

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDING 31 AUGUST 2013**

**Company Registration No: 07567230 (England and Wales)**

**LORDSWOOD ACADEMIES TRUST**  
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**Note: The comparative figures cover the 17 month period from 1 April 2012 to 31 August 2013.**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

**Governors (Trustees) – Lordswood Girls' School and Sixth Form Centre from 1<sup>st</sup> September 2012 – 31<sup>st</sup> December 2012**

Mrs. M Doran	Resigned 31/12/12
Mrs. L. Finucane*	Resigned 31/12/12
Mr L Gordon	Resigned 31/12/12
Mrs. J. Götschel*	Headteacher & Accounting Officer
Mr. D Grist	Resigned 31/12/12
Dr. H Haq	Resigned 17/09/12
Mr. D. Inman	Resigned 31/12/12
Mrs. E. Leck	Resigned 31/12/12
Mr. R. Minott*	
Mrs. M. Orleans-Thompson	Resigned 31/12/12
Mrs. A. Scandelo De Zanetto	Resigned 31/12/12
Mrs K O'Shaughnessy	Resigned 31/12/12
Mr M Slowik	Resigned 31/12/12
Mr. J. Smart*	Resigned 31/12/12
Mrs. J Taylor	Resigned 01/09/12
Miss J Thomas	Resigned 31/12/12
Dr. K. Whitehead	Chair of Governors (Resigned 31/08/13)
Mr. P. Wood*	Resigned 31/12/12

\*Members of the Finance and Premises Committee

Mrs. J Durkin	Company Secretary
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**Trustees of Lordswood Academies Trust**

Mr. P. Brownsword*	Chair of Trustees (Appointed 01/01/13)
Mr. G. Darbyshire	Appointed 13/06/13
Mr. T. Davis	Appointed 24/04/13
Mrs. J. Götschel*	Executive Headteacher & Accounting Officer
Mr. R. Minott	
Ms. H. Walker*	Appointed 01/01/13
Mr. P. Wood*	Appointed 24/04/13
Mrs D H Sharples	Appointed 18/09/13

\*Members of the Resources and Staffing Committee

**Leadership Team - Lordswood Girls' School**

Mrs. J. Götschel	Head Teacher
Mr. Michael Pearce	Deputy Head Teacher
Mrs. J Durkin	Director of Academy Services
Mrs. K Sheward	Assistant Head Teacher
Ms. J Millward	Assistant Head Teacher
Mrs. P. Parsloe	Assistant Head Teacher
Mrs. T. Rolf	Director of Premises Development and Administrative Services

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**Leadership Team – Lordswood Boys' School**

Mrs. J. Götschel	Head Teacher
Mr. P. Bond	Site Manager
Mr. M. Carty	Deputy Head Teacher
Mr. D. Chauan	Assistant Head Teacher
Mrs.. D. Dodd	HR Manager
Mr. A. Smith	Assistant Head Teacher
Mrs. E. Thacker-Vutz	Assistant Head Teacher
Mr. L. Williams	Assistant Head Teacher

**Registered Office**

**Company Registered number**

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

07567230

**Auditors**

**Bankers**

**Solicitors**

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

Royal Bank of Scotland  
747 Attercliffe Road  
Sheffield  
S9 3RF

Lloyds Bank Plc  
25 Gresham Road  
London  
EC2V 7HN

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<sup>st</sup> September 2012 to 31<sup>st</sup> August 2013.

**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.

**Member's 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 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 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.

**Principal 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 1<sup>st</sup> 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.

**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

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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.

**Risk Management**

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.

**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 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
- 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:



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**TRUSTEES' REPORT (continued)**

- 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
- Provision of careers information, advice and guidance to help students obtain employment or move on to higher education

**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.

**Achievements and Performance**

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

- Lordswood Boys' School became an academy on 1<sup>st</sup> January 2013, joining the Academies Trust established by Lordswood Girls' School in April 2011.
- The Headteacher of Lordswood Girls' School who had been fulfilling the role of Headteacher of Lordswood Boys' School in a temporary capacity was appointed as Executive Headteacher of both schools on 1<sup>st</sup> September 2013.
- Lordswood Girls' School continues to be oversubscribed and has maintained its position in the top 3% schools nationally for student progress at KS4.
- At A Level, the Girls' school has maintained its 100% A\*-E record.
- At Lordswood Girls' School, 73% students achieved 5 GCSEs at grades A\*-C including English and maths; at Lordswood Boys' School, 40% of students achieved 5 GCSEs at grades A\* - C including English and mathematics. Although this figure is significantly lower than 2012 as a result of a serious staffing issue, the 5 GCSE A\*-C figure at 88% was the highest in the school's history. Similarly, the value added score is expected to be above or around 1000 for the first time.
- The new Lordswood Sixth Form Centre, established for students from both schools and external students, opened in September 2013 with 296 students on role.
- Lordswood Boys' School was inspected by Ofsted in November 2012 and was graded as 'requiring improvement'.
- An action plan is in place for the Boys' School to address areas of weakness. The School is currently below its PAN in years 7-9 and this trend is likely to continue due to demographic changes within the area.
- Both schools were successful in bids to the Education Funding Agency (EFA) Academies Capital Maintenance Fund. The Girls' School received funding to replace all windows and external cladding to the main building which is expected to have a significant impact on the school's energy efficiency. Lordswood Boys' School secured funding to upgrade all student toilets and to establish female toilets for use by post-16 students.
- Lordswood Girls' School has reduced the level of persistent absence for FSM students, one of the priorities for action in the last academic year. The school was also congratulated by the Minister of State for Education, David Laws on its success in closing the gap for pupil premium students.
- Both schools are fully staffed, although recruiting well-qualified, strong classroom practitioners remains a challenge particularly in core subjects. At Lordswood Boys' School the use of agency staff to fill vacancies has been discontinued.

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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.

**Key Financial Performance Indicators**

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

Indicator	Academy Trust	Girls' School	Boys' School
Teacher's employment costs as a percentage of EFA income	61%	61%	61%
Total staff employment costs as a percentage of EFA income	81%	80%	83%
Pupil numbers 11-16	1,156	642	514
Pupil numbers 16-19	330	242	88
Total pupil numbers	1,486	884	602
Cash reserves as number of days expenditure	20	36	4

**Financial Review**

The net movement in funds for the academies trust in the year was an increase of £2,937,269. Of this figure £1,997,210 relates to transfer of assets to the Trust for the Boys' School on conversion and £823,171 relates to the increase in the fixed asset reserve following in year capital grants and depreciation.

In addition to the fixed asset reserve movement, the Trust took on the liability for the Boys' School LGPS pension scheme of £812,000,

The Academies Trust managed to increase other funds by £24,098, which was after the cost of the LA deficit the Boys' School had on conversion, which amounted to £80,000.

Due to the increase in post 16 numbers in the 2013/14 academic year but a wait until 2014/15 for the additional 70 pupils to be funded, the Trust is forecasting a reduction in funds in the coming year. This is expected to return to a positive surplus following the expected funding for all pupils at each of the schools from 2014/15.

**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.

Under Financial Reporting Standard 17 it is necessary to charge projected deficits on the Local Government Pension Scheme which is provided to support staff, to a restricted fund. This is disclosed in Note 25 to these Accounts. The Trust is currently paying increased employer contributions to reduce this deficit.



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**TRUSTEES' REPORT (continued)**

**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 £357,042. It is the Trust's intention to continue to build up free reserves to the level required.

**Investment Policy**

**Plans for the future**

The Trust's plans for the foreseeable future involve:

- Lordswood Girls' School will be submitting a bid for Teaching School status in the next cohort in order to extend current work in school to school support, CPD and developing best practice and initial teacher training.
- The Trust is working to secure funding to enable the build of a sixth form block.

Priorities

- To ensure that student outcomes continue to improve at Lordswood Boys' School, especially in English and mathematics and that the practice and processes that are being established enable sustained improvement.
- To ensure that outcomes and standards are maintained as a minimum at Lordswood Girls' School at a time of change within assessment and accountability frameworks.
- To continue work in recruitment at post-16 and to year 7 at Lordswood Boys' School.
- To ensure that both schools continue to recruit high calibre staff.

**Auditor**

Insofar as the trustees are aware:

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

The 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<sup>th</sup> December 2013 and signed on their behalf.

  
**Mr. P. Brownsword**  
**Chair of Trustees**

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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:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr P Brownsword	6	6
Mr G Darbyshire	1	1
Mr T Davis	2	2
Mrs J Götschel	6	6
Mr R Minott	4	6
Ms H Walker	4	6
Dr K Whitehead	4	5
Mr P Wood	1	1

The Lordswood Girls' School formerly a single Academy Trust until 31<sup>st</sup> December 2012 when it formed the Lordswood Academies Trust (MAT) formally met twice during the period of 1<sup>st</sup> September 2012 – 31<sup>st</sup> December 2012. Attendance at the meetings of the Governing Body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr T Davis	2	2
Mrs M Doran	2	2
Mrs L Finucane	2	2
Mr L Gordon	2	2
Mrs J Götschel	2	2
Mr D Grist	2	2
Mr D Inman	2	2
Mr N Kham	0	2
Mrs E Leck	0	2
Mr R Minott	2	2
Mrs M Orleans-Thompson	2	2
Mrs K O'Shaughnessy	2	2
Mrs A Scandalo De Zanetto	1	1
Mr M Slowik	1	1
Mr J Smart	2	2
Miss J Thomas	1	2
Dr K Whitehead	2	2
Mr P Wood	2	2

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**GOVERNANCE STATEMENT (continued)**

The Finance and Premises Committee is a sub committee of the Lordswood Girls' School governing body. Its purpose is to review financial reports, receive and recommend to the Governors the school's annual budget. Attendance at the meetings from 1<sup>st</sup> September 2012 to 31<sup>st</sup> August 2013 is as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr T Davis	3	3
Mrs L Finucane	5	5
Mrs J Götschel	5	5
Mr R Minott	5	5
Mr J Smart	5	5
Mr P Wood	4	5

The Resources and Staffing Committee is a sub committee of the Lordswood Boys' School governing body. Its purpose is to review financial reports, receive and recommend to the Governors the school's annual budget, review staffing and school resources. Attendance at the meetings from 1<sup>st</sup> January 2013 to 31<sup>st</sup> August 2013 is as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr P Bond	3	4
Mr J Bhinder	0	4
Mr P Brownsword	4	4
Mr J Etheridge	3	4
Mr J Götschel	4	4
Mr G Hope	2	2
Mr M Saimbhi	3	4
Ms H Walker	2	4

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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<sup>st</sup> September 2012 to 31<sup>st</sup> August 2013 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 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<sup>st</sup> September 2012 to 31<sup>st</sup> August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.



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**GOVERNANCE STATEMENT (continued)**

**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 Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the 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.

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<sup>th</sup> December 2013 and signed on its behalf by:

  
**Mr. P. Brownsword**  
Chair of Trustees

  
**Mrs. J. Götschel**  
Accounting Officer

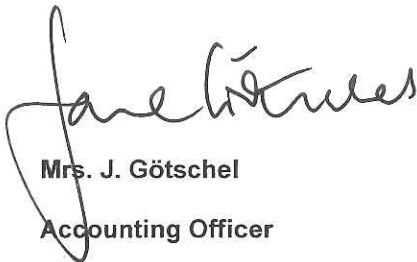
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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.



**Mrs. J. Götschel**

**Accounting Officer**

**Date: 10<sup>th</sup> December 2013**

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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 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:

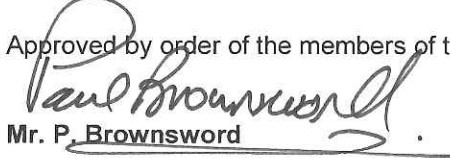
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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<sup>th</sup> December 2013 and signed on its behalf.

  
**Mr. P. Brownsword**

**Chair of Trustees**



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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 2013 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 issued by the Education Funding Agency.

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

**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 academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, 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 issued by the Education Funding Agency.

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

**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 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 2013**



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

**INDEPENDENT REPORTING ACCOUNTANT'S 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, 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 to 31 August 2013 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 Lordswood Academies Trust and the EFA those matters we are required to state to it 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 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 2012, 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. 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 2012 to 31 August 2013 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 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 academy trust's income and expenditure.

The work undertaken to draw our conclusions include:

- 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.

**LORDSWOOD ACADEMIES TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANT'S 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 2012 to 31 August 2013 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**  
**Chartered Accountants**  
**Statutory Auditors**

**No. 8 Calthorpe Road**  
**Birmingham**  
**B15 1QT**

**10 December 2013**



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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 August 2013**

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

						17 month period ended 31 August
	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	2013 Total £	2012 Total £
<b>Incoming resources</b>						
Voluntary income- transfer on Academy conversion	27	-	-	2,850,000	2,850,000	2,130,374
Activities for generating funds	1	271,670	-	-	271,670	335,377
Investment income	2	3,666	58,000	-	61,666	47,066
Funding for the Academy's educational operations	3	-	7,727,412	980,227	8,707,639	8,363,223
		<u>275,336</u>	<u>7,785,412</u>	<u>3,830,227</u>	<u>11,890,975</u>	<u>10,876,040</u>
<b>Resources expended</b>						
Other resources expended- transfer on Academy conversion	27	40,790	812,000	-	852,790	489,000
<i>Charitable activities</i>						
Academy's educational operations	5	211,089	7,771,061	157,056	8,139,206	7,313,302
Governance costs	6	-	50,710	-	50,710	28,586
<b>Total resources expended</b>		<u>251,879</u>	<u>8,633,771</u>	<u>157,056</u>	<u>9,042,706</u>	<u>7,830,888</u>
<b>Net incoming/(outgoing) resources being net income/(expenditure) before transfers</b>		23,457	(848,359)	3,673,171	2,848,269	3,045,152
Gross transfers between funds	14	-	-	-	-	-
<b>Net incoming/(outgoing) resources being net income/(expenditure) before other recognised gains and losses</b>		23,457	(848,359)	3,673,171	2,848,269	3,045,152
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	14,25	-	89,000	-	89,000	(124,000)
<b>Net movement in funds</b>	14	<u>23,457</u>	<u>(759,359)</u>	<u>3,673,171</u>	<u>2,937,269</u>	<u>2,921,152</u>
Total funds brought forward at 1 September 2012		333,585	(578,444)	3,166,011	2,921,152	-
<b>Funds carried forward at 31 August 2013</b>		<u>357,042</u>	<u>(1,337,803)</u>	<u>6,839,182</u>	<u>5,858,421</u>	<u>2,921,152</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**  
**(formerly LORDSWOOD GIRLS' SCHOOL & SIXTH FORM CENTRE)**  
**(Company limited by guarantee)**

**CHARITABLE COMPANY BALANCE SHEET**  
**as at 31 August 2013**  
**Company Registration No: 07567230**

		2013	2012
		£	£
	<b>Note</b>		
<b>Fixed assets</b>			
Tangible fixed assets	10	6,811,633	2,929,011
		<u>6,811,633</u>	<u>2,929,011</u>
<b>Current assets</b>			
Debtors	11	241,361	85,157
Cash at bank and in hand		618,102	839,775
		<u>859,463</u>	<u>924,932</u>
<b>Creditors: amounts falling due within one year</b>	12	(343,450)	(279,791)
		<u>516,013</u>	<u>645,141</u>
<b>Net current assets</b>			
<b>Creditors: amounts falling due after more than one year</b>	12	(56,225)	-
		<u>459,788</u>	<u>645,141</u>
<b>Net assets excluding pension liability</b>			
Pension scheme liability	25	(1,413,000)	(653,000)
		<u>5,858,421</u>	<u>2,921,152</u>
<b>Net assets including pension liability</b>			
		<u>5,858,421</u>	<u>2,921,152</u>
<b>Funds of the academy trust</b>			
<b>Restricted funds</b>			
General funds	14	75,197	74,556
Fixed asset fund	14	6,839,182	3,166,011
Pension scheme reserve	14	(1,413,000)	(653,000)
		<u>5,501,379</u>	<u>2,587,567</u>
<b>Unrestricted funds</b>			
General fund	14	357,042	333,585
		<u>5,858,421</u>	<u>2,921,152</u>

The financial statements on pages 17 to 42 were approved by the Trustees, and authorised for issue on 10 December 2013 and are signed on their behalf by:

  
 Mr. P. Brownsword

Chair of Trustees

  
 Mrs. J. Götschel

Head Teacher

**LORDSWOOD ACADEMIES TRUST**  
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**(Company limited by guarantee)**

**CASHFLOW STATEMENT**  
**for the year ended 31 August 2013**

	Note	2013 £	17 month period ended 31 August 2012 £
Net cash (outflow)/inflow from operating activities	18	(15,889)	589,364
Cash transferred on conversion to an Academy Trust	19	-	206,372
Returns on investment and servicing of finance	20	3,666	3,066
Capital expenditure	21	(209,450)	40,973
		<hr/>	<hr/>
<b>(Decrease)/Increase in cash</b>	<b>22</b>	<b>(221,673)</b>	<b>839,775</b>
		<hr/>	<hr/>

**Reconciliation of net cash flow to movement in net funds**

Net funds at 1 September 2012	839,775	-
(Decrease)/Increase in cash	(221,673)	839,775
	<hr/>	<hr/>
<b>Net Funds at 31 August 2013</b>	<b>618,102</b>	<b>839,775</b>
	<hr/>	<hr/>

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

**PRINCIPAL ACCOUNTING POLICIES**  
**31 August 2013**

**Basis of Preparation**

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

**Going Concern**

The trustees assess whether the use of going concern is appropriate including 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.

**Conversion to Academy**

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

The assets and liabilities transferred on conversion from Lordswood Boys' School to the academy trust has been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Lordswood Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as Incoming resources/Resources Expended in the SOFA and analysed under unrestricted, restricted general funds, restricted pension and restricted fixed asset funds. Further details of the transactions are set out in note 27.

**Incoming resources**

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

**Grants receivable**

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

**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.



**LORDSWOOD ACADEMIES TRUST**  
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**PRINCIPAL ACCOUNTING POLICIES**  
**31 August 2013**

***Donated services and gifts in kind***

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

**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 Academy Trust's educational operations.
- **Governance Costs**  
These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's 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 Academy Trust's depreciation policy.

**Depreciation**

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

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

**LORDSWOOD ACADEMIES TRUST**  
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**PRINCIPAL ACCOUNTING POLICIES**  
**31 August 2013**

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

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

**Leased assets**

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

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

**LORDSWOOD ACADEMIES TRUST**  
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**PRINCIPAL ACCOUNTING POLICIES**  
**31 August 2013**

**Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and other 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 the Education Funding Agency and other funders.

**Comparative figures**

The comparative figures cover the 17 month period from 1 April 2012 to 31 August 2013.



**LORDSWOOD ACADEMIES TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2013**

**1 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
Trainee teacher income	3,375	-	3,375	940
Catering income	136,007	-	136,007	196,556
Lettings fees	24,361	-	24,361	27,742
Uniform sales	1,247	-	1,247	5,495
Exam fees income	-	-	-	2,075
Educational visits	34,716	-	34,716	53,533
Miscellaneous income	29,182	-	29,182	49,036
Recognition of school fund balances	42,782	-	42,782	-
	<u>271,670</u>	<u>-</u>	<u>271,670</u>	<u>335,377</u>

**2 INVESTMENT INCOME**

	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
Bank interest receivable	3,666	-	3,666	3,066
Expected return on pension scheme assets	-	58,000	58,000	44,000
	<u>3,666</u>	<u>58,000</u>	<u>61,666</u>	<u>47,066</u>

**LORDSWOOD ACADEMIES TRUST**  
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**(Company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2013**

**3 FUNDING FOR THE ACADEMIES' EDUCATIONAL OPERATIONS**

	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
<b>EFA/DfE capital grants</b>				
Capital Grants	-	980,227	980,227	1,153,705
	-	980,227	980,227	1,153,705
<b>EFA/DfE revenue grants</b>				
General Annual Grant (GAG)	-	7,190,621	7,190,621	7,049,142
Other EFA/DfE grants	-	449,985	449,985	117,891
	-	7,640,606	7,640,606	7,167,033
<b>Other government grants</b>				
Local Authority grants		43,380	43,380	-
Other grants	-	33,626	33,626	-
SEN HILC grant	-	-	-	21,240
Academy start up grant *	-	-	-	17,124
	-	77,006	77,006	38,364
<b>Other income</b>	-	9,800	9,800	4,121
	-	7,727,412	7,727,412	7,209,518

\* The startup grant for Lordswood Boys' School was paid to Birmingham City Council prior to conversion.

**LORDSWOOD ACADEMIES TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2013**

**4 RESOURCES EXPENDED**

	Staff costs £	Premises £	Other costs £	Total 2013 £	Total 2012 £
Academy's educational operations					
Direct costs (Note 5)	5,350,132	31,146	571,301	5,952,579	5,148,681
Allocated support costs (Note 5)	698,349	388,778	1,099,500	2,186,627	2,164,621
	<hr/> 6,048,481	<hr/> 419,924	<hr/> 1,670,801	<hr/> 8,139,206	<hr/> 7,313,302
Governance costs including allocated support costs (Note 6)	5,610	-	45,100	50,710	28,586
	<hr/> 6,054,091	<hr/> 419,924	<hr/> 1,715,901	<hr/> 8,189,916	<hr/> 7,341,888

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:**

	2013 £	2012 £
Operating leases - other	123,112	121,588
Fees payable to the auditor – audit	10,000	10,000
Fees payable to the auditor – other	22,500	-
	<hr/>	<hr/>

**LORDSWOOD ACADEMIES TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2013**

**5 CHARITABLE ACTIVITIES – ACADEMIES' EDUCATION OPERATIONS**

	Unrestricted 2013 £	Restricted 2013 £	Total 2013 £	Total 2012 £
<b>Direct costs</b>				
Teaching and education support staff costs	-	5,087,925	5,087,925	4,463,919
Agency staff costs	-	262,206	262,206	76,079
Educational consultancy	-	70,098	70,098	63,745
Curriculum resources	-	144,926	144,926	144,680
Depreciation	-	31,146	31,146	12,575
Educational visits	35,215	-	35,215	34,032
Equipment purchase/hire	-	132,560	132,560	195,029
Exam expenses	-	140,507	140,507	137,827
Staff development	-	27,067	27,067	18,226
Other direct costs	-	20,929	20,929	2,569
	<hr/> 35,215	<hr/> 5,917,364	<hr/> 5,952,579	<hr/> 5,148,681
<b>Allocated support costs</b>				
Support staff costs	-	533,055	533,055	589,062
Catering staff costs	-	165,294	165,294	247,968
Administration & office equipment	-	86,081	86,081	69,635
Advertising	-	24,055	24,055	18,983
Cleaning	-	116,322	116,322	86,457
Depreciation	-	125,910	125,910	95,148
Heat and light	-	146,547	146,547	72,804
ICT support	-	45,843	45,843	18,444
Insurance	-	55,348	55,348	79,245
Licences	-	6,432	6,432	13,954
Payroll costs	-	54,734	54,734	57,618
Rent and rates	-	22,216	22,216	16,609
Repairs and maintenance	-	197,208	197,208	276,886
Transport costs	-	9,065	9,065	12,048
Travel expenses	-	5,934	5,934	2,166
Catering	175,874	-	175,874	177,198
Other support costs	-	144,709	144,709	131,396
FRS17 interest costs	-	98,000	98,000	77,000
Defined benefit pension scheme service cost	-	174,000	174,000	122,000
	<hr/> 175,874	<hr/> 2,010,753	<hr/> 2,186,627	<hr/> 2,164,621
	<hr/> 211,089	<hr/> 7,928,117	<hr/> 8,139,206	<hr/> 7,313,302

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**6 GOVERNANCE COSTS**

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	40,710	40,710	18,488
Audit fees	-	10,000	10,000	10,000
Trustees' reimbursed expenses	-	-	-	98
	<hr/>	<hr/>	<hr/>	<hr/>
	-	50,710	50,710	28,586
	<hr/>	<hr/>	<hr/>	<hr/>

**7 STAFF COSTS**

The average number of persons (including members of the senior management team) employed by the Academy during the year ended 31 August 2013, expressed as fulltime equivalents, was as follows:

	2013 No.	2012 No.
<i>Charitable activities</i>		
Teachers	132	69
Administration and support	101	35
Management	11	9
	<hr/>	<hr/>
	244	113
	<hr/>	<hr/>

**Staff costs during the year were:**

	2013 £	2012 £
Wages and salaries	5,196,174	4,553,581
Social security costs	372,918	355,343
Other pension costs	656,388	583,104
FRS 17 adjustment	(177,000)	(115,000)
	<hr/>	<hr/>
	6,048,480	5,377,028
	<hr/>	<hr/>



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**7 STAFF COSTS - continued**

Two employees (2012: one) earned more than £60,000 per annum (including taxable benefits but excluding employers' pension contributions) during the year ended 31 August 2013. The total emoluments of these employees were in the following ranges:

	2013 No.	2012 No.
£60,000 - £70,000	1	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for this member of staff amounted to £20,846 (2012: £5,527).

**8 TRUSTEES' REMUNERATION AND EXPENSES**

Headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff 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 and the value of staff trustees' remuneration was as follows:

Headteacher                      £80,001 - £85,000

During the four month period 1 September 2012 to 31 December 2012 (prior to conversion to a multi academy trust) 3 staff governors received remuneration of £39,662

Related party transactions involving the trustees are set out in note 26.

During the period, in total trustees received reimbursements of nil (2012: £98) 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.

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**10 TANGIBLE FIXED ASSETS**

	Leasehold land & buildings £	Furniture & equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2012	2,775,000	205,429	56,305	3,036,734
Transfer on conversion	2,800,000	20,000	30,000	2,850,000
Additions	1,155,373	14,444	19,861	1,189,678
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 August 2013</b>	6,730,373	239,873	106,166	7,076,412
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 September 2012	76,146	19,002	12,575	107,723
Depreciation charge for the year	103,552	22,358	31,146	157,056
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 August 2013</b>	179,698	41,360	43,721	264,779
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 31 August 2013</b>	6,550,675	198,513	62,445	6,811,633
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 August 2012</b>	2,698,854	186,427	43,730	2,929,011
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within leasehold land and buildings is £1,290,000 (2012: £625,000) 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.

The Trustees conducted an exercise on conversion to assess the 'average' value of furniture and equipment and computer equipment per classroom. This value was then used as a basis to estimate the total value of such assets over the number of classrooms within the school. Accordingly an amount of £20,000 has been recognised for furniture and equipment and an amount of £30,000 has been recognised for computer equipment for the Boys' School when it converted on 1 January 2013.



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<b>11</b>	<b>DEBTORS</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Trade debtors	8,490	3,289
	Prepayments and accrued income	190,830	59,473
	Other debtors	42,041	22,395
		<hr/>	<hr/>
		241,361	85,157
		<hr/>	<hr/>
<b>12</b>	<b>CREDITORS: Amounts falling due within one year</b>		
		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Taxation and social security	133,747	75,130
	Accruals	209,703	204,661
		<hr/>	<hr/>
		343,450	279,791
		<hr/>	<hr/>
<b>13</b>	<b>CREDITORS: Amounts falling due after more than one year</b>		
		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Accruals	56,225	-
		<hr/>	<hr/>

Included within accruals are amounts of £101,737 and £40,790 due to the EFA in respect of the rebasing exercise undertaken in the year 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 £86,302 is disclosed in accruals shown within creditors due within one year and the balance of £56,225 is disclosed within accruals within creditors due after more than one year.

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**14 RESTRICTED FUNDS**

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

	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains/(losses) and transfers £	Balance at 31 August 2013 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	74,556	7,298,288	(7,297,647)	-	75,197
Pupil Premium	-	287,837	(287,837)	-	-
16-19 Bursary	-	54,482	(54,482)	-	-
Other government grants	-	86,805	(86,805)	-	-
Pension reserve – Girls	(653,000)	35,000	(63,000)	27,000	(654,000)
Pension reserve – Boys	-	23,000	(844,000)	62,000	(759,000)
	<u>(578,444)</u>	<u>7,785,412</u>	<u>(8,633,771)</u>	<u>89,000</u>	<u>(1,337,803)</u>
<b>Restricted fixed asset funds</b>					
Devolved capital grant	-	32,452	(3,245)	-	29,207
EFA capital grants – windows - Girls	237,000	918,375	(14,007)	-	1,141,368
EFA capital grants – science block – Girls	902,108	-	(22,553)	-	879,555
Capital grant from GAG	192,632	-	(29,785)	-	162,847
Transfer on academy conversion – Girls	1,834,271	-	(43,737)	-	1,790,534
Transfer on academy conversion - Boys	-	2,850,000	(43,516)	-	2,806,484
EFA Capital Grant – Toilet refurb - Boys	-	29,400	(213)	-	29,187
	<u>3,166,011</u>	<u>3,830,227</u>	<u>(157,056)</u>	<u>-</u>	<u>6,839,182</u>
<b>Unrestricted general funds</b>					
General funds	333,585	275,336	(211,089)	-	397,832
Transfer on Academy conversion	-	-	(40,790)	-	(40,790)
	<u>333,585</u>	<u>275,336</u>	<u>(251,879)</u>	<u>-</u>	<u>357,042</u>
<b>Total funds</b>	<u><u>2,921,152</u></u>	<u><u>11,890,975</u></u>	<u><u>(9,042,706)</u></u>	<u><u>89,000</u></u>	<u><u>5,858,421</u></u>

**Analysis of academies by fund balance**

Fund balances at 31 August 2013 were allocated as follows:

	£
Lordswood Girls' School and Sixth Form Centre	515,744
Lordswood Boys' School	(83,505)
Total before fixed assets and pension reserve	<u>432,239</u>
Restricted fixed asset fund	6,839,182
Pension reserve	(1,413,000)
<b>Total funds</b>	<u><u>5,858,421</u></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.

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**14 RESTRICTED 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 £
<b>Lordswood Girls</b>	3,290,930	339,057	132,243	1,328,750	<b>5,090,980</b>
<b>Lordswood Boys</b>	1,796,995	193,998	82,781	817,395	<b>2,891,169</b>
<b>Academy Trust</b>	<b>5,087,925</b>	<b>533,055</b>	<b>215,024</b>	<b>2,146,145</b>	<b>7,982,149</b>

- (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 2013.
- (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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**15 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets	-	-	6,811,633	6,811,633
Current assets	756,717	75,197	27,549	859,463
Current liabilities	(343,450)	-	-	(343,450)
Long term liabilities	(56,225)	-	-	(56,225)
Pension scheme liability	-	(1,413,000)	-	(1,413,000)
	<u>357,042</u>	<u>(1,337,803)</u>	<u>6,839,182</u>	<u>5,858,421</u>

**16 CAPITAL COMMITMENTS**

	2013 £	2012 £
Authorised by governors, but not yet contracted	92,785	237,000

**17 FINANCIAL COMMITMENTS**

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
<b>Other operating leases</b>		
Expiring within one year	10,065	9,330
Expiring within two to five years inclusive	110,431	80,546

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**18 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net incoming resources	2,848,269	3,045,152
Cash impact on transfer on conversion	-	(206,372)
Capital grants from EFA	(980,227)	(1,153,705)
Transfer of assets on conversion	(2,850,000)	(1,924,002)
Depreciation	157,056	107,723
Interest receivable	(3,666)	(3,066)
FRS 17 pension costs less contributions payable	(61,000)	7,000
FRS 17 pension finance costs	98,000	33,000
(Increase)/decrease in debtors	(156,204)	(85,157)
Increase/(decrease) in creditors	119,883	279,791
Inherited pension scheme deficit	812,000	489,000
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>(15,889)</b>	<b>589,364</b>
	<hr/>	<hr/>

**19 CASH TRANSFERRED ON CONVERSION TO AN ACADEMY**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Cash transferred on conversion (note 28)	-	206,372
	<hr/>	<hr/>

**20 RETURNS ON INVESTMENT AND SERVICING OF FINANCE**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Interest received	3,666	3,066
	<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>3,666</b>	<b>3,066</b>
	<hr/>	<hr/>

**21 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Purchase of tangible fixed assets	(1,189,677)	(1,112,732)
Capital grants from EFA	980,227	1,153,705
	<hr/>	<hr/>
<b>Net cash inflow from capital expenditure</b>	<b>(209,450)</b>	<b>40,973</b>
	<hr/>	<hr/>

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**22 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 August 2012 £	Cash flows £	At 31 August 2013 £
Cash in hand and at bank	839,775	(221,673)	618,102
	<hr/> 839,775 <hr/>	<hr/> (221,673) <hr/>	<hr/> 618,102 <hr/>

**23 CONTINGENT LIABILITIES**

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

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets were met by payments by the Secretary of State under the Funding Agreement.

**24 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 2013 there were 3 (2012: 3) members of the charitable company.

**25 PENSION COMMITMENTS**

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



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**25 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 2010.

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

**Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies in England & Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following employment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangement governed by the above Act.

The Teachers' Pension Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 Accounts is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate ("SCR") was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%.

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**25 PENSION COMMITMENTS – continued**

The assumed gross rate of return is 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing of the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

**Teachers' Pension Scheme changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and taxpayer. The government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; 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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

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



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**25 PENSION COMMITMENTS – continued**

**West Midlands Pension Fund**

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 2013 was £231,625 (2012: £159,795) of which employer's contributions totalled £176,664 (2012: £115,344) and employees' contributions totalled £54,961 (2012: £44,451). The agreed contribution rates for the year ended 31 August 2013 were 16.2% (2012: 16.2%) for employers and depending on salary 5.5% - 7.5% (2012: 5.5% - 7.5%) for employees.

**Principal Actuarial Assumptions**

The major assumptions used by the actuary were:

	At 31 August 2013 %	At 1 August 2012 %
Rate of increase in salaries	4.15	4.05
Rate of increase in pensions	2.40	2.30
Discount rate for scheme liabilities	4.60	4.60
Inflation Assumption (CPI)	2.40	2.30

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	22.1	22.0
Females	24.8	24.7

**Retiring in 20 years:**

Males	23.9	23.8
Females	26.0	26.6

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £'000
Equities	42.4	582	54.4	309
Government Bonds	8.4	116	9.2	53
Other Bonds	11.2	154	9.9	57
Property	8.7	120	10.1	58
Cash/Liquidity	4.1	57	1.6	9
Other	25.2	347	14.8	85
Total fair value of scheme assets		1,376		571
Present value of scheme liabilities		(2,789)		(1,224)
Deficit in the scheme		(1,413)		(653)



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**25 PENSION COMMITMENTS – continued**

The actual return on the scheme assets in the year was £114,000 (2012: £19,000).

<b>Analysis recognised in the statement of financial activities</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Current service cost (net of employee contributions)	174	122
<b>Total operating charge</b>	<b>174</b>	<b>122</b>
<hr/>		
<b>Analysis of pension finance income/(costs)</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Expected return on scheme assets	(58)	(44)
Interest on pension liabilities	98	77
<b>Pension finance income/(costs)</b>	<b>40</b>	<b>33</b>

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 £89,000 gain (2012: £124,000 (loss)).

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

	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>At 1 September</b>	<b>1,224</b>	<b>884</b>
Current service cost	174	122
Pension finance (costs)/income	98	77
Member contributions	55	44
Actuarial (gain)/loss	(33)	100
Benefits paid	(86)	-
Business combination	1,357	(3)
<b>At 31 August</b>	<b>2,789</b>	<b>1,224</b>

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

	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>At 1 September</b>	<b>571</b>	<b>395</b>
Expected return on scheme assets	58	44
Actuarial (gains)/losses	56	(24)
Employer contribution	177	115
Member contribution	55	44
Benefits paid	(86)	(3)
Business combinations	545	-
<b>At 31 August</b>	<b>1,376</b>	<b>571</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 August 2013**

**25 PENSION COMMITMENTS – continued**

The estimate value of employer contributions for the year ended 31 August 2014 is £205,000.

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

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

**26 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 £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 £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.

**27 CONVERSION TO AN ACADEMY TRUST**

On 1 January 2013 Lordswood Boys' School converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Lordswood Academy Trust from the governors of Lordswood Boys' School for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as Incoming Resources/Resources Expended in the Statement of Financial Activities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27 CONVERSION TO AN ACADEMY TRUST - continued**

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA:

	Unrestricted Fund £	Restricted Fund £	Restricted Fixed Asset Fund £	2013 Total £
<b>Incoming Resources:</b>				
Tangible Fixed Assets	-	-	2,850,000	2,850,000
Deficit on conversion	(40,790)	-	-	(40,790)
	<hr/>	<hr/>	<hr/>	<hr/>
	(40,790)	-	2,850,000	2,809,210
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Resources Expended:</b>				
LGPS Pension Liability	-	(812,000)	-	(812,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Assets</b>	<hr/> (40,790) <hr/>	<hr/> (812,000) <hr/>	<hr/> 2,850,000 <hr/>	<hr/> 1,997,210 <hr/>

The above unrestricted net assets were represented by a deficit in cash of £40,790 that was transferred from Birmingham City Council.

Tangible Fixed assets relate to leasehold land and buildings, see note 10.