

Lordswood Academies Trust

**Annual Report and Financial
Statements**

Year ended 31 August 2017

(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	Mr P Brownsword Mrs D Sharples Mr D Inman Mr G Darbyshire Mrs J Gotschel Mrs L Wheatly Mr R Minott Mr S Aykroyd Mr T Davis
Trustees	Mr P Brownsword Mrs D Sharples Mr D Inman Mr G Darbyshire Mrs J Gotschel Mrs L Wheatly (resigned 1 Oct 2017) Mr R Minott Mr S Aykroyd (appointed 14 Sept 2016) Mr T Davis (term of office ended 8 May 2017)
Company Secretary	Mrs C Van Zeller (resigned 1 Oct 2017) Mrs S Allport (appointed 1 Oct 2017)
Senior Management Team	
• Executive Headteacher and Accounting Officer	Mrs J Götschel
• Associate Headteacher	Miss K Sheward
• Academies Finance Director	Mrs L Latham
• Academies HR Director	Mrs D Dodd
• Academies Estates Director	Mrs T Rolf
• Academies Strategic Director of ICT	Mrs L Finucane
Company Name	Lordswood Academies Trust
Principal and Registered Office	Lordswood Girls' School and Sixth Form Centre Knightlow Road Harborne Birmingham B17 8QB
Company Registration Number	07567230
Independent Auditor	PKF Cooper Parry Group Ltd Park View, One Central Boulevard, Blythe Valley Business Park, Solihull B90 8BG
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

Reference and Administrative Details (continued)

Directory of Academies

Lordswood Girls' School

Address Knightlow Road
Harborne
Birmingham
B17 8QB

Senior Leadership Team:

- Associate Headteacher Mr M Pearce
- Assistant Headteacher Mrs K Adamson
- Assistant Headteacher Ms J Millward
- Assistant Headteacher Mrs L Verma

Lordswood Boys' School

Address Hagley Road
Birmingham
B17 8BJ

Senior Leadership Team:

- Headteacher Dr G Koutsou
- Deputy Headteacher Mr L Williams
- Assistant Headteacher Mrs K O'Shaughnessy

Lordswood Academies Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of Lordswood Academies Trust (the Academies Trust) for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academies Trust operates two secondary academies in South West Birmingham. Its academies have a combined pupil capacity of 1,890 and had a roll of 1,282 in the school census on January 2016.

Organisation Overview and Current Position

The Trust worked with the DfE during 2016-17 to achieve the rebrokering of Lordswood Boys' School. Lordswood Boys' School joined Central Academies Trust as a sponsored academy on 1 September 2017. The governance structure is now being revised to reflect the move to a single school MAT.

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 Academies 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 throughout the year are included in the Reference and Administrative Details on page 1.

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

In accordance with the normal commercial practice the Academies Trust provides indemnity insurance to protect its members, directors, academy representatives and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academies Trust business. This insurance does not extend to any claim arising from any act or omission which trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard of whether it was a breach of trust or breach of duty or to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as trustees. The Trust is covered through the Risk Protection Arrangement up to £10 million in aggregate claims.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by virtue of their position on the Local Governing Body as Chair and Vice-chair, by nomination by the Local Governing Body, by nomination and election by current board members or by virtue of their position as employees of the trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees bring a variety of experience from a number of different backgrounds in both education and industry and commerce. Those coming via a role with a Local Governing Body will have received governor training. Where necessary additional training will be provided on charity, educational, legal and financial matters. All trustees are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles. Assistance and advice is always available from trust staff or professional advisors.

Lordswood Academies Trust

Trustees' Report (continued)

Organisational Structure

This consists of three levels: the Trust Board, the Local Governing Bodies, and the Leadership Teams. The aim of the management structure is to devolve responsibility and encourage 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 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. The Governing Bodies act as the link between the individual academy and the Trust.

Other sub-committees are: Staffing, Pay, Finance and Premises, Risk and Audit, and Sixth Form. All decisions are taken at Trust level.

The Leadership Teams across both sites ensure that policies laid down by the Trustees are implemented and work closely with the Local Governing Body in developing improvement plans, monitoring expenditure and making reports for the Trustees.

The Executive Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The staffing structure is under constant review to ensure structure and gradings reflect curriculum need and student numbers. The Pay Committee agrees pay across the Trust schools based on the outcomes of performance management. Benchmarking of salaries was carried out by an external consultant to ensure pay ranges were in line with similar Multi Academy Trusts.

Related Parties and other Connected Charities and Organisations

The Academies Trust was established as a standalone company and does not have any external sponsors, neither is it related to any other charitable trust or party.

Lordswood Academies Trust

Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The Academy Trust's objects are generally 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.

The Academy Trust assumed responsibility for the 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 Academy 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.

Objectives, Strategies and Activities

The main strategies for the Academy 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.

The main objectives of the Academy Trust during the year are summarised below:

Main priorities from 2016-17 School Improvement Plan for Lordswood Boys' School

Priority 1: To improve outcomes for all groups of students

- To continue to improve levels of student literacy
- To improve provision & outcomes for EAL students
- To improve provision & outcomes for PP, HPA & SEND students
- To improve the quality & consistency of marking & feedback
- To implement a robust homework strategy to promote student learning
- To maintain a rigorous focus on improving classroom practice through targeted CPD, support and observation of excellent practice

Lordswood Academies Trust

Trustees' Report (continued)

Priority 2: To continue to implement curriculum and assessment reforms

- To improve assessment and tracking systems to ensure these are robust and accurate, and enable more rigorous intervention
- To review and revise KS3 programmes of study
- To prepare for/continue to implement new GCSEs

Priority 3: To continue to improve leadership and management to ensure that leadership at all levels is robust & rigorous with a relentless focus on improving standards across all areas

- To continue to improve subject leadership in order to drive forward improvements in teaching, learning & assessment
- To improve effectiveness of LGB through rigorous implementation of KRAs & interrogation of data

Priority 4: To continue to develop systems & practice to promote student achievement & well being

- To maintain focus on improving levels of punctuality & standards of behaviour
- To continue to improve links with parents
- To implement programmes to support student health & emotional well-being

Main priorities from 2016/17 School Improvement Plan for Lordswood Girls' School

Priority 1: To improve outcomes for students at all key stages

- To increase student resilience and independence in learning
- To improve students' literacy skills
- To increase progress made by all students in lessons
- To continue to improve the quality of assessment, marking & feedback to promote student learning
- To improve provision for students requiring additional support
- To improve the quality of post-16 teaching, particularly in subjects with ALPS score < 5
- To improve post-16 tracking & intervention
- To continue to improve outcomes for students without GCSE English/mathematics
- To review & revise study programmes post-16 to ensure high quality provision
- To ensure the tracking of post-18 progression is robust & informs CEIAG provision at KS5 & 4

Priority 2: To continue to implement curriculum & assessment reforms

- To review & revise KS3 Programmes of Study
- To prepare for/continue to implement new GCSEs
- To prepare for and to implement new A Level / post-16 Programmes of study
- To review & revise current assessment & tracking systems

Priority 3: To promote student development & well-being

- To develop student leadership
- To implement programmes & strategies to increase student well-being

Priority 4: To develop Lordswood as a centre of excellence

- To strengthen governance
- To build staff capacity at all levels to promote sustained improvement & staff well being
- To develop further the school's role in Initial Teacher Training
- To undertake action research to improve the school's effectiveness
- To produce a feasibility study for nursery provision at Lordswood to include costings & implementation plan
- To undertake planning & preparation to enable the delivery of DofE bronze and silver awards

These priorities were achieved through the implementation of the school improvement cycle:

Review -> Plan/CPD -> Implement -> Review.

Public Benefit

In setting the objectives and planning activities the trustees have given careful consideration to ensuring compliance with the Charity Commissions general guidance on public benefit.

Lordswood Academies Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

Summer 2016 GCSE results placed Lordswood Girls' School in the top 5% of schools for KS2-4 progress. The school was commended by Nick Gibb MP, Minister of State for School Standards, and the SSAT.

Lordswood Girls' School has been successful in implementing the Literacy Programme developed by Hackney Learning Trust and has become a hub school for the programme. As part of this, CPD has been delivered to other schools within the city. The school was also identified by Birmingham Education Partnership to be a lead school for the New Start mental health programme and there has been specific workshops delivered with students, parents and staff over the year.

2016-17 was another successful year for the sports academies. The Basketball Academy were the winners of West Midlands Basketball League (WMBL) Division 1 with 12 wins 1 defeat, winning by an average of 49.7 points per game. The team were Division 1 playoff winners, Rosebowl semi-finalists and Summer League Group winners with 6 wins and 0 defeats. Three members of the Academy completed a table official award (Basketball England Level 2). Lordswood was used to host the delivery of the award and other WMBL meetings.

The girls' basketball club was well attended throughout the year and the year 10 girls team made it to the Birmingham Schools final

The focus for the short term is to increase the number of students playing basketball in the local community in Years 10 and 11 so that numbers of Academy students in the sixth form increases over the next 2-3 years.

The Cricket Academy comprised 12 students who trained each week and developed well. The Cricket Academy made it through to the U19 Indoor Cricket finals day which involved the top 4 teams in the region. We have been successful in creating links with Edgbaston Indoor Centre and Portland Road outdoor centre where students have been able to train. There were only had two outdoor fixtures, due to a lack of other schools/colleges offering or playing cricket in this age group.

The focus for the short term is to improve links with local clubs to provide more opportunities for students to play competitive matches. The new sports hall having cricket nets will also dramatically decrease costs and allow greater opportunities to train for the sixth form and local community.

Lordswood Girls' School's support for the Underprivileged Children's Centre in Ghana has continued with fundraising focusing, in addition to the sponsorship of pupils to attend school, on raising money to support the build of a new school. In 2016-17, £3,300 was raised towards this project.

Key Performance Indicators

The Headteacher at Lordswood Boys' School has continued to work with the Trust and Governing Body to implement improvements. The school was inspected in October 2016 and deemed to no longer require special measures but was found to have serious weaknesses. The Headteacher's success in building a cohesive staff team has been seen in the staffing stability which hitherto has been missing. Summer 2017 results showed a slight improvement in English but the Progress 8 score for the school reflected considerable underperformance in the mathematics, Ebac and open measures. The challenge for the school remains to improve the quality of teaching and the accuracy of assessments in order to improve outcomes overall.

The number of pupils on roll at Lordswood Boys' School remains below PAN for all years although there has been an increase in both in-year and year 7 admissions. The number of EAL students joining the school continues to pose a challenge, however, the appointment of a full-time EAL teacher has enabled the school to implement a differentiated support programme for students whose command of English is a barrier to them accessing the curriculum.

Lordswood Girls' School continues to be oversubscribed. Summer 2017 results were above national figures with improvements seen in outcomes for pupil premium and SEND students, a priority in the previous year's improvement plan. The Progress 8 score of 0.79 was pleasing. Post-16, the increase in the percentage of A*/A (& equivalent) grades showed a further increase. Recruitment to the Sixth Form remains good in spite of increased competition.

Both schools were pleased to maintain their 0% NEETS record.

The focus on developing the capacity of leadership and management at Lordswood Girls' School continues in order to support succession planning and the school is maintaining its focus on developing innovative and best practice through action research, increasing the number of SLEs and collaboration with and support for other

Lordswood Academies Trust

Trustees' Report (continued)

schools. Three experienced subject leaders were successful in their applications to become Specialist Leaders in Education (SLE) bringing the total number of SLEs at the school to 5.

Work is progressing on the Sports Hall and Sixth Form Centre (PSB2 and CIF projects respectively) at Lordswood Girls' School and discussions have also taken place with the ESFA with regard to the rebuilding of Lordswood Boys' School as part of PSB2. The new school is intended for completion in 2019/20.

Going Concern

Although the Trust is currently showing a deficit in the budget for the next few years, the ESFA are fully aware of the situation and the school is working closely with them to ensure the financial stability of the school going forward. A robust recovery plan is in place to enable the Trust to pay off the Boys' School deficit and move to a surplus budget within 3 years. This gives the Trustees the confidence to deem the Trust a going concern for the foreseeable future. The Trust, due to the skill and expertise of the current Director of Finance, has achieved considerable success in reducing expenditure and increasing the income to the school.

Financial Review

Financial Performance

The Trust began the financial year forecasting a deficit budget of £585k. The Trust has worked tirelessly to reduce this budget through a severe cost saving plan. Contracts have been renegotiated and spending has been controlled in order to make significant reductions throughout the year. A significant staff restructure has taken place at Lordswood Girls' School which takes effect from September 2017. The school continues to take advantage of other opportunities to generate further income.

Most of the Academy's income is obtained from the Education & Skills Funding Agency (ESFA) 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.

Lordswood Girls' School has increased its PAN from September 2017 by 22 pupils per year resulting in a further 110 pupils from 2021 onwards. This will result in additional funding of over £400k by 2022/23. In addition, we are also working hard to increase the number of 6th form pupils and are anticipating another 70 pupils by 2020 resulting in a potential additional funding of £280k.

The Financial Performance has improved significantly in the year 2016/2017. Despite the reduction in DfE funding of £952k (when compared with 2015/16), the Trust has completed the year with a deficit of only £134k. This has been achieved by a series of significant reductions in expenditure and an increase in trading activity. This has been achieved by the following:

- Renegotiation of contracts
- Reduction in Capitation
- Introduction of software to reduce unnecessary printing
- Printers default to B&W
- Pension Calculations brought in house
- Bulk orders of stationery
- Reduction of post charges by using more email communication
- Restructure of Catering: the Girls' School now supply provision to the Boys' School and the Minerva Centre
- Discounts negotiated with suppliers
- Restructure of staff within Lordswood Boys' School
- A number of teaching staff at the Girls' School were not replaced when they left
- Online payments introduced, to increase use of catering facilities
- Reduction in the use of external advice for Finance and HR
- Cheaper sources of supplier always investigated
- All orders checked and signed by Finance Director
- All orders signed by lead member of SLT for curriculum supplies

Lordswood Academies Trust

Trustees' Report (continued)

- Strict controls on Agency teaching staff
- Reduction of absences through proactive monitoring of staff attendance
- Successful case against leasing company (£60k)
- Negotiation with annual contracts to all the cost to be spread throughout the year to assist with cashflow

The Girls' School have undertaken a significant restructure of the Leadership team, and reviewed support and teaching staff structures and gradings; this will take effect from September 2017. This together with the increase in student numbers will reduce our percentage of GAG income spent on staffing to 85% by 2021. It will also result in a healthy ratio of teachers to pupils for the future.

There has been concerns regarding the ability of the Trust to continue as a going concern in the short term. This related mainly to the 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 continued falling roll at Lordswood Boys School and the associated reduction in funding resulting in revenue received from the Boys' School being significantly less than that needed to manage the school has been difficult to manage. The exhaustion of the Girls' School reserves brought about by the need to support the Boys' School over the last 3 years whilst the DfE found a suitable sponsor has meant that the Trust have had to submit a recovery plan to the ESFA. The new sponsor took on the responsibility of Lordswood Boys' School on 1st September and the Trust is looking to ensure that the Girls' School is in a secure financial position before consider bringing other school into the Trust. The Finance Director continues to work closely with senior ESFA advisors whose guidance and support have been appreciated.

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.

The reserves total at 31 August 2016 was £5,326,045 including the fixed asset reserve of £9,335,404, pension reserve of £(3,842,000), restricted reserves £(719,620), and unrestricted reserves had a balance of £552,261. The Trust are working with the EFA on a recovery plan to rectify the negative reserve position.

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 Risk and Audit committee on behalf of the board of trustees has reviewed the key risks to which the Academies Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. This is the form of a risk register. This lists the hazards identified, the inherent risks and the likelihood of these and a description of the control measures set up to mitigate the risks. This is reviewed by the trust board. A list of the top ten risks has also been identified, with the main uncertainty being the future of the Boys' School, with the implications, financial and otherwise, of this.

Plans for Future Periods

The School Improvement Plan for 2017/18 outlines the priorities for Lordswood Girls' School for the current academic year. This sits within a 5 year strategic plan which is a working document drawn up by trustees.

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not hold such funds and does not act as the custodian trustees of any other charity.

Lordswood Academies Trust

Trustees' Report (continued)

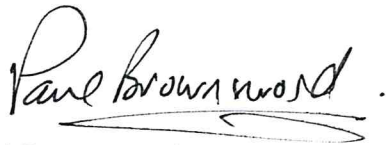
Auditor

In so far as the trustees 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.

The reappointment of the auditors will be subject to a review of suppliers as an ongoing strategy of getting value for money.

This report incorporating a strategic report was approved by order of the board of trustees on 7 December 2016 and signed on their behalf by:

A handwritten signature in black ink that reads "Paul Brownsword". The signature is written in a cursive style and is underlined with a single horizontal line.

Paul Brownsword
Chair of Board of Trustees

13 December 2017

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 conform 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. She is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 10 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings attended	Eligible Meetings
Mr P Brownsword (Chair)	6	8
Mr R Minott (Vice-chair)	6	8
Mrs J Götschel (Executive Headteacher)	8	8
Mr G Darbyshire	4	8
Mr T Davis	5	6
Mr D Inman	6	8
Mrs D Sharples	8	8
Mrs L Wheatly (appointed 10.02.16)	6	8

The Board has remained the same in composition. The main challenges have been around the re-brokering of LBS, pursuing the repayment of the £101,737 loan to LBS from Girls' School funds with the ESFA and also keeping a positive cash flow. The rebrokering of Lordswood Boys' School means that the Trust can now focus on restoring its standing which has undoubtedly suffered through the various issues it has had to manage at the Boys' School. We are, however, encouraged by comments made during the recent inspection of the school that the team were satisfied that the school had the capacity for sustained improvement, even without a new sponsor. The rebuilding of Lordswood Boys' School through the Trust's successful bid to the Priority Schools Building programme is now moving forward and this leaves the school in a stronger position for the new sponsor. Over the last 5 years, there has been extensive support from the Girls' School, which received positive recognition during HMI monitoring visits at the Boys' School; it is of great credit to the staff and leadership of the Girls' School that the high standards have been able to be maintained during this time.

The **Finance and Premises Committee** is a sub-committee of the main board of trustees. Its purpose is to hold the board of trustees to account for their financial statements, budgeting and value for money and to monitor, review and evaluate financial propriety. It also reviews estates and health and safety matters. Attendance during the year at meetings was as follows:

Committee members	Meetings Attended	Out of a Possible
Mr R Minott	5	5
Mr I Hutchins	5	5
Mr T Davis	5	5
Mrs J Gotschel	5	5

Lordswood Academies Trust

Governance Statement (continued)

The **Risk and Audit Committee** is also a sub-committee of the main board of trustees. Its purpose is to review the financial reporting, accounting systems and internal controls within the Academies Trust, and to look at risk management and the external audit. It makes appropriate comments and recommendations to the Trust on such matters on a regular basis. It also ensures that the annual accounts are produced in accordance with the legal requirements.

Attendance during the year at meetings was as follows:

Committee members	Meetings Attended	Out of a Possible
Mr T Davis	7	7
Mr G Darbyshire	7	7
Mr T Coppins	4	5
Mr A Moreton (non-governor)	2	3

Review of Value for Money

As accounting officer the Executive Headteacher has responsibility for ensuring that the Lordswood 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 accounting officer for the Academies Trust has delivered value for money during the year by:

- a review of the following contracts resulting in cost saving:
 - Security
 - Catering
 - Grounds Maintenance
 - Reprographics
 - Cleaning
- negotiation with suppliers
- a moratorium on all non-essential spending
- economies of scale through purchasing for both schools together
- membership of RPA (Risk Protection Agreement)
- seeking best price from suppliers
- further restructure of staffing at Lordswood Boys' School
- non-replacement of teaching staff leaving from Lordswood Girls' School

The Trust has significantly reduced its cost with regard to reprographics with the renegotiation of the contract for both leasing and service of the equipment. This contract will save the Trust approximately £15k per year on the cost per click copying.

The Finance Director is ensuring that all contracts are renegotiated to the advantage of the school when they are due for renewal.

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 Lordswood Academies Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Risk and Audit committee on behalf of the board of trustees has reviewed the key risks to which the Academies Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academies Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 general purposes 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 delegated to the Risk and Audit committee the responsibility to carry out a programme of internal checks. This committee reports each meeting to the trust board.

Lordswood Academies Trust

Governance Statement (continued)

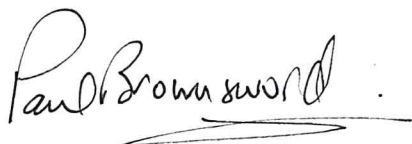
Review of Effectiveness

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

- the work of the internal reviewer
- work of external auditors
- the financial management and governance self-assessment process
- 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 Finance and Premises Committee and Risk and Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems is being put in place.

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



Paul Brownsword
Chair of Board of Trustees



Jane Götschel
Accounting Officer

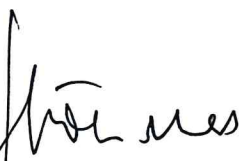
Lordswood Academies Trust

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 and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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



Jane Götschel
Accounting Officer

13 December 2017

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 and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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:

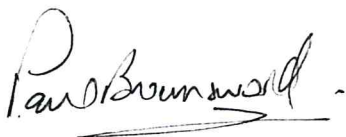
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 13 December 2017 and signed on its behalf by:



Paul Brownsword
Chair of Board of Trustees

Lordswood Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Lordswood Academies Trust

Opinion

We have audited the financial statements of Lordswood Academies Trust Limited (the 'academy trust') for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Lordswood Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Lordswood Academies Trust

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Lordswood Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Lordswood Academies Trust


Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Simon Atkins FCA (Senior statutory auditor)

for and on behalf of:

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditors
Park View, One Central Boulevard
Blythe Valley Business Park
Solihull
B90 8BG

13 December 2017

Lordswood Academies Trust

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

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

This report is made solely to the Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the ESFA, 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 the Lordswood Academies Trust's Funding Agreement with the Secretary of State for Education dated 25 May 2011 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy 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 and Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PKF Cooper Parry Group Limited

PKF Cooper Parry Group Limited

Reporting Accountant

13 December 2017

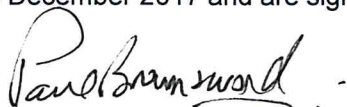
Lordswood Academies Trust
Statement of Financial Activities for the Year Ended 31 August 2017
(including Income and Expenditure Account)

	Note	Un- restricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	13,149	2,435,585	2,448,735	138,609
<i>Charitable Activities:</i>						
• Funding for the Academy's educational operations	3	234,222	7,914,138	-	8,148,360	8,729,374
Other trading activity	4	62,115	-	-	62,115	204,067
Investment income	5	4,786	-	-	4,786	2,770
Total incoming resources		301,123	7,927,287	2,435,585	10,663,996	9,074,820
Expenditure on:						
<i>Charitable activities:</i>						
• Academy Trust's educational operations	6	273,270	8,389,234	164,482	8,826,986	9,259,114
Total resources expended		273,270	8,389,234	164,482	8,826,986	9,259,114
Net incoming/ (expenditure) before transfers		27,853	(461,947)	2,271,103	1,837,009	(184,294)
Gross transfers between funds	14	-	-	-	-	-
Net income/ (expenditure) for the year		27,853	(461,947)	2,271,103	1,837,009	(184,294)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(341,000)	-	(341,000)	(1,367,000)
Net movement in funds		27,853	(802,947)	2,271,103	1,496,009	(1,551,294)
Reconciliation of funds						
Funds brought forward at 1 September 2016		524,408	(3,758,673)	7,064,301	3,830,036	5,381,331
Funds carried forward at 31 August 2017		552,261	(4,561,620)	9,335,404	5,326,045	3,830,037

Lordswood Academies Trust
Balance Sheet as at 31 August 2017
 Company Number 07567230

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11		7,744,610		6,887,301
Current assets					
Debtors	12	473,337		114,504	
Cash at bank and in hand		<u>2,160,766</u>		<u>400,862</u>	
		2,634,103		515,366	
Liabilities					
Creditors: Amounts falling due within one year	13	(1,210,668)		(371,631)	
Net current assets			<u>1,423,435</u>		<u>143,735</u>
Total assets less current liabilities excluding pension liability			<u>9,168,045</u>		<u>7,031,036</u>
Net assets excluding pension liability			<u>9,168,045</u>		<u>7,031,036</u>
Defined benefit pension scheme liability	23		(3,842,000)		(3,201,000)
Total net assets including pension liability			<u>5,326,045</u>		<u>3,830,036</u>
Funds of the Academy:					
Restricted income funds					
• Fixed asset fund	14		9,335,404		7,064,301
• Restricted Income fund	14		(719,620)		(557,673)
• Pension reserve	14		(3,842,000)		(3,201,000)
Total restricted funds			<u>4,773,784</u>		<u>3,305,628</u>
Unrestricted income funds	14		552,261		524,408
Total funds			<u>5,326,045</u>		<u>3,830,036</u>

The financial statements on pages 22 to 41 were approved by the Trustees, and authorised for issue on 13 December 2017 and are signed on their behalf by:



Mr P-Brownsword
 Chair of Trustees

Lordswood Academies Trust

Statement of Cash Flows for the Year Ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	18	341,324	183,767
Cash flows from investing activities	20	1,418,580	(79,369)
Cash flows from financing activities	19	-	-
Change in cash and cash equivalents in the reporting period		<u>1,759,904</u>	<u>104,398</u>
Cash and cash equivalents 1 September 2016/2015		<u>400,861</u>	<u>296,463</u>
Cash and cash equivalents 31 August 2017/2016	21	<u>2,160,765</u>	<u>400,861</u>

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1. Statement of Accounting Policies

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

Basis of Preparation

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

Lordswood Academies Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

▪ **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

▪ **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

▪ **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 Academy Trust has provided the goods or services.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

▪ **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

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

▪ **Expenditure on Raising Funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

▪ **Charitable Activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long Leasehold buildings	2% (50 years)
Fixtures and Fittings	10% (10 years)
Computer equipment	33.3% (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.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Agency Arrangements

The academy trust distributes 16-19 Bursary funds to students as an agent for the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds.

The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 26.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1. Statement of Accounting Policies (continued)

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 ESFA/Department for Education where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Capital Grants	-	2,435,585	2,435,585	133,486
Donations	-	13,149	13,149	5,123
	<u>-</u>	<u>2,448,735</u>	<u>2,448,735</u>	<u>138,609</u>
Total 2016	<u>5,123</u>	<u>133,486</u>	<u>138,609</u>	

3. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
DfE/ESFA revenue grant				
• General Annual Grant (GAG)	-	7,104,361	7,104,361	8,017,051
• Other DfE/ESFA grants	-	557,561	557,561	457,961
	<u>-</u>	<u>7,661,921</u>	<u>7,661,921</u>	<u>8,475,012</u>
Other Government grants				
• Local Authority grants	-	122,519	122,519	4,850
Other Income from the Academy Trust's educational operations	234,222	129,698	363,920	249,512
	<u>234,222</u>	<u>7,914,138</u>	<u>8,148,360</u>	<u>8,729,374</u>
Total 2016	<u>249,512</u>	<u>8,479,862</u>	<u>8,729,374</u>	

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Hire of facilities	49,508	-	49,508	55,463
Other Income	12,607	-	12,607	148,604
	<u>62,115</u>	<u>-</u>	<u>62,115</u>	<u>204,067</u>
Total 2016	<u>204,067</u>	<u>-</u>	<u>204,067</u>	

Lordswood Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
Short term deposits	4,786	-	4,786	2,770
	4,786	-	4,786	2,770
Total 2016	<u>2,770</u>	<u>-</u>	<u>2,770</u>	

6. Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2017 £	Total 2016 £
Academy Trust's educational operations					
• Direct costs	5,872,170	-	505,761	6,377,930	5,656,694
• Allocated support costs	1,146,624	482,334	820,098	2,449,056	3,602,420
	7,018,794	482,334	1,325,859	8,826,986	9,259,114
Total 2016	<u>7,068,403</u>	<u>558,324</u>	<u>1,632,387</u>	<u>9,259,114</u>	

Net income/(expenditure) for the period include:

	2017 £	2016 £
Operating lease rentals	59,262	74,442
Depreciation	164,482	216,308
<i>Fees payable to the auditor for</i>		
• Audit	14,000	17,000
• Audit – prior year under accrual	-	15,745

Lordswood Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

7. Charitable Activities – Academy Trust’s educational operations

	Total 2017 £	Total 2016 £
Direct costs – educational operations	6,377,931	5,656,694
Support costs – educational operations	2,449,056	3,602,420
Total direct and support costs	8,826,987	9,259,114
Analysis of support costs		
Support staff costs	1,146,624	1,795,631
Depreciation	164,482	216,307
Technology costs	125,862	173,001
Premises costs	482,334	558,324
Other support costs	456,550	774,550
Governance costs	73,205	60,465
Total Support Costs	2,449,056	3,602,420

Lordswood Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

8. Staff

a. Staff costs

	2017 £	2016 £
Wages and salaries	5,253,861	5,527,689
Social Security Costs	446,440	412,905
Operating costs of defined benefit pension schemes	1,130,760	970,370
Apprenticeship Levy	4,557	-
	<u>6,835,618</u>	<u>6,910,964</u>
Supply staff costs	93,691	126,939
Staff restructuring costs	89,485	30,500
	<u>7,018,794</u>	<u>7,068,403</u>

Staff restructuring costs comprise:

Redundancy payments	89,485	-
Severance payments	-	30,500
Other restructuring costs	-	-
	<u>89,485</u>	<u>30,500</u>

b. Non statutory / non contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totaling £Nil. (2016 £30,500). Individually the payments were: £Nil (2016 £25,600 and £4,900).

c. Staff numbers

The average number of persons employed by the Academy Trust during the period was as follows:

Average Headcount	2017 Number	2016 Number
Teachers	94	95
Administration and support	84	80
Management	14	17
	<u>192</u>	<u>192</u>

d. Higher paid staff

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

	2017 Number	2016 Number
£60,001-£70,000	-	1
£70,001-£80,000	1	2
£100,001-£110,000	1	1

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £373,916 (2016: £356,019).

9. Related Party Transactions - Trustees' Remuneration & Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of the trustees' remuneration was as follows:

J Gotschel (headteacher and trustee)

Remuneration £100,000 - £110,000 (2016: £100,000 - £110,000)

Employer's pension contributions £15,000 - £20,000 (2016: £10,000 - £15,000)

During the period ended 31 August 2017, travel and subsistence expenses totaling £Nil were reimbursed or paid directly to trustees (2016: £Nil).

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

10. Trustees' and Officers' Insurance

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

Lordswood Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

11. Tangible Fixed Assets

	Leasehold Land & buildings £	Fixtures and fittings £	Computer Equipment £	Assets Under Construction £	Total £
Cost					
At 1 September 2016	7,126,961	250,709	235,167	214,682	7,827,519
Additions	-	16,459	21,780	983,552	1,021,791
At 31 August 2017	<u>7,126,961</u>	<u>267,168</u>	<u>256,947</u>	<u>1,198,234</u>	8,849,310
Depreciation					
At 1 September 2016	613,044	115,028	212,147	-	940,219
Charged in period	116,739	26,726	21,016	-	164,482
At 31 August 2017	<u>729,783</u>	<u>141,754</u>	<u>233,163</u>	<u>-</u>	1,104,701
Net book values					
At 31 August 2016	6,513,917	135,681	23,020	214,682	6,887,300
At 31 August 2017	<u>6,397,178</u>	<u>125,415</u>	<u>23,784</u>	<u>1,198,234</u>	<u>7,744,610</u>

12. Debtors

	2017 £	2016 £
Trade Debtors	24,326	18,546
VAT Recoverable	82,443	16,555
Prepayments and accrued income	366,568	79,403
	<u>473,337</u>	<u>114,504</u>

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade Creditors	506,396	46,389
Other taxation and social security	130,162	146,396
Other creditors	163,885	-
Accruals and deferred income	410,225	178,846
	<u>1,210,668</u>	<u>371,631</u>
Deferred income		
As at 1 September 2016	22,353	-
Release from previous years	(22,353)	-
Resources deferred in year	23,052	22,353
Deferred income at 31 August 2017	<u>23,052</u>	<u>22,353</u>

At the balance sheet date the academy trust was holding funds received in advance for deposits on trips due to take place in 2018.

Lordswood Academies Trust
Notes to the Financial Statements for the Year Ended 31 August 2017
(continued)

14. Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	(557,673)	7,104,361	(7,266,307)	-	(719,620)
Pupil Premium	-	394,323	(394,323)	-	-
Other Grants	-	428,064	(428,604)	-	-
Pension Reserve	(3,201,000)	-	(300,000)	(341,000)	(3,842,000)
	<u>(3,758,673)</u>	<u>7,927,287</u>	<u>(8,389,234)</u>	<u>(341,000)</u>	<u>(4,561,620)</u>
Restricted fixed asset funds					
Transfer on conversion	4,425,928	-	(88,519)	-	4,337,409
DfE/ESFA capital grants	2,171,698	2,435,585	(66,630)	-	4,540,653
Capital expenditure from GAG	466,674	-	(9,333)	-	457,341
	<u>7,064,300</u>	<u>2,435,585</u>	<u>(164,482)</u>	<u>-</u>	<u>9,335,403</u>
Total restricted funds	3,305,627	10,362,873	(8,553,716)	(341,000)	4,773,784
Total unrestricted funds	524,408	301,123	(273,270)	-	552,261
Total funds	3,830,035	10,663,996	(8,826,986)	(341,000)	5,326,045

Note: the trust is no longer subject to GAG carry forward limits.

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

Pupil Premium income is included within restricted funds and relates to the funding provided by the ESFA for the relevant Schools to provide additional support to pupils from low income families.

The balance of £(719,620) on the Restricted General Funds is currently being reviewed by the Trust and is subject to a recovery plan monitored by the ESFA.

The Pension Reserve expense of £3,842,000 (overdrawn) represents the Academy Trust's share of the deficit in the West Midlands Pension Fund.

Restricted Fixed Assets Funds relate predominately to the assets acquired on conversion to an Academy Trust, being the properties.

The Unrestricted Funds represent the surplus generated by the Academy Trust on activities for generating funds.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

14. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	2017 £	2016 £
Lordswood Girls' School and Sixth Form Centre	376,547	393,569
Lordswood Boys' School	(543,906)	(426,833)
Total before fixed assets and pension reserve	<u>(167,358)</u>	<u>(33,264)</u>
Restricted fixed asset fund	9,335,403	7,064,301
Pension reserve	(3,842,000)	(3,201,000)
Total	<u>5,326,045</u>	<u>3,830,037</u>

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 (excluding Depn)	Total 2017	Total 2016
	£	£	£	£	£	£
Lordswood Girls' School	4,231,104	607,290	227,688	908,060	5,974,142	5,713,196
Lordswood Boys' School	1,641,066	539,335	83,875	424,087	2,688,363	3,329,617
	<u>5,872,170</u>	<u>1,146,624</u>	<u>311,564</u>	<u>1,332,147</u>	<u>8,662,504</u>	<u>9,042,807</u>

15. Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	7,744,610	7,744,610
Current assets	552,261	739,344	1,342,499	2,634,104
Current liabilities	-	(1,210,668)	-	(1,210,668)
Pension scheme liability	-	(3,842,000)	-	(3,842,000)
Total net assets	<u>552,261</u>	<u>(4,561,620)</u>	<u>9,335,404</u>	<u>5,326,045</u>

16. Capital Commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>-</u>	<u>-</u>

17. Commitments under operating leases

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

	2017 £	2016 £
Amounts due within one year	8,020	79,639
Amounts due between one and five years	16,040	84,740
Amounts due after five years	-	-
	<u>24,060</u>	<u>164,379</u>

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

18. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2017	2016
	£	£
Net income/(expenditure) for year (as per SoFA)	1,837,009	(184,295)
Adjusted for:		
Depreciation charges (note 11)	164,482	216,308
Capital grants from DfE and other capital income	(2,435,585)	(133,486)
Interest receivable (note 5)	(4,786)	(2,770)
Defined benefit pension scheme less contributions payable (note 23)	233,000	94,000
Defined benefit pension scheme finance cost (note 23)	67,000	63,000
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	(358,833)	85,404
Increase/(decrease) in creditors	839,037	56,607
Net cash provided by/(used in) operating activities	341,324	183,768

19. Cash flows from financing activities

	2017	2016
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by/(used in) financing activities	-	-

20. Cash flows from investing activities

	2017	2016
	£	£
Dividends, interest and rents from investments	4,786	2,770
Purchase of tangible fixed assets	(1,021,791)	(215,625)
Capital funding received from Dfe/ESFA and others	2,435,585	133,486
Capital funding received from sponsors and others	-	-
Net cash provided by/(used in) investing activities	1,418,580	(79,369)

21. Analysis of cash and cash equivalents

	At 1 September 2016	Inherited on conversion	Cash flows	At 31 August 2017
	£	£	£	£
Total cash and cash equivalents	400,862	-	1,759,904	2,160,766

22. Members' Liability

Each member of the Academy Trust 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.

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

23. Pension and Similar Obligations

The Academy 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 Midland Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS March 2016.

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

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 □
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.
-

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

The pension costs paid to TPS in the period amounted to £590,125 (2016: £606,689).

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

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

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

23. Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £347,000 (2016: £296,000), of which employer's contributions totalled £264,000 (2016: £220,000) and employees' contributions totalled £83,000 (2016: £76,000). The agreed contribution rates for future years are 18.7% for employers and an average of 6.2% for employees.

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

Principal actuarial assumptions	At 31 August 2017	At 31 August 2016
Rate of increase for pensions in payment / inflation	2.7%	2.0%
Rate of increase in salaries	4.2%	3.7%
Inflation assumption (CPI)	2.7%	2.0%
Discount rate for scheme liabilities	2.6%	2.1%

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 2017	At 31 August 2016
<i>Retiring today</i>		
+Males	21.8	23.1
Females	24.3	25.8
<i>Retiring in 20 years</i>		
Males	24.0	25.3
Females	26.6	28.1

Sensitivity Analysis	At 31 August 2017 £
Discount Rate +0.1%	179
Discount Rate -0.1%	(184)
Mortality assumption – 1 year increase	(246)
Mortality assumption – 1 year decrease	239
CPI rate +0.1%	(35)
CPI rate -0.1%	35

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

(continued)

23. Pension and Similar Obligations (continued)

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	2,354	1,732
Corporate Bonds	415	453
Property	272	232
Cash and other liquid assets	185	187
Other	494	315
Total market value of assets	3,720	2,919

The actual return on scheme assets was £522,000 (2016: £453,000).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost	474	314
Past service cost	21	-
Interest income	(67)	(94)
Interest cost	134	157
Admin Expenses	2	1
Total amount recognised in SOFA	564	378

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

	2017 £000	2016 £000
As at 1 September 2016	6,120	3,904
Current service cost	474	314
Interest cost	134	157
Employee contributions	83	76
Actuarial (gain)/loss	-	1,725
Benefits paid	(95)	(56)
Past service cost	21	-
Experience loss / gain	602	-
Change in demographic assumptions	(100)	-
Change in financial assumptions	323	-
At 31 August 2017	7,562	6,120

Lordswood Academies Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23. Pension and Similar Obligations (continued)

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

	2017	2016
	£000	£000
As at 1 September 2016	2,919	2,227
Interest income	67	94
Return on assets less interest	455	359
Other actuarial gains/(losses)	29	-
Employer contributions	264	220
Employee contributions	83	76
Benefits paid	(95)	(56)
Admin Expenses	(2)	(1)
At 31 August 2017	3,720	2,919

24. Related Party Transactions

Owing to the nature of the Academy 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 of accounts.

25. Events after the end of the reporting period

On 1 September 2017, Lordswood Boys' School was re-brokered to Central Academies Trust. All assets and liabilities pertaining to Lordswood Boys' School were transferred to Central Academies Trust at their carrying value.

26. Agency arrangements

The academy trust distributes 16-19 Bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017, the trust received £45,018 (2016: £50,286) and disbursed £44,518 (2016: £50,286), from the fund. An amount of £500 (2016: £nil) is included in Other Creditors relating to the undistributed funds that are repayable to the ESFA.