

Registered number: 07567230

LORDSWOOD ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

Mr P Brownsword
Mr R Minott
Mr T Davis (appointed 1 December 2017)
Mr K Johnson (appointed 1 December 2017)
Ms E Leck (appointed 1 December 2018)

Trustees

Mr P Brownsword, Chair
Mrs D Sharples
Mr D Inman
Mr T Coppins (appointed 1 January 2018)
Mrs J Gotschel, Headteacher
Mr R Minott, Vice-chair
Mr S Aykroyd (resigned 1 January 2018)
Mr G Darbyshire (resigned 1 January 2018)
Mrs L Wheatly (resigned 1 October 2017)

Company secretary

Mrs S Allport

Senior leadership team

Mrs J Gotschel, Headteacher and Accounting Officer
Mrs L Latham, Finance Director
Mrs D Dodd, HR Director
Mrs T Rolf, Business Support Manager
Mrs L Finucane, Assistant Headteacher
Mrs K Adamson, Assistant Headteacher
Ms J Millward, Assistant Headteacher
Mrs L Verma, Assistant Headteacher

Company registered number

07567230

Company name

Lordswood Academies Trust

Principal and registered office

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

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditor

PKF Cooper Parry Group Limited
Chartered Accountants
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
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
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Academy Trust operates a secondary school in South West Birmingham. The school has a pupil capacity of 1,090 (this takes account of the increase in PAN from 132 to 154 wef 1.9.2017) and had a roll of 958 in the school census on January 2018. This year represents the first year of operation as a single school MAT which has required a restructure of governance and rigorous financial management to address the deficit which had built up due to the delayed transfer of Lordswood Boys' School to a new sponsor and remained with the Trust after the rebrokering.

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 the trustees who served during the year are included in the Reference and administrative details on page 1.

Members' liability

Each member of the Academy Trust undertakes to contribute to the assets of the Academy 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 Academy 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 Academy 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 Governing Body as Chair, 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 their role on the 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.

Organisational structure

This consists of three levels: the Trust Board, the Governing Body, and the Leadership Team. The aim of the

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 Governing Body is 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 Body acts as the link between the school and the Trust.

Other sub-committees are: Staffing, Pay, and Finance and Premises. All strategic decisions are taken at Trust level.

The Leadership Team ensures that policies laid down by the Trustees are implemented and work closely with the Governing Body in developing improvement plans, monitoring expenditure and producing reports for the Trustees.

The 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 in the Trust's school 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 and there was a further review in 2016-17 to reflect the move to a single academy MAT.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	4
Full-time equivalent employee number	110

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-
Percentage of pay bill spent on facility time	
	£
Total cost of facility time	5,346
Total pay bill	4,914,348
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	3 %
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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's principal objective is to advance public benefit through education and by managing and developing both the school and the sixth form 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 ensure the effectiveness of the academy 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 the 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 2017/18 School Improvement Plan for Lordswood Girls' School

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

- i. To increase progress made by students at KS3
- ii. To improve post-16 provision and raise standards of teaching and learning
- iii. To improve outcomes for SEND students
- iv. To implement strategies to promote growth mindset and increase student resilience and independence
- v. To promote independent learning and resilience through extended learning provision
- vi. To review & revise CEIAG provision across years 8-13

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Priority 2: To continue to implement curriculum and assessment changes

- i. To review, refine & embed revised assessment & tracking systems
- ii. To review and revise / develop programmes of study

Priority 3: To review and develop systems and practice in order to create efficient and effective solutions, address staff workload and promote staff well-being

Priority 4: To develop LGS as a centre of excellence

- i. To maximise opportunities to showcase excellent practice
- ii. To work towards achieving nationally recognised awards for careers & SEND provision
- iii. To work towards Level 1 of Rights Respecting School Award

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 Commission's general guidance on public benefit.

Achievements and performance

Strategic report

Achievements and performance

Lordswood Girls' School continues to focus on improving outcomes for all students and to deliver high quality teaching across all areas. Summer 2018 GCSE results placed Lordswood Girls' School in the top 2% of schools for KS2-4 progress. In addition, SLEs and other staff have supported other schools both within the south west network and beyond. Staff have also delivered CPD sessions for other schools and the school continues to be a lead school in the Birmingham Education Partnership New Start mental health programme.

The arts enjoy a high profile within the school and the school was delighted to achieve the Gold Artsmark Award. An increased number of students are completing the Arts Award and the arts have also formed the basis for three integrated learning days in year 7. The Duke of Edinburgh Award is now well established and is proving popular amongst students and we are considering offering the silver and gold award.

The Basketball Academy had a particularly successful competitive season finishing second in the WMBL Premier Division, the highest ever finish for a Lordswood team. The team made it to the final of the playoffs won the Rosebowl Cup and finished the season off by winning the Summer League. The team has developed and grown over the last 12 years and for the first time in the 2018/2019 season, the Basketball Academy will actually have a home court.

This year we said farewell to some academy graduates who have been involved in the Basketball Academy almost since its formation. One student has signed his first professional contract in Italy, another is playing professionally full time in the Irish Premier Division and two other students have taken English teaching jobs in China alongside their basketball involvement with the Chinese District leagues.

The Cricket Academy developed well last year and will also benefit from the new sports facilities. Whilst it was sometimes a challenge, the opportunity to train at the two grounds, Edgbaston CC and Portland Road, gave the students clear motivation and opportunity to have tours of the grounds, meet players and coaches, as well as gain an insight into how a career in cricket might be for them. Fixtures have been more of an issue because

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

cricket is played by so few sixth forms and colleges, it has been a challenge to get enough competition. The games that were played showed the ability level of our students and each game was extremely competitive, particularly the much more accessible indoor cricket format.

With the school's new facilities and the ability now to host games, the Director of Sport has been working with other schools and sixth forms to try and set up tournaments to provide students with more frequent opportunities to put all their training into action.

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 2017-18, £3,300 was raised towards this project.

Key performance indicators

Lordswood Girls' School continues to be oversubscribed. Summer 2018 results were above national figures with improvements seen in areas targeted in the improvement plan. The Progress 8 score of 0.92 was pleasing. Results Post-16 have remained stable in spite of assessment changes which have particularly affected vocational qualifications. Recruitment to the Sixth Form was slightly down in 2018, reflecting in part the city-wide fall in birth rate but also the delay to the opening of the new sixth form centre through overrunning building work.

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. The school's core priority is to improve outcomes for all groups of students and to sustain improvements in targeted areas. The development of the sixth form, recruitment and raising post-16 levels of achievement is a key priority for the school.

After much delay, the the Sports Hall and Sixth Form Centre (PSB2 and CIF projects respectively) were finally completed in the middle of September.

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's 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

The Trust began the financial year forecasting a deficit budget of £251k. The Trust has continued to work diligently to reduce this overspend and will continue to work towards a balanced budget for the following years. All purchasing is continually monitored to ensure best value for money and for all purchases over £2,000 we are requesting quotes from 3 different suppliers. We are changing the contractors that have worked with the school over the years and have found that we can make significant savings. The renegotiation of contracts has been a focus this year and many of our long term suppliers have been replaced. A significant staff restructure was implemented from September 2017, resulting in significant savings.

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.

Other funding is received from our extensive letting of the school premises. We were expecting a higher figure in lettings income this year, but this was lower due to the delayed delivery of the new Sports Hall and All Weather Pitch. The Sports Hall is now complete and the projected income is good. The build of the All Weather Pitch continues and it is hoped this will be completed before the end of the academic year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Lordswood Girls' School increased its PAN with effect 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 aiming towards an additional 40 pupils by 2020 resulting in a potential increased funding of £160k per year.

The Financial Performance of the Trust has improved significantly in the year 2017/2018. Despite the reduction in DfE funding, the Trust has completed the year with a deficit of only 47k due to the minimum funding guarantee. This has been achieved by a series of significant reductions in expenditure as follows:.

- Renegotiation of major contracts including cleaning and grounds maintenance
- Restructure of staffing
- Bulk orders of stationery, books etc
- Introduction of Parentmail to reduce communication costs
- Provision to the Boys' School and the Minerva Centre
- Discounts negotiated with suppliers
- Reduction in the use of external advice for Finance and HR
- Orders over £2,000 always receive 3 quotes
- All orders checked and signed by Finance Director
- All orders signed by lead member of SLT for curriculum supplies
- Strict controls on Agency teaching staff
- Reduction of absences through proactive monitoring of staff attendance
- Negotiation with annual contracts to all the cost to be spread throughout the year to assist with cashflow.

Looking ahead, we will be outsourcing catering to Aspens Catering Services. This will ensure that the school can continue to provide a healthy and cost effective catering service for our pupils. The cost paid by students will not be increasing at the present time. In addition, the school will become completely cashless with effect from September 2018. This will create efficiencies for staff and negate the need for the collection of cash by the security company. It will also give parents the security of no longer sending their child to school with large amounts of money to pay for trips, music lessons and lunch costs.

The Girls' School restructure, which has been implemented from September 2017, combined with an increase in student numbers, will reduce our percentage of GAG income spent on staffing to 89% by 2021. The teaching staff structure is deemed to be sufficient to accommodate growth in student numbers and there are no plans to increase staffing going forward.

The exhaustion of the Girls' School reserves brought about by the need to support the Boys' School over previous years whilst the DfE found a suitable sponsor has meant that the Trust have fewer funds to react to any emergency situation. 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 2018 was £6,296,672 including the fixed asset reserve of £8,421,929, pension reserve of £(1,911,000), restricted reserves £(278,932), and unrestricted reserves had a balance of £64,675. The Trust are working with the ESFA on a recovery plan to rectify the negative reserve position.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Investments 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 Finance Committee on behalf of the Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. This is in 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.

The failure of the heating system is one of the major risks within the school. Although the boilers have been replaced in the last decade the actual system has been in place since 1958 when the school was built. The cost of replacing the heating system is not affordable without ESFA funding but the consequences, if it were to fail, would be catastrophic and include closing the school for many weeks.

Plans for future periods

Future developments

The School Improvement Plan for 2018/19 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

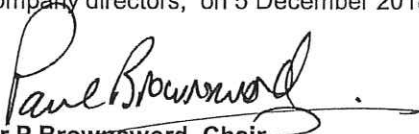
The Trust does not hold such funds and does not act as the custodian trustees of any other charity.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2018 and signed on its behalf by:


Mr P Brownsword, Chair
Chair of Trustees

LORDSWOOD ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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. They are 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Brownsword, Chair	5	6
Mrs D Sharples	6	6
Mr D Inman	6	6
Mr T Coppins	4	4
Mrs J Gotschel, Headteacher	6	6
Mr R Minott, Vice-chair	6	6

The Board has remained the same in composition. The main challenges have been around keeping a positive cash flow and managing a protracted building project. The Finance 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 at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Brownsword	1	3
Mr R Minott	3	3
Mr T Coppins	3	3
Mr S Aykroyd	3	3
Mrs J Gotschel	3	3

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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 academy'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 appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- a review of the following contracts resulting in cost saving:
 - Security
 - Catering
 - Grounds Maintenance
 - Cleaning

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GOVERNANCE STATEMENT (continued)

- negotiation with suppliers
- a moratorium on all non-essential spending
- an energy audit
- seeking best price from suppliers
- non-replacement of teaching staff leaving from Lordswood Girls' School

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lordswood Academies Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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 academy'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 and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Tom Coppins, a trustee, to carry out a programme of internal checks.

During the year the checks focused on a review of the risk and control matrix prepared for the Trust and how this aligned to the internal framework included within the Academies Financial Handbook 2017.

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GOVERNANCE STATEMENT (continued)

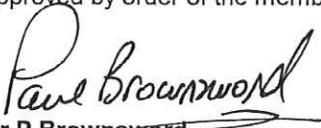
Review of Effectiveness

As Accounting Officer, the Principal 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 reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 December 2018 and signed on their behalf, by:



Mr P Brownsword
Chair of Trustees



Mrs J Gotschel
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lordswood Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Mrs J Gotschel
Accounting Officer

Date: 5 December 2018

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & 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 charitable company 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 5 December 2018 and signed on its behalf by:



Mr P Brownsword, Chair
Chair of Trustees

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**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 (the 'academy') for the year ended 31 August 2018 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, 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 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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'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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LORDSWOOD ACADEMIES TRUST**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the 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.

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.

Opinion 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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report has 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic 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 trustees' 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 Statement of trustees' responsibilities, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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'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 or to cease operations, or have no realistic alternative but to do so.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LORDSWOOD ACADEMIES TRUST**

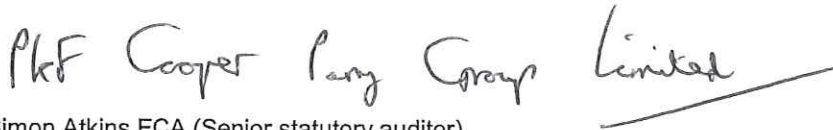
Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "PKF Cooper Parry Group Limited". The signature is written in a cursive style and is positioned above a horizontal line.

Simon Atkins FCA (Senior statutory auditor)

for and on behalf of

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

5 December 2018

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
LORDSWOOD ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lordswood Academies Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lordswood Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lordswood Academies Trust and the 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 Lordswood Academies 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 Lordswood Academies Trust's funding agreement with the Secretary of State for Education dated 25 May 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 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'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
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
LORDSWOOD ACADEMIES TRUST AND THE EDUCATION & 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Handwritten signature in black ink that reads "PKF Cooper Parry Group Limited". The signature is written in a cursive style and is underlined.

Simon Atkins FCA

PKF Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

5 December 2018

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	-	42,700	1,997,174	2,039,874	2,448,735
Charitable activities	3	355,081	5,243,582	-	5,598,663	8,148,360
Other trading activity	5	41,559	-	-	41,559	62,115
Investments	4	4,022	-	-	4,022	4,786
Total income		<u>400,662</u>	<u>5,286,282</u>	<u>1,997,174</u>	<u>7,684,118</u>	<u>10,663,996</u>
Expenditure on:						
Charitable activities:						
Academy Trust's educational operations		213,491	5,764,351	115,725	6,093,567	8,826,986
Net value of assets transferred out		-	(1,707,000)	2,794,924	1,087,924	-
Total expenditure	6	<u>213,491</u>	<u>4,057,351</u>	<u>2,910,649</u>	<u>7,181,491</u>	<u>8,826,986</u>
Net income / (expenditure) before transfers		187,171	1,228,931	(913,475)	502,627	1,837,010
Transfers between Funds	16	(674,757)	674,757	-	-	-
Net income / (expenditure) before other recognised gains and losses		(487,586)	1,903,688	(913,475)	502,627	1,837,010
Actuarial gains/(losses) on defined benefit pension scheme	12	-	468,000	-	468,000	(341,000)
Net movement in funds		<u>(487,586)</u>	<u>2,371,688</u>	<u>(913,475)</u>	<u>970,627</u>	<u>1,496,010</u>
Reconciliation of funds:						
Total funds brought forward		552,261	(4,561,620)	9,335,404	5,326,045	3,830,035
Total funds carried forward		<u>64,675</u>	<u>(2,189,932)</u>	<u>8,421,929</u>	<u>6,296,672</u>	<u>5,326,045</u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07567230

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		7,760,106		7,744,610
Current assets					
Debtors	13	580,129		474,697	
Cash at bank and in hand		574,939		2,160,766	
		<u>1,155,068</u>		<u>2,635,463</u>	
Creditors: amounts falling due within one year	14	<u>(607,502)</u>		<u>(1,212,028)</u>	
Net current assets			547,566		1,423,435
Total assets less current liabilities			<u>8,307,672</u>		<u>9,168,045</u>
Creditors: amounts falling due after more than one year	15		<u>(100,000)</u>		<u>-</u>
Net assets excluding pension scheme liabilities			8,207,672		9,168,045
Defined benefit pension scheme liability	19		<u>(1,911,000)</u>		<u>(3,842,000)</u>
Net assets including pension scheme liabilities			<u>6,296,672</u>		<u>5,326,045</u>
Funds of the academy					
Restricted funds:					
Restricted income funds	16	(2,189,932)		(4,561,620)	
Restricted fixed asset funds	16	8,421,929		9,335,404	
Total restricted funds			6,231,997		4,773,784
Unrestricted funds	16		<u>64,675</u>		<u>552,261</u>
Total funds			<u>6,296,672</u>		<u>5,326,045</u>

The financial statements on pages 20 to 43 were approved by the trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



Mr P Brownsword, Chair
Chair of Trustees

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(660,879)	341,325
Cash flows from investing activities:			
Dividends, interest and rents from investments		4,022	4,786
Purchase of tangible fixed assets		(2,926,144)	(1,021,791)
Capital grants from DfE Group		1,997,174	2,435,585
Net cash (used in)/provided by investing activities		(924,948)	1,418,580
Change in cash and cash equivalents in the year		(1,585,827)	1,759,905
Cash and cash equivalents brought forward		2,160,766	400,861
Cash and cash equivalents carried forward	22	574,939	2,160,766

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lordswood Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue 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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

Donations are recognised on a receivable basis (where there are no performance-related conditions) where receipt is probable and the amount can be reliably measured.

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

1.4 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 charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 the relevant 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold property	-	2% (50 years)
Fixture 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.

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..

1.6 Liabilities and provisions

Liabilities and provisions 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 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 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.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities..

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.9 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 13. Prepayments are not financial instruments. Amounts due to the academy'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 costs as detailed in notes 14 and 15. 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 the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.11 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 quadrennial valuations using a prospective unit credit method. As stated in note 19, 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 credit 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 incorporating income and expenditure account 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.

1.12 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 the period end are disclosed in note 24.

1.13 Fund accounting

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

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

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

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

Estimates and judgments 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 Local Government Pension Scheme 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 19, 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 2018. 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.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital Grants	-	1,997,174	1,997,174	2,435,586
Donations	-	42,700	42,700	13,149
	<hr/>	<hr/>	<hr/>	<hr/>
	-	2,039,874	2,039,874	2,448,735
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total 2017	-	2,448,735	2,448,735	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	4,890,638	4,890,638	7,104,361
Other DfE/ESFA grants	-	226,250	226,250	557,561
	-	5,116,888	5,116,888	7,661,922
Other government grants				
Local Authority grants	-	13,577	13,577	122,519
	-	13,577	13,577	122,519
Other funding				
Other income from the Academy Trusts educational operations	355,081	113,117	468,198	363,919
	355,081	113,117	468,198	363,919
Total 2018	355,081	5,243,582	5,598,663	8,148,360
Total 2017	234,222	7,914,138	8,148,360	

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	4,022	-	4,022	4,786
Total 2017	4,786	-	4,786	

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	37,543	-	37,543	49,508
Other income	4,016	-	4,016	12,607
Total 2018	<u>41,559</u>	<u>-</u>	<u>41,559</u>	<u>62,115</u>
Total 2017	<u>62,115</u>	<u>-</u>	<u>62,115</u>	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Activities:					
Direct costs	3,958,372	-	1,432,992	5,391,364	6,377,930
Support costs	955,976	272,804	561,347	1,790,127	2,449,056
Total 2018	<u>4,914,348</u>	<u>272,804</u>	<u>1,994,339</u>	<u>7,181,491</u>	<u>8,826,986</u>
Total 2017	<u>7,018,795</u>	<u>482,334</u>	<u>1,325,857</u>	<u>8,826,986</u>	

7. Charitable activities

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	5,391,364	1,790,127	7,181,491	8,826,986
Total 2017	<u>6,377,930</u>	<u>2,449,056</u>	<u>8,826,986</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. Charitable activities (continued)

Analysis of support costs

	Activities	Total	Total
	£	2018	2017
		£	£
Staff costs	955,976	955,976	1,146,624
Other support costs	375,987	375,987	456,550
Premises costs	269,708	269,708	482,334
Depreciation	115,725	115,725	164,482
Governance costs	27,310	27,310	73,205
Technology costs	45,421	45,421	125,861
	<u>1,790,127</u>	<u>1,790,127</u>	<u>2,449,056</u>
At 31 August 2017	<u>2,449,056</u>	<u>2,449,056</u>	

8. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	115,725	164,481
Auditor's remuneration - audit	8,470	14,000
Operating lease rentals	9,001	59,262
	<u>133,196</u>	<u>237,743</u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	3,986,261	5,253,861
Social security costs	319,219	450,999
Operating costs of defined benefit pension schemes	600,145	1,130,759
	<u>4,905,625</u>	<u>6,835,619</u>
Agency staff costs	8,723	93,691
Staff restructuring costs	-	89,485
	<u><u>4,914,348</u></u>	<u><u>7,018,795</u></u>

Staff restructuring costs comprise:

Redundancy payments	-	89,485
	<u><u>-</u></u>	<u><u>89,485</u></u>

b. Staff numbers

The average number of persons employed by the academy during the year was as follows:

	2018	2017
	No.	No.
Teachers	68	94
Administration and support	51	84
Management	8	14
	<u>127</u>	<u>192</u>
	<u><u>127</u></u>	<u><u>192</u></u>

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £70,001 - £80,000	0	1
In the band £100,001 - £110,000	1	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior management and leadership Team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £647,064 (2017: £691,512).

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FOR THE YEAR ENDED 31 AUGUST 2018**

10. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
J Gotschel	Remuneration	100,000-110,000	100,000-110,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £NIL to # trustees).

11. 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.

12. Tangible fixed assets

	Leasehold land & buildings £	Furniture and fixtures £	Assets under construction £	Computer equipment £	Total £
Cost					
At 1 September 2017	7,126,961	267,168	1,198,234	256,947	8,849,310
Additions	-	38,204	2,834,775	53,165	2,926,144
Transfer from Lordswood Academies Trust	(3,040,379)	(22,076)	-	(862)	(3,063,317)
At 31 August 2018	<u>4,086,582</u>	<u>283,296</u>	<u>4,033,009</u>	<u>309,250</u>	<u>8,712,137</u>
Depreciation					
At 1 September 2017	719,252	149,973	-	235,475	1,104,700
Charge for the year	67,014	31,486	-	17,225	115,725
On disposals	(258,490)	(9,904)	-	-	(268,394)
At 31 August 2018	<u>527,776</u>	<u>171,555</u>	<u>-</u>	<u>252,700</u>	<u>952,031</u>
Net book value					
At 31 August 2018	<u><u>3,558,806</u></u>	<u><u>111,741</u></u>	<u><u>4,033,009</u></u>	<u><u>56,550</u></u>	<u><u>7,760,106</u></u>
At 31 August 2017	<u><u>6,407,709</u></u>	<u><u>117,195</u></u>	<u><u>1,198,234</u></u>	<u><u>21,472</u></u>	<u><u>7,744,610</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Debtors

	2018	2017
	£	£
Trade debtors	426,158	24,326
Other debtors	15,375	1,359
Prepayments and accrued income	96,107	366,569
VAT recoverable	42,489	82,443
	580,129	474,697
	580,129	474,697

14. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	310,908	506,396
Other taxation and social security	87,732	130,162
Other creditors	164,389	165,245
Accruals and deferred income	44,473	410,225
	607,502	1,212,028
	607,502	1,212,028

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	23,052	22,353
Resources deferred during the year	30,774	23,052
Amounts released from previous years	(23,052)	(22,353)
	30,774	23,052
	30,774	23,052

At the year end the academy trust was holding funds in respect of bursary income, school meals, trip income, rates relief and LAC income relating to the next academic year.

15. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
ESFA loan	100,000	-
	100,000	-
	100,000	-

Repayments in respect of the loan from the ESFA are due to commence in September 2019 by monthly instalment with full repayment by August 2020.

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FOR THE YEAR ENDED 31 AUGUST 2018

16. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	552,261	400,662	(213,491)	(674,757)	-	64,675
Restricted funds						
General Annual Grant	(719,620)	4,890,638	(5,124,707)	674,757	-	(278,932)
Pupil premium	-	203,576	(203,576)	-	-	-
Other grants	-	192,068	(192,068)	-	-	-
Pension reserve	(3,842,000)	-	1,463,000	-	468,000	(1,911,000)
	<u>(4,561,620)</u>	<u>5,286,282</u>	<u>(4,057,351)</u>	<u>674,757</u>	<u>468,000</u>	<u>(2,189,932)</u>
Restricted fixed asset fund						
Transfer on conversion	4,337,409	-	(2,825,774)	-	-	1,511,635
DfE/ESFA capital grants	4,540,653	1,384,351	(75,128)	-	-	5,849,876
Capital expenditure from GAG	457,342	-	(9,747)	-	-	447,595
Local authority capital grants	-	612,823	-	-	-	612,823
	<u>9,335,404</u>	<u>1,997,174</u>	<u>(2,910,649)</u>	<u>-</u>	<u>-</u>	<u>8,421,929</u>
Total restricted funds	<u>4,773,784</u>	<u>7,283,456</u>	<u>(6,968,000)</u>	<u>674,757</u>	<u>468,000</u>	<u>6,231,997</u>
Total of funds	<u><u>5,326,045</u></u>	<u><u>7,684,118</u></u>	<u><u>(7,181,491)</u></u>	<u><u>-</u></u>	<u><u>468,000</u></u>	<u><u>6,296,672</u></u>

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 £278,932 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 of £1,911,000 (overdrawn) represents the Academy'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 fund represent the surplus generated by the Academy Trust on activities for generating funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General Funds	524,408	301,123	(273,270)	-	-	552,261
Restricted funds						
General Annual Grant	(557,673)	7,104,361	(7,266,308)	-	-	(719,620)
Pupil premium	-	394,323	(394,323)	-	-	-
Other grants	-	428,064	(428,064)	-	-	-
Pension reserve	(3,201,000)	-	(300,000)	-	(341,000)	(3,842,000)
	<u>(3,758,673)</u>	<u>7,926,748</u>	<u>(8,388,695)</u>	<u>-</u>	<u>(341,000)</u>	<u>(4,561,620)</u>
Restricted fixed asset fund						
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	-	(9,332)	-	-	457,342
	<u>7,064,300</u>	<u>2,435,585</u>	<u>(164,481)</u>	<u>-</u>	<u>-</u>	<u>9,335,404</u>
Total restricted funds	<u>3,305,627</u>	<u>10,362,333</u>	<u>(8,553,176)</u>	<u>-</u>	<u>(341,000)</u>	<u>4,773,784</u>
Total of funds	<u><u>3,830,035</u></u>	<u><u>10,663,456</u></u>	<u><u>(8,826,446)</u></u>	<u><u>-</u></u>	<u><u>(341,000)</u></u>	<u><u>5,326,045</u></u>

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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	524,408	701,785	(486,761)	(674,757)	-	64,675
Restricted funds						
General Annual Grant	(557,673)	11,994,999	(12,391,015)	674,757	-	(278,932)
Pupil premium	-	597,899	(597,899)	-	-	-
Other grants	-	620,132	(620,132)	-	-	-
Pension reserve	(3,201,000)	-	1,163,000	-	127,000	(1,911,000)
	<u>(3,758,673)</u>	<u>13,213,030</u>	<u>(12,446,046)</u>	<u>674,757</u>	<u>127,000</u>	<u>(2,189,932)</u>
Restricted fixed asset fund						
Transfer on conversion	4,425,928	-	(2,914,293)	-	-	1,511,635
DfE/ESFA capital grants	2,171,698	3,819,936	(141,758)	-	-	5,849,876
Capital expenditure from GAG	466,674	-	(19,079)	-	-	447,595
Local authority capital grants	-	612,823	-	-	-	612,823
	<u>7,064,300</u>	<u>4,432,759</u>	<u>(3,075,130)</u>	<u>-</u>	<u>-</u>	<u>8,421,929</u>
	<u>3,305,627</u>	<u>17,645,789</u>	<u>(15,521,176)</u>	<u>674,757</u>	<u>127,000</u>	<u>6,231,997</u>
Total of funds	<u><u>3,830,035</u></u>	<u><u>18,347,574</u></u>	<u><u>(16,007,937)</u></u>	<u><u>-</u></u>	<u><u>127,000</u></u>	<u><u>6,296,672</u></u>

17. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,760,106	7,760,106
Current assets	64,675	215,194	875,199	1,155,068
Creditors due within one year	-	(394,126)	(213,376)	(607,502)
Creditors due in more than one year	-	(100,000)	-	(100,000)
Pension scheme liability	-	(1,911,000)	-	(1,911,000)
	<u>64,675</u>	<u>(2,189,932)</u>	<u>8,421,929</u>	<u>6,296,672</u>

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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	7,744,611	7,744,611
Current assets	553,622	491,048	1,590,793	2,635,463
Creditors due within one year	(1,361)	(1,210,668)	-	(1,212,029)
Pension scheme liability	-	(3,842,000)	-	(3,842,000)
	<u>552,261</u>	<u>(4,561,620)</u>	<u>9,335,404</u>	<u>5,326,045</u>

18. Capital commitments

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>508,567</u>	<u>-</u>

19. Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

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19. Pension and similar obligations (continued)

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.
- 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%.

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 employer's pension costs paid to TPS in the period amounted to £393,363 (2017 - £590,125).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £300,000 (2017 - £347,000), of which employer's contributions totalled £237,000 (2017 - £264,000) and employees' contributions totalled £63,000 (2017 - £83,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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19. Pension and similar obligations (continued)

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

	2018	2017
Retiring today		
Males	21.9	21.8
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24.0
Females	26.7	26.6

Sensitivity analysis	At 31 August	At 31 August
	2018	2017
	£	£
Discount rate +0.1%	104	179
Discount rate -0.1%	(107)	(184)
Mortality assumption - 1 year increase	(142)	(246)
Mortality assumption - 1 year decrease	137	239
CPI rate +0.1%	(90)	(35)
CPI rate -0.1%	88	35

The academy's share of the assets in the scheme was:

	Fair value at	Fair value at
	31 August	31 August
	2018	2017
	£	£
Equities	1,577	2,354
Gilts	179	272
Other bonds	92	143
Property	202	272
Cash and other liquid assets	93	185
Other	348	494
	<hr/>	<hr/>
Total market value of assets	2,491	3,720
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £28,000 (2017 - £522,000).

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19. Pension and similar obligations (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018	2017
	£	£
Past service cost	-	21,000
Admin expenses	1,000	2,000
Net interest cost	53,000	67,000
Current service cost (net of employer contributions)	190,000	210,000
Transferred out on existing academies leaving the trust	(1,707,000)	-
	<hr/>	<hr/>
Total	(1,463,000)	300,000
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	28,000	522,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening defined benefit obligation	7,562	6,120
Experience loss/gain	-	602
Change in demographic assumptions	-	(100)
Change in financial assumptions	(500)	323
Interest cost	113	134
Employee contributions	63	83
Benefits paid	(2)	(95)
Past service costs	-	21
Transferred out on existing academies leaving the trust	(3,261)	-
Current service cost	427	474
	<hr/>	<hr/>
Closing defined benefit obligation	4,402	7,562
	<hr/> <hr/>	<hr/> <hr/>

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

	2018	2017
	£	£
Opening fair value of scheme assets	3,720	2,919
Return on assets less interest	(32)	455
Other actuarial gains/(losses)	-	29
Transferred out on existing academies leaving the trust	(1,554)	-
Interest on assets	60	67
Employee contributions	63	83
Employer contributions	237	264
Benefits paid	(2)	(95)
Admin expenses	(1)	(2)
	<hr/>	<hr/>
Closing fair value of scheme assets	2,491	3,720
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

20. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	11,839	10,490
Between 1 and 5 years	5,251	13,584
Total	17,090	24,074

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	502,627	1,837,010
Adjustment for:		
Depreciation charges	115,725	164,482
Dividends, interest and rents from investments	(4,022)	(4,786)
Increase in debtors	(105,433)	(358,833)
(Decrease)/increase in creditors	(504,526)	839,037
Capital grants from DfE and other capital income	(1,997,174)	(2,435,585)
Defined benefit pension scheme cost less contributions payable	190,000	233,000
Defined benefit pension scheme finance cost	54,000	67,000
Net loss on assets and liabilities transferred out of academy trust	1,087,924	-
Net cash (used in)/provided by operating activities	(660,879)	341,325

22. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	574,939	2,160,766
Total	574,939	2,160,766

23. Members' liability

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

24. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. 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 2018, the trust received £51,018 (2017: £45,018) and disbursed £45,460 (£44,518), from the fund. An amount of £6,058 (2017: £500) is included in accruals and deferred income relating to undistributed funds that are repayable to the ESFA.

26. Transfer out on academies leaving the academy

On the 1 September 2017 Lordswood Boys' School was re-brokered to Central Academies Trust. The assets and liabilities pertaining to Lordswood Boys school were transferred to Central Academies Trust at their carrying value. A summary of assets and liabilities transferred is summarised below:

	Transfer out on academy leaving the trust
	£
Tangible fixed assets	
Long-term leasehold property	2,781,890
Fixtures and fittings	12,172
Computer equipment	862
Pensions	
Pensions - pension scheme assets	1,554,000
Pensions - pension scheme liabilities	(3,261,000)
Net assets	1,087,924

