Finance and Premises Committee**

Thisis a sub-committee of the main Board of Trustees. It oversees the Trust budget and makes decisions in accordance with the terms of reference set. Its duties include:

* Assisting the decision making process of the Trustees and Governors, by enabling more detailed consideration to be given to the Academies Trust’s finances and resources:
* Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charity Commission requirements and the Education Funding Agency (EFA) guidance issued to Academies;
* Reporting directly to the Trust Board; and
* Compliance with financial regulations and standing orders of the Trust.

**Lordswood Academies Trust**

**Governance Statement continued**

Attendance during the year at meetings was as follows:

|  |  |  |
| --- | --- | --- |
| **Trustee** | **Meetings Attended** | **Out of a Possible** |
| Mr T Davis  Mrs J Götschel (Headteacher)  Mr R Minott (Chair)  Mr P Wood (resigned 12 February 2015)  Mr P Spofforth  Ms I Hutchins (joined 20th May 2015) | 7  7  6  2  7  2 | 7  7  7  3  7  2 |

Other trustee attendances: Paul Brownsword (1), Graham Darbyshire (2), Dagmar Sharples (1).

**Staffing Committee**

This is a sub-committee of the main Board of Trustees. The Staffing Committee is accountable for the human resources and personnel matters of the Academies Trust.

Attendance during the year at meetings was as follows:

|  |  |  |
| --- | --- | --- |
| **Trustee** | **Meetings Attended** | **Out of a Possible** |
| Mrs J Götschel (Headteacher)  Mrs T Orleans-Thompson (resigned this committee 1 December 2014)  Mr G Darbyshire  Mr P Brownsword  Mr D Inman  Mrs D Sharples  Mrs H Walker (resigned 11 February 2015)  Ms L Wheatly  Mr P Wood (resigned 12 February 2015) | 4  1  4  2  4  4  2  3  2 | 4  1  4  4  4  4  2  4  2 |

**Review of Value for Money**

As Accounting Officer the Executive Headteacher has responsibility for ensuring that the Academies 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 Academies Trust has delivered value for money during the year by:

* Exploring alternative purchasing options both on-line and direct through suppliers to find best value;
* Implementing a tender process for significant purchases and/or contracts; and
* Driving down costs through better procurement and negotiation including security and cleaning contracts across the Trust led by the Academies Finance and Service Director.

**Lordswood Academies Trust**

**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 Academies 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 the Academies Trust for the year of 1 September 2014 to 31August 2015 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 to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying and evaluating the Trust’s significant risks and that it has been in place in the Academies Trust for the year of 1 September 2014 to 31 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.

**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 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 and Premises 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 via the Risk and Audit committee Paul Spofforth, a trustee to carry out a programme of internal checks which is reported to the Risk Committee at their termly meetings and includes:     * Testing of payroll systems; * Testing of purchase systems; and; * Testing of control account/bank reconciliations.   In addition, the Trustees have also appointed Clement Keys Education Services Limited to perform additional checks. Their role included giving advice on financial matters and performing a range of checks on the Academies Trust’s financial systems. The auditor reports to the Finance and Premises Committee on a termly basis on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. |

**Lordswood Academies Trust**

**Governance Statement continued**

**Review of Effectiveness**

As Accounting Officer, the Executive Headteacherhas 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 Risk and Audit committee member Paul Spofforth and the Risk and Audit committee; and
* The work of the executive managers within the Academies 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 Risk and Audit Committee, Finance and Premises Committee and the Staffing Committee and will continue to ensure that continuous improvement of the systems is in place.

Approved by order of the members of the Board of Trustees on 9 December 2015 and signed on its behalf by:

Mr P BrownswordMrs J Götschel

**Chair of Trustees Accounting Officer**

**Lordswood Academies Trust**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Lordswood Academies Trust, I have considered my responsibility to notify the Academies Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academies 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 Academies Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academies Trust, or material non-compliance with the terms and conditions of funding under the Academies 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 the EFA.

Mrs J Götschel

**Accounting Officer**

**9 December 2015**

**Lordswood Academies Trust**

**Statement of Trustees’ Responsibilities**

The Trustees (who act as governors of Lordswood Academies Trust and 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 Academies Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

* Select suitable accounting policies and then apply them consistently;
* Observe the methods and principles in the Charities SORP;
* Make judgments and accounting estimates that are reasonable and prudent;
* State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
* Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academies Trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academies Trust’s transactions and disclose with reasonable accuracy at any time the financial position of the Academies Trust 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 Academies Trust 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 Academies Trust applies financial and other controls, which conform to 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 purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Academies Trust’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 9 December 2015 and signed on its behalf by:

Mr P Brownsword

**Chair of Trustees**

**Lordswood Academies Trust**

**Independent Auditor’s Report on the Financial Statements to the Members of The Lordswood Academies Trust**

We have audited the financial statements of Lordswood Academies Trust for the year ended 31 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 Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the 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 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 Trust for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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 Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ending;
* 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.

**Lordswood Academies Trust**

**Independent Auditor’s Report on the Financial Statements to the Members of The Lordswood Academies Trust (continued)**

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the charitable company’s ability to continue as a going concern. As explained in the Trustees’ report and note 1 to the financial statements, the trustees are forecasting deficits for the academy for the foreseeable future, indicating the existence of a material uncertainty which casts doubt about the charitable company’s ability to continue as a going concern. The financial statements do not include adjustments that would result if the charitable company was unable to continue as a going concern.

**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 Governors' 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

**Lordswood Academies Trust**

**Independent Reporting Accountant’s Assurance Report on Regularity to The Lordswood Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 22 January 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 Lordswood Academies Trust during the period 1 September 2014 to 31 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 Lordswood Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Lordswood Academies Trust and the 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 the 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’s funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 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 period 1 September 2014 to 31 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 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 examination, on a test basis, of evidence relevant to the regularity and propriety of the Academies Trust’s income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

**Lordswood Academies Trust**

**Independent Reporting Accountant’s Assurance Report on Regularity to The Lordswood Academies Trust and the Education Funding Agency**

**Conclusion**

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

**Clement Keys LLP**

Date: 9 December 2015

**Lordswood Academies Trust**

**Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Note | Un- restricted Funds £ | Restricted General  Funds  £ | Restricted Fixed Asset  Funds  £ | **Total**  **2015**  **£** | Total  2014  £ |
| **Incoming resources** |  |  |  |  |  |  |
| *Incoming resources from generated funds:* |  |  |  |  |  |  |
| * Voluntary income | 2 | - |  | - |  | - |
| * Activities for generating funds | 3 | 371,898 |  | - | **371,989** | 355,888 |
| * Investment income | 4 | 1,694 |  | - | **1,694** | 2,351 |
| *Incoming resources from charitable activities:* |  |  |  |  |  |  |
| * Funding for the Academy's educational operations | 5 | - | 8,967,307 | 266,325 | **9,233,632** | 9,441,111 |
|  |  |  |  |  |  |  |
| **Total incoming resources** |  | 373,592 | 8,967,307 | 266,325 | **9,607,224** | 9,799,350 |
|  |  |  |  |  |  |  |
| **Resources expended** |  |  |  |  |  |  |
| *Cost of generating funds* |  |  |  |  |  |  |
| * Costs of generating voluntary income |  | 291,310 |  | - | **291,310** | 244,526 |
| *Charitable activities:* |  |  |  |  |  |  |
| * Academy’s educational operations | 7 | - | 9,364,432 | 236,309 | **9,600,741** | 9,599,334 |
| *Governance costs* | 8 | - | 15,000 |  | **15,000** | 31,753 |
| **Total resources expended** | 6 | 291,310 | 9,379,432 | 236,309 | **9,907,051** | 9,875,613 |
|  |  |  |  |  |  |  |
| **Net incoming/(outgoing) resources before transfers** |  | 82,282 | (412,125) | 30,016 | **(299,827)** | (76,263) |
| Gross transfers between funds | 16 | (52,870) | - | 52,870 | **-** | - |
| **Net income/ (expenditure) for the year** |  | 29,412 | (412,125) | 82,886 | **(299,827)** | (76,263) |
|  |  |  |  |  |  |  |
| **Other recognised gains and losses** |  |  |  |  |  |  |
| Actuarial (losses)/gains on defined benefit pension schemes | 25 | - | (210,000) | - | **(210,000)** | 109,000 |
|  |  |  |  |  |  |  |
| **Net movement in funds** |  | 29,412 | (622,125) | 82,886 | **(509,827)** | 32,737 |
|  |  |  |  |  |  |  |
| **Reconciliation of funds** |  |  |  |  |  |  |
| Funds brought forward at 1 September 2014 | 16 | 290,238 | (1,381,177) | 6,982,097 | **5,891,158** | 5,858,421 |
| **Funds carried forward at 31 August 2015** |  | **319,650** | **(2,003,302)** | **7,064,983** | **5,381,331** | 5,891,158 |

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 Number 07567230**

**Academy Balance Sheet as at 31 August 2015**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Notes | **2015** | | 2014 | |
|  |  | **£** | **£** | **£** | £ |
| **Fixed assets** |  |  |  |  |  |
| Tangible assets | 12 |  | **6,887,983** |  | 6,982,097 |
|  |  |  |  |  |  |
| **Current assets** |  |  |  |  |  |
| Stock | 13 | **-** |  | - |  |
| Debtors | 14 | **199,909** |  | 116,143 |  |
| Cash at bank and in hand |  | **296,463** |  | 466,380 |  |
|  |  | **496,372** |  | 582,523 |  |
|  |  |  |  |  |  |
| **Creditors**: Amounts falling due within one year | 15 | **(326,024)** |  | (245,210) |  |
|  |  |  |  |  |  |
| **Net current assets** |  |  | **170,348** |  | 337,313 |
|  |  |  |  |  |  |
| **Net assets excluding pension liability** |  |  | **7,058,331** |  | 7,319,410 |
| Pension scheme liability | 25 |  | **(1,677,000)** |  | (1,408,000) |
| **Creditors**: Amounts falling due after more than one year | 15 |  | **-** |  | (20,252) |
|  |  |  |  |  |  |
| **Net assets including pension liability** |  |  | **5,381,331** |  | 5,891,158 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Funds of the Academy:** |  |  |  |  |  |
| **Restricted income funds** |  |  |  |  |  |
| * Fixed asset fund | 16 |  | **7,064,983** |  | 6,982,097 |
| * General fund | 16 |  | **(326,302)** |  | 26,823 |
| * Pension reserve | 16 |  | **(1,677,000)** |  | (1,408,000) |
| **Total restricted funds** |  |  | **5,061,681** |  | 5,600,920 |
|  |  |  |  |  |  |
| **Unrestricted income funds** |  |  |  |  |  |
| * General fund(s) | 16 |  | **319,650** |  | 290,238 |
| **Total unrestricted funds** |  |  | **319,650** |  | 290,238 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Total funds** |  |  | **5,831,331** |  | 5,891,158 |

The financial statements on pages 21 to 39 were approved by the trustees, and authorised for issue on 9 December 2015 and are signed on their behalf by:

Mr P Brownsword

**Chair of Trustees**

**Lordswood Academies Trust**

**Cash Flow Statement for the Year Ended 31 August 2015**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Notes | **2015** |  | 2014 |
|  | **£** |  | £ |
| **Net cash (outflow) / inflow from operating activities** | 20 | **(295,741)** |  | 53,992 |
| Returns on investments and servicing of finance | 21 | **1,694** |  | 2,351 |
| Capital expenditure | 22 | **124,130** |  | (208,065) |
| **Decrease in cash in the year** | 23 | **(169,917)** |  | (151,722) |
| **Reconciliation of net cash flow to movement in net funds** |  |  |  |  |
| Net Funds at 1 September 2014 |  | **466,380** |  | 618,102 |
| Decrease in cash | 23 | **(169,917)** |  | (151,722) |
| **Net funds at 31 August 2015** |  | **296,463** |  | 466,380 |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015**

1. **Statement of Accounting Policies**

The standard format for the financial statements as required by the Companies Act 2006 has been adapted to provide more appropriate information which complies with the Charities SORP and reflects the activities of the Academy.

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the ‘Statement of Recommended Practice (‘SORP 2005’) ‘Accounting and Reporting by Charities’, the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and 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 company 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. Lordswood Academies Trust has made a deficit during the year ended 31 August 2015, and is projecting costs in excess of income during the next financial period. There are significant risks surrounding the on-going financial situation and long-term sustainability. The Trustees are continuing to review the situation, and are in communication with the EFA to discuss a plan to ensure long term sustainability of the Trust. Given the ongoing work to secure the future viability of the Trust, the trustees believe it is appropriate to prepare these accounts on a going concern basis.

**Incoming Resources**

All incoming resources are recognised when the Academies Trust 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 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.

* + **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.

* + **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academies Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academies Trust 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 Academies Trust‘s policies.

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Statement of Accounting Policies (continued)**

**Resources Expended**

All 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 Academies Trust’s educational operations.

* + **Governance Costs**

These include the costs attributable to the Academies Trust’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.

**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 Academies Trust’s depreciation policy.

Depreciation is provided on all tangible fixed assets, 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% (50 years)

Fixtures and equipment 10% (10 years)

Computer equipment 33% (3 years)

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 indie 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**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Statement of Accounting Policies (continued)**

**Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Stock**

Stationery and book stocks are valued at the lower of cost or net realisable value.

**Taxation**

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

**Pensions Benefits**

Retirement benefits to employees of the Academies Trust 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’) until April 2016, and the assets are held separately from those of the Academies Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees’ working lives with the Academies Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the Academies Trust 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 Academies Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 Academies Trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2.** | **Voluntary Income** | **Unrestricted** |  | **Restricted** |  | **Total** |  | Total |
|  |  | **Funds** |  | **Funds** |  | **2015** |  | 2014 |
|  |  |  |  |  |  |  |  |  |
|  | Donations – Capital assets | - |  | - |  | - |  | - |
|  | Other donations | - |  | - |  | - |  | - |
|  |  | - |  | - |  | - |  | - |
| **3.** | **Activities for Generating Funds** |  |  |  |  |  |  |  |
|  |  | **Unrestricted** |  | **Restricted** |  | **Total** |  | Total |
|  |  | **Funds** |  | **Funds** |  | **2015** |  | 2014 |
|  |  | **£** |  | **£** |  | **£** |  | £ |
|  | Catering Income | 173,591 |  | - |  | **173,591** |  | 149,790 |
|  | Lettings Income | 26,219 |  | - |  | **26,219** |  | 22,051 |
|  | Educational Trips | 68,357 |  | - |  | **68,357** |  | 25,215 |
|  | Teacher Training income | 53,838 |  | - |  | **53,838** |  | 38,326 |
|  | Other Income | 49,893 |  | - |  | **49,893** |  | 120,506 |
|  |  | 371,898 |  | - |  | **371,898** |  | 355,888 |
| **4.** | **Investment Income** | **Unrestricted** |  | **Restricted** |  | **Total** |  | Total |
|  |  | **Funds** |  | **Funds** |  | **2015** |  | 2014 |
|  |  | **£** |  | **£** |  | **£** |  | £ |
|  | Short term deposits | 1,694 |  | - |  | **1,694** |  | 2,351 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **5.** | **Funding for the Academies Trust’s Educational Operations** | | | | | | | |
|  |  | **Restricted**  **Funds** |  | **Restricted Fixed Asset**  **Funds** |  | **Total**  **2015** |  | Total  2014 | |
|  |  | **£** |  | **£** |  | **£** |  | £ | |
|  | **DfE/EFA capital grant** |  |  |  |  |  |  |  | |
|  | * Capital grants | - |  | 266,325 |  | **266,325** |  | 185,221 | |
|  |  |  |  |  |  |  |  |  | |
|  | **DfE/EFA revenue grant** |  |  |  |  |  |  |  | |
|  | * General Annual Grant (GAG) | 8,370,751 |  | - |  | **8,370,751** |  | 8,684,526 | |
|  | * Other DfE/EFA grants | 583,719 |  | - |  | **583,719** |  | 531,954 | |
|  |  | 8,954,470 |  | 266,325 |  | **9,220,795** |  | 9,401,701 | |
|  |  |  |  |  |  |  |  |  | |
|  | **Other Government grants** |  |  |  |  |  |  |  | |
|  | * Local Authority grants | 12,837 |  | - |  | **12,837** |  | 39,410 | |
|  |  |  |  |  |  |  |  |  | |
|  |  |  |  |  |  |  |  |  | |
|  |  | 8,967,307 |  | 266,325 |  | **9,233,632** |  | 9,441,111 | |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **6.** | **Resources Expended** | | | | | | |
|  | **Staff Costs** | **Non Pay**  **Expenditure** | | **Total**  **2015** | Total  2014 |
|  | **£** | **Premises £** | **Other Costs £** | **£** | £ |
| Costs of activities for generating funds | - | - | 291,310 | **291,310** | 244,526 |
| Academy's educational operations |  |  |  |  |  |
| * Direct costs | 5,772,020 | - | 776,319 | **6,548,339** | 7,103,417 |
| * Allocated support costs | 1,730,096 | 581,652 | 740,654 | **3,052,402** | 2,495,917 |
|  | 7,502,116 | 581,652 | 1,808,283 | **9,892,051** | 9,843,860 |
|  |  |  |  |  |  |
| Governance costs including allocated support costs | - | - | 15,000 | **15,000** | 31,753 |
|  |  |  |  |  |  |
|  | 7,502,116 | 581,652 | 1,823,283 | **9,907,051** | 9,875,613 |
|  |  |  |  |  |  |
| **Incoming/outgoing resources for the period include:** |  |  |  | **2015**  **£** | 2014  £ |
|  |  |  |  |  |  |
| Fees payable to auditor - audit |  |  |  | **15,000** | 15,000 |
|  |  |  |  |  |  |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **7.** | **Charitable Activities - Academy's educational operations** | | | | | | | | |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Total**  **2015** |  | Total 2014 |
|  |  |  |  |  | **£** |  | £ |
| **Direct costs** |  |  |  |  |  |  |  |
| Teaching and educational support staff costs |  |  |  |  | **5,772,020** |  | 6,238,977 |
| Depreciation |  |  |  |  | **-** |  | 56,960 |
| Educational supplies |  |  |  |  | **549,284** |  | 510,653 |
| Examination fees |  |  |  |  | **169,139** |  | 149,261 |
| Staff development |  |  |  |  | **45,183** |  | 41,245 |
| Educational consultancy |  |  |  |  | **12,712** |  | 55,103 |
| Other direct costs |  |  |  |  | **-** |  | 51,218 |
|  |  |  |  |  | **6,548,339** |  | 7,103,417 |
|  |  |  |  |  |  |  |  |
| **Allocated support costs** |  |  |  |  |  |  |  |
| Support staff costs |  |  |  |  | **1,730,096** |  | 1,427,581 |
| Depreciation |  |  |  |  | **236,309** |  | 165,863 |
| Technology costs |  |  |  |  | **110,139** |  | 40,235 |
| Recruitment and support |  |  |  |  | **23,360** |  | - |
| Maintenance of premises and equipment |  |  |  |  | **85,655** |  | 68,778 |
| Cleaning |  |  |  |  | **127,565** |  | 144,192 |
| Rent & rates |  |  |  |  | **53,864** |  | 49,377 |
| Heat & light |  |  |  |  | **123,271** |  | 125,213 |
| Insurance |  |  |  |  | **59,547** |  | 60,512 |
| Catering |  |  |  |  | **-** |  | - |
| Other support costs |  |  |  |  | **502,596** |  | 414,168 |
|  |  |  |  |  | **3,052,402** |  | 2,495,917 |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  | **9,600,741** |  | 9,599,334 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **8.** | **Governance costs** | | | | | | | | |
|  |  |  |  |  | **Total**  **2015** |  | Total  2014 |
|  |  |  |  |  | **£** |  | £ |
| Legal and professional fees |  |  |  |  | **-** |  | 16,647 |
| Auditor’s remuneration |  |  |  |  |  |  |  |
| Audit of financial statements |  |  |  |  | **15,000** |  | 15,000 |
| Trustees’ reimbursed expenses |  |  |  |  | **-** |  | 106 |
|  |  |  |  |  | **15,000** |  | 31,753 |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **9.** | **Staff** | | | |
| 1. **Staff costs** | | |
|  | | |
|  | **2015**  **£** | 2014 £ |
| Wages and salaries | **6,019,601** | 6,044,935 |
| Social security costs | **454,422** | 409,083 |
| Pension costs | **831,958** | 882,411 |
|  | **7,305,981** | 7,336,429 |
| Supply teacher costs | **113,310** | 330,129 |
| Staff restructuring costs | **82,825** | - |
|  | **7,502,116** | 7,666,558 |
|  |  |  |

1. **Non statutory / non contractual staff severance payments**

There were no non statutory / non contractual staff severance payments made within the year.

1. **Staff numbers**

The average number of persons (including senior management team) employed by the Academies Trust

during the period expressed as full time equivalents was as follows:

|  |  |  |
| --- | --- | --- |
|  | **2015 Number** | 2014 Number |
|  |  |  |
| Teachers | **110** | 110 |
| Administration and support | **83** | 72 |
| Management | **16** | 13 |
|  | **209** | 195 |

The number of employees whose emoluments fell within the following bands was:

|  |  |  |
| --- | --- | --- |
|  | **2015 Number** | 2014 Number |
| £60,001-£70,000 | **2** | 2 |
| £70,001-£80,000 | **1** | 1 |
| £100,001-£110,000 | **1** | 1 |

All of the above employees participated in the Teachers’ Pension Scheme. During the year ended 31 August 2015, pension contributions (Employers) for these staff amounted to £44,063 (2014: £43,376).

|  |  |
| --- | --- |
| **10.** | **Related Party Transactions - Trustees' Remuneration & Expenses** |

The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff under their contracts of employment, and not in respect of their role as trustees. The value of the trustees’ remuneration was as follows:

Mrs J Götschel

Remuneration £100,000 - £105,000 (2014: £100,000 - £105,000)

Employer’s pension contribution £10,000-15,000 (2014: £10,000-£15,000)

During the year ended 31 August 2015, travel and subsistence expenses totaling £50 (2014: £106)

were reimbursed to 1 trustee (2014: 1 trustee).

Other related party transactions involving the Trustees are set out in note 26.

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |
| --- | --- |
| **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 sum insured for professional indemnity and trustees’ liability is £25,000,000. The cost of this insurance is included in the total insurance cost.

|  |  |
| --- | --- |
| **12.** | **Tangible Fixed Assets** |
|  | |  |  |  |  |
|  | | Leasehold Land & buildings | Furniture  and  Equipment | Computer Equipment | **Total** |
|  | | £ | £ | £ | **£** |
| **Cost** | |  |  |  |  |
| At 1 September 2014 | | 7,036,356 | 239,873 | 193,470 | **7,469,698** |
| Additions | | 90,605 | 9,893 | 41,698 | **142,196** |
|  | |  |  |  |  |
| At 31 August 2015 | | 7,126,961 | 249,765 | 235,168 | **7,611,894** |
|  | |  |  |  |  |
| **Depreciation** | |  |  |  |  |
| At 1 September 2014 | | 321,573 | 65,347 | 100,682 | **487,601** |
| Charged in period | | 145,547 | 24,704 | 66,059 | **236,309** |
|  | |  |  |  |  |
| At 31 August 2015 | | 467,120 | 90,051 | 166,740 | **723,911** |
|  | |  |  |  |  |
| **Net book values** | |  |  |  |  |
| At 31 August 2015 | | **6,659,841** | **159,715** | **68,427** | **6,887,983** |
| At 31 August 2014 | | 6,714,783 | 174,526 | 92,788 | 6,982,097 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **13.** | **Stock** | | | |
|  | | **2015**  **£** | 2014 £ |
| Stationery and books | | **-** | - |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **14.** | **Debtors** | | | |  | | | |
|  | |  | | |  | | |
|  | |  |  | **2015**  **£** | | 2014 £ |
| Trade debtors | |  |  | **7,184** | | 43,801 |
| Other debtors | |  |  | **11,443** | | 1,211 |
| Prepayments | |  |  | **181,281** | | 71,131 |
|  | |  |  | **199,909** | | 116,143 |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **15** | **Creditors: Amounts falling due within one year** | | | |
|  | | **2015**  **£** | 2014  £ |
| Trade creditors | | **295** | - |
| Taxation and social security | | **129,637** | 136,484 |
| Accruals and deferred income | | **196,092** | 108,726 |
|  | | **326,024** | 245,210 |

**Creditors: Amounts falling due after more than one year**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Other creditors | **-** | 20,252 |
|  | **-** | 20,252 |

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

|  |  |
| --- | --- |
| **16.** | **Statement of Funds** |
|  | | | |  |  |  |  |  |
|  | | | | Balance at  1 September 2014 | Incoming Resources | Resources  Expended | Gains, Losses and Transfers | **Balance at**  **31 August**  **2015** |
|  | | | | £ | £ | £ | £ | **£** |
| **Restricted general funds** | | | |  |  |  |  |  |
| General Annual Grant (GAG) | | | | 26,823 | 8,370,751 | (8,723,876) | - | **(326,302)** |
| Other DfE/EFA grants | | | | - | 62,005 | (62,005) | - | **-** |
| Pupil Premium | | | | - | 521,714 | (521,714) | - | **-** |
| Local Authority grants | | | | - | 12,837 | (12,837) | - | **-** |
| Pensions reserve | | | | (1,408,000) | - | (59,000) | (210,000) | **(1,677,000)** |
|  | | | | (1,381,177) | 8,967,307 | (9,379,432) | (210,000) | **(2,003,302)** |
|  | | | |  |  |  |  |  |
| **Restricted fixed asset funds** | | | |  |  |  |  |  |
| DfE/EFA capital grants | | | | 2,040,499 | 266,325 | (52,304) | - | **2,254,520** |
| Capital expenditure from GAG | | | | 430,125 | - | (98,460) | 52,870 | **384,535** |
| Assets on conversion | | | | 4,511,473 | - | (85,545) | - | **4,425,928** |
|  | | | | 6,982,097 | 266,325 | (236,309) | 52,870 | **7,064,983** |
|  | | | |  |  |  |  |  |
| **Total restricted funds** | | | | 5,600,920 | **9,233,632** | **(9,615,741)** | **(157,130)** | **5,061,681** |
|  | | | |  |  |  |  |  |
| **Unrestricted funds** | | | |  |  |  |  |  |
| **Total unrestricted funds** | | | | 290,238 | 373,592 | (291,310) | (52,870) | **319,650** |
|  | | | |  |  |  |  |  |
| **Total funds** | | | | **5,891,158** | **9,607,224** | **(9,907,051)** | **(210,000)** | **5,381,331** |

Under the funding agreement with the Secretary of State, the Academies Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

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

**Restricted general funds**

The balance of £326k overdrawn on the restricted general funds, is explained in more detail at the end of this note.

The Pension reserve of £1,677k (overdrawn) represents the Academies Trust’s share of the deficit in the West Midlands Pension Fund.

**Restricted fixed asset fund**

The restricted fixed assets fund relates predominantly to the assets acquired on conversion to an Academies Trust, being the properties.

**Unrestricted funds**

The unrestricted funds represent the surplus generated by the trust on activities for generating funds.

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

**16. Funds (continued)**

**Analysis of Academies by Fund balance**

Funds at 31 August 2015 were allocated as follows:

|  |  |
| --- | --- |
|  | **Balance at**  **31 August 2015** |
|  | **£** |
| Lordswood Girls’ School and Sixth Form Centre | **247,837** |
| Lordswood Boys’ School | **(254,489)** |
| **Total before fixed assets and pension reserve** | **(6,652)** |
| Restricted fixed asset fund | **7,064,983** |
| Pension reserve | **(1,677,000)** |
| **Total** | **5,381,331** |

The Academy Trust is currently considering at a number of options that would bring the Boy’s School back to a position of not making an annual deficit.

**Analysis of Academies by cost**

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Teaching and**  **Educational**  **support**  **staff costs** | **Other**  **Support**  **staff**  **costs** | **Educational**  **supplies** | **Other costs (exc. Dep)** | **Total** |
|  | **£** | **£** | **£** | **£** | **£** |
| Lordswood Girls’ School | 3,130,165 | 1,067,697 | 299,566 | 1,145,364 | **5,642,792** |
| Lordswood Boys’ School | 2,641,855 | 662,399 | 249,718 | 473,978 | **4,027,950** |
| **Academy Trust** | **5,772,020** | **1,730,096** | **549,284** | **1,619,342** | **9,670,742** |

**17. Analysis of Net Assets between Funds**

Fund balances at 31 August 2015 are represented by:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Unrestricted**  **Funds** | **Restricted**  **General**  **Funds** | **Restricted**  **Fixed**  **Asset**  **Funds** | **Total Funds** |
|  | **£** | **£** | **£** | **£** |
| Tangible fixed assets | - | - | 6,887,983 | **6,887,983** |
| Current assets | 319,650 | (278) | 177,000 | **496,372** |
| Current liabilities | - | (326,024) | - | **(326,024)** |
| Pension scheme liability | - | (1,677,000) | - | **(1,677,000)** |
| **Total net assets** | **319,650** | **(2,003,302)** | **7,064,983** | **5,381,331** |

1. **Capital Commitments**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Contracted for, but not provided in the financial statements | - | 90,605 |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Financial Commitments**

**Operating Leases**

At 31 August 2015 the Academies Trust had annual commitments under non- cancellable operating leases

as follows:

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Other |  |  |
| Expiring within one year | **132,494** | 2,155 |
| Expiring within two and five years inclusive | **817** | 162,490 |
|  | **133,311** | 164,645 |

**20. Reconciliation of net outgoing resources to net cash (outflow)/inflow from operating activities**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Net income | **(299,827)** | (76,263) |
| Depreciation (note 12) | **236,309** | 222,823 |
| Capital grants from DfE and other capital income | **(266,325)** | (185,221) |
| Interest receivable | **(1,694)** | (2,351) |
| FRS 17 pension cost less contributions payable | **40,000** | 57,000 |
| FRS 17 pension finance income | **19,000** | 47,000 |
| (Increase)/Decrease in debtors | **(83,766)** | 125,218 |
| Increase/(Decrease) in creditors | **60,562** | (134,214) |
| Net cash flow from operating activities | **(295,741)** | 53,992 |

**21. Returns on investments and servicing of finance**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Interest received on cash balances | **1,694** | 2,351 |
|  |  |  |
| Net cash inflow from returns on investment and servicing of finance | **1,694** | 2,351 |

**22. Net cash inflow / (outflow) from capital transactions**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Purchase of tangible fixed assets | **(142,195)** | (393,287) |
| Capital grants from DfE/EFA | **266,325** | 185,222 |
|  |  |  |
| Net cash inflow/(outflow) from capital expenditure and financial investment | **124,130** | (208,065) |

**23. Analysis of Changes in Net Funds**

|  |  |  |  |
| --- | --- | --- | --- |
|  | At 1 |  | **At 31** |
|  | September |  | **August** |
|  | 2014 | Cash flows | **2015** |
|  | £ | £ | **£** |
| Cash in hand and at bank | 466,380 | (166,917) | **299,463** |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **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 £10for the debts and liabilities contracted before he/she ceases to be a member.

1. **Pension and Similar Obligations**

The Academies Trust’s employees belong to two principal pension schemes: the Teachers’ Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension fund. Both are 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 March 2012 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**

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

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

**Valuation of the Teachers’ Pension Scheme**

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 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 (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% 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 April 2019.

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Pension and Similar Obligations (continued)**

The pension costs paid to TPS in the period amounted to £585,915 (2014 £602,168).

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 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 FRS17 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.

**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 August 2015 was £343,000 (2014: £267,000), of which employer’s contributions totalled £252,000 (2014: £189,000) and employees’ contributions totalled £91,000 (2014: £78,000). The agreed contribution rates for future years are 19.5% for employers and between 5.5 and 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.

|  |  |  |
| --- | --- | --- |
|  | **At 31 August**  **2015** | At 31 August  2014 |
| Rate of increase for pensions in payment / inflation | **2.4%** | 2.2% |
| Rate of increase in salaries | **4.2%** | 3.9% |
| Inflation assumption (CPI) | **2.4%** | 2.2% |
| Discount rate for scheme liabilities | **4.0%** | 4.0% |

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

|  |  |  |
| --- | --- | --- |
|  | **At 31 August**  **2015** | At 31 August  2014 |
| *Retiring today* |  |  |
| +Males | **23.0** | 22.9 |
| Females | **25.2** | 25.5 |
|  |  |  |
| *Retiring in 20 years* |  |  |
| Males | **25.6** | 25.1 |
| Females | **28.0** | 27.8 |

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Pension and Similar Obligations (continued)**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Expected**  **return at**  **31 August**  **2015** | **Fair value**  **at**  **31 August**  **2015** | Expected  return at  31 August  2014 | Fair value  at  31 August  2014 |
|  | **%** | **£** | **%** | **£** |
| Equities | **5.9** | **1,330** | 7.0 | 829 |
| Government Bonds | **5.9** | **165** | 2.9 | 146 |
| Other Bonds | **5.9** | **225** | 3.8 | 190 |
| Property | **5.9** | **190** | 6.2 | 161 |
| Cash | **5.9** | **112** | 0.5 | 82 |
| Other | **5.9** | **205** | 7.0 | 438 |
|  |  |  |  |  |
| **Total market value of assets** |  | **2,227** |  | 1,846 |
| Present value of scheme liabilities |  |  |  |  |
| - Funded |  | **(3,904)** |  | (3,254) |
|  |  |  |  |  |
| **Deficit in the scheme** |  | **(1,677)** |  | (1,408) |

The actual return on scheme assets was £90,000

(2014: £109,000).

**Amounts recognised in the statement of financial activities**

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Current service cost (net of employee contributions) | **292** | 246 |
| Past service cost | **-** | - |
|  |  |  |
| Total operating charge | **292** | 246 |

**Analysis of pension finance income / (costs)**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Expected return on pension scheme assets | **117** | 89 |
| Interest on pension liabilities | **(136)** | (136) |
| Pension finance income / (costs) | **(19)** | (47) |

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 £101,000 loss (2014: £109,000 gain).

**Lordswood Academies Trust**

**Notes to the Financial Statements for the Year Ended 31 August 2015 (continued)**

1. **Pension and Similar Obligations (continued)**

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

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014  £ |
| Opening defined benefit obligation | **3,254** | 2,789 |
| Current service cost | **292** | 246 |
| Interest cost | **136** | 136 |
| Employee contributions | **91** | 78 |
| Actuarial loss | **183** | 6 |
| Benefits paid | **(52)** | (1) |
| **At 31 August 2015** | **3,904** | 3,254 |

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

|  |  |  |
| --- | --- | --- |
|  | **2015**  **£** | 2014 £ |
| Opening fair value of employer assets | **1,846** | 1,376 |
| Expected return on assets | **117** | 89 |
| Contributions by members | **91** | 78 |
| Employer contributions | **252** | 189 |
| Actuarial gains | **(27)** | 115 |
| Benefits paid | **(52)** | (1) |
| **At 31 August 2015** | **2,227** | 1,846 |

The estimated value of employer contributions for the year ended 31 August 2016 is £240,000.

**The three-year history of experience adjustments is as follows:**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015**  **£’000** | 2014  £’000 | 2013  £’000 |
| **Present value of defined benefit obligations** | **(3,904)** | (3,254) | (2,789) |
| **Fair value of share of scheme assets** | **2,227** | 1,846 | 1,376 |
| **Deficit in the scheme** | **(1,677)** | (1,408) | (1,413) |
| **Experience adjustments on share of scheme assets** |  |  |  |
| Amount £’000\* |  | 115 | 56 |
| **Experience adjustments on scheme liabilities:** |  |  |  |
| Amount £’000\* |  | 198 | - |

**26. Related Party Transactions**

Owing to the nature of the Academies Trust’s operations and the composition of the board of trustees being drawn from the 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 conducted at arm’s length and in accordance with the trust’s financial regulations and normal procurement procedures. There were no related party transactions in the period.