

Company Registration Number: 07567230 (England & Wales)

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 10
Governance statement	11 - 13
Statement on regularity, propriety and compliance	14
Statement of Trustees' responsibilities	15
Independent auditor's report on the financial statements	16 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22
Statement of cash flows	23
Notes to the financial statements	24 - 44

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

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

Trustees

Mr P Brownsword, Chair
Mrs D Sharples
Mrs J Gotschel, Headteacher
Mr T Coppins
Mr D Inman
Mr R Minott, Vice-chair

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

Company secretary

Mrs S Allport

Senior leadership team

Mrs J Gotschel, Headteacher and Accounting Officer
Mrs L Latham, Finance Director (until 31 August 2019)
Ms S Foley, Finance Director (from 1 September 2019)
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

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditor

Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor
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
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditors' report of Lordswood Academies Trust (the Academy Trust) for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates a secondary academy in South West Birmingham. The academy has a pupil capacity of 1,170 (this takes account of the increase in PAN from 132 to 154 wef 1.9.2017) and had a roll of 926 in the school census in January 2019.

Organisation Overview and Current Position

During 2018-19, the Trust has continued its focus on improving its financial position and the repayment of the legacy deficit from Lordswood Boys' School. The Trust has also looked to strengthen its position through succession planning at all levels. This is culminating in an external review of governance in October 2019.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association and Articles of Association are the primary governing documents of the academy.

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, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. 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.

d. 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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Policies 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.

f. Organisational structure

This consists of three levels: the Trust Board, the Governing Body, and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

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

The 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 Audit. 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.

g. 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 2018-19 to reflect the move to a single academy MAT.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

h. Trade union facility time

Relevant union officials

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

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	5,269	
Total pay bill	4,774,883	
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	-	%
---	---	---

i. Related parties and other connected charities and organisations

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

Objectives and activities

a. 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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

b. 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 2018/19 School Improvement Plan for Lordswood Girls' School

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

- i. To implement teaching & learning strategies to secure and accelerate learning
- ii. To improve outcomes for Pupil Premium students
- iii. To improve outcomes for SEND students

Priority 2: To continue to develop and implement curriculum and assessment changes

- i. To revise KS3 schemes of work to accelerate learning
- ii. To review, refine & embed revised KS3 assessment & tracking systems
- iii. To continue to revise and develop programmes of study

Priority 3: To continue to develop the Sixth Form to raise standards & levels of attainment

- i. To review and develop post-16 provision
- ii. To increase the rigour of post-16 monitoring
- iii. To review and revise post-16 processes and expectations

Priority 4: To continue to build leadership capacity at all levels

Priority 5: To develop LGS as a centre of excellence

- i. To implement a programme of STEM development
- ii. To review & develop CEIAG provision throughout the school
- iii. To work towards achieving nationally recognised award for NQT Provision – Early Career Development Quality Mark (ECDQM)
- iv. To work towards achieving Level 1 of Rights Respecting School Award

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

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

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

a. Key performance indicators

Lordswood Girls' School continues to focus on improving outcomes for all students and to deliver high quality teaching across all areas. Summer 2019 GCSE results placed Lordswood Girls' School in the top 4% 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 is now both a partner school with the Royal Birmingham Conservatoire and the Birmingham Hippodrome. This enables the school to extend the curriculum offer to students. The Duke of Edinburgh Award is now well established at Bronze level with an increased number of students are completing the Award. The Silver Award will be offered in 2019-20.

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 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 Future Leaders UCC, Ghana, has continued during the academic year 2018-19 with groups of Duke of Edinburgh Award students organising fundraising events as part of their Bronze volunteering section. In total their events raised £990. Additional events in school raised a further £400, totalling £1,390 over the course of the year. The money has been donated to the charity so that they can continue to cover the costs of items such as uniforms for the children and exercise books.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

b. Key Performance Indicators

Lordswood Girls' School continues to be oversubscribed. Summer 2019 results were above national figures with improvements seen especially in the performance of pupil premium students. The Progress 8 score of 0.75 was pleasing. Results Post-16 have remained stable and students are starting to adapt to the demands of the more rigorous, revised vocational qualifications. Recruitment to the Sixth Form has increased, due to some extent to the new sixth form centre and the range of qualifications offered. We are hopeful that the new T Level in Education, which is being offered from September 2020, will also prove attractive to students.

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 remain a key priority for the school as does the focus on creating a centre of excellence.

A retrospective planning application has been submitted for the all weather football pitch and this is expected to be signed off by the middle of November.

c. Going Concern

Although the Trust is currently showing a deficit in the budget for 2019-20, the Trust continues to strengthen its financial position so that a small surplus will be achieved in 2020-21. The Trust continues to work with the ESFA to enable the Trust to pay off the Boys' School's deficit and return to the strong financial position it enjoyed prior to the Boys' School joining the Trust. This gives the Trustees the confidence to deem the Trust a going concern for the foreseeable future. The Trust continues to review ways of reducing expenditure and increasing the income to the school.

Financial review

a. Financial Performance

The Trust began the financial year forecasting an increase in its deficit but its continued focus on reducing and monitoring expenditure enabled this to be revised and to work towards a balanced budget. All purchasing is continually monitored to ensure best value for money and we continue to review contracts and the contractors with whom the school works to enable further savings. A further support staff restructure was undertaken in 2018-19 resulting in additional 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 All Weather Pitch; it is hoped that this will be completed by January 2020.

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 continue to promote the sixth form to increase the number of sixth form pupils and are aiming towards an additional 70 pupils by 2021, resulting in potential increased funding of £280k.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

The Financial Performance of the Trust has improved significantly in the year 2018/2019. Despite the reduction in DfE funding, the Trust has completed the year with a carried forward deficit of only £165,334. 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 support staffing
- Bulk orders of stationery, books etc
- Introduction of Parentmail to reduce communication costs
- 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 allow the cost to be spread throughout the year to assist with cashflow.

Catering is now outsourced to Aspens Catering Services and the school has become completely cashless. This has created efficiencies for staff and negated the need for the collection of cash by the security company.

The significant staffing restructure undertaken in 2017, combined with an increase in student numbers, will continue to reduce the percentage of GAG income spent on staffing. 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.

b. Reserves Policy

The Trustees of the Academy Trust review the reserve levels on an annual basis. The Trust Finance and Audit 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 2019 was £5,972,312 (2018: £6,296,672) including the fixed asset reserve of £8,490,646 (2018: £8,421,929), pension reserve of £2,353,000 overdrawn (2018: £1,911,000 overdrawn), restricted reserves £285,716 overdrawn (2018: £278,932 overdrawn), and unrestricted reserves had a balance of £120,382 (2018: £64,675). The Trust are working with the ESFA on a recovery plan to rectify the negative reserve position.

c. Investment Policy

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

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

d. Principal Risks and Uncertainties

The Finance and Audit 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.

Plans for future periods

The School Improvement Plan for 2019/20 outlines the priorities for Lordswood Girls' School for the current academic year. Following the external review of governance in October 2019 and the review of the Risk Register, the Trust will be updating its 5 year strategic plan.

Funds held as custodian on behalf of others

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

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 5 December 2019 and signed on its behalf by:



Mr P Brownsword
Chair of Trustees

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

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 8 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	8	8
Mrs D Sharples	8	8
Mrs J Gotschel, Headteacher	8	8
Mr T Coppins	3	8
Mr D Inman	8	8
Mr R Minott, Vice-chair	8	8

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 during the year at meetings was as follows:

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Minott	4	4
Mr P Brownsword	3	4
Mr T Coppins	1	4
Mr Simon Aykroyd	4	4
Mrs J Göttschel	4	4

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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:
 - o Auditors
 - o Security
 - o Grounds Maintenance
 - o Cleaning
- negotiation with suppliers
- a moratorium on all non-essential spending
- an IT audit
- seeking best price from suppliers
- a review of whether to replace 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 on-going 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 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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
- 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 a member of the Governing Body with extensive audit experience.

The governor completes a Key Responsibility Areas (KRA) report which is shared with both governors and trustees and accompanies this set of accounts.

The reviewer has delivered their schedule of work as planned and no material control issues arose as a result of the work undertaken.

Review of effectiveness

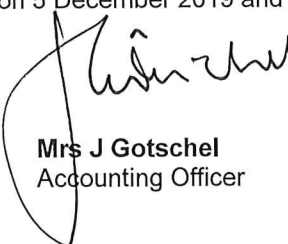
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor, and;
- 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 finance committee 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 2019 and signed on their behalf by:


Mr P Brownsword
Chair of Trustees


Mrs J Gotschel
Accounting Officer

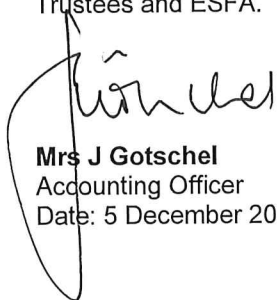
LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Lordswood Academies Trust I have considered my responsibility to notify the academy 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, under the funding agreement in place between the academy 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 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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 2019

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction published 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:

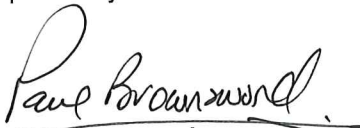
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 2019 and signed on its behalf by:



Mr P Brownsword
Chair of Trustees

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**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 2019 which comprise the Statement of Financial Activities, 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 2018 to 2019 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 2019 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 2018 to 2019 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 (CONTINUED)**

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. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy 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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

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

Responsibilities of trustees

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

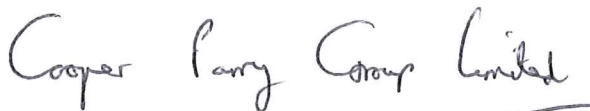
Auditor's responsibilities for the audit of the financial statements

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.



Simon Atkins FCA (Senior Statutory auditor)
for and on behalf of

Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

5 December 2019

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 11 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 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 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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)**

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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.

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 5 December 2019

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	2,693	305,185	307,878	2,039,874
Charitable activities	4	156,275	5,369,421	-	5,525,696	5,598,663
Other trading activities	5	46,952	-	-	46,952	41,559
Investments	6	637	-	-	637	4,022
		<u>203,864</u>	<u>5,372,114</u>	<u>305,185</u>	<u>5,881,163</u>	<u>7,684,118</u>
Total income						
Expenditure on:						
Charitable activities	7	148,157	5,592,898	236,468	5,977,523	6,093,567
Net value of assets transferred out		-	-	-	-	1,087,924
		<u>148,157</u>	<u>5,592,898</u>	<u>236,468</u>	<u>5,977,523</u>	<u>7,181,491</u>
Total expenditure						
Net movement in funds before other recognised gains/(losses)						
		<u>55,707</u>	<u>(220,784)</u>	<u>68,717</u>	<u>(96,360)</u>	<u>502,627</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(228,000)	-	(228,000)	468,000
		<u>55,707</u>	<u>(448,784)</u>	<u>68,717</u>	<u>(324,360)</u>	<u>970,627</u>
Net movement in funds						
Reconciliation of funds:						
Total funds brought forward		64,675	(2,189,932)	8,421,929	6,296,672	5,326,045
Net movement in funds		55,707	(448,784)	68,717	(324,360)	970,627
		<u>120,382</u>	<u>(2,638,716)</u>	<u>8,490,646</u>	<u>5,972,312</u>	<u>6,296,672</u>
Total funds carried forward						

The Statement of Financial Activities includes all gains and losses recognised in the year.

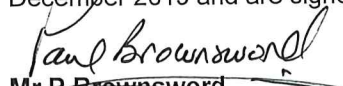
The notes on pages 24 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note		2019 £	2018 £
Fixed assets				
Tangible assets	13		8,072,349	7,760,106
Current assets				
Debtors	14	426,330	580,129	
Cash at bank and in hand		549,258	574,939	
		<u>975,588</u>	<u>1,155,068</u>	
Creditors: amounts falling due within one year	15	(722,625)	(607,502)	
Net current assets			252,963	547,566
Total assets less current liabilities			<u>8,325,312</u>	<u>8,307,672</u>
Creditors: amounts falling due after more than one year	16		-	(100,000)
Net assets excluding pension liability			8,325,312	8,207,672
Defined benefit pension scheme liability	24	(2,353,000)	(2,353,000)	(1,911,000)
Total net assets			<u><u>5,972,312</u></u>	<u><u>6,296,672</u></u>
 Funds of the academy				
Restricted funds:				
Fixed asset funds	17	8,490,646	8,421,929	
Restricted income funds	17	(285,716)	(278,932)	
Pension reserve	17	(2,353,000)	(1,911,000)	
Total restricted funds	17		<u>5,851,930</u>	6,231,997
Unrestricted income funds	17		120,382	64,675
Total funds			<u><u>5,972,312</u></u>	<u><u>6,296,672</u></u>

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue on 5 December 2019 and are signed on their behalf, by:


Mr P Brownsword
 Chair of Trustees

The notes on pages 24 to 44 form part of these financial statements.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	217,208	(760,879)
Cash flows from investing activities			
	21	(242,889)	(924,948)
Cash flows from financing activities			
	20	-	100,000
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(25,681)	(1,585,827)
Cash and cash equivalents at the beginning of the year		574,939	2,160,766
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	22	<u>549,258</u>	<u>574,939</u>

The notes on pages 24 to 44 form part of these financial statements

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Additional detail has been provided in the Trustees' Report in relation to Going Concern.

1.3 Income

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

• **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet 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.

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy has provided the goods or services.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on 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 and assets under construction, at rates calculated to write off the cost of each asset on a basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long Leasehold property	- 2% (50 years)
Furniture and equipment	- 10% (10 years)
Computer equipment	- 33% (3 years)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to leasehold land and buildings.

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

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities

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.

1.10 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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 cost. 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.

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Pensions

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

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 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.

1.13 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 28.

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 2019**

2. 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.

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019. 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.

Critical areas of judgment:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgment as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

3. Income from donations and capital grants

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	2,693	2,693	42,700
Capital Grants	305,185	305,185	1,997,174
Total 2019	<u>307,878</u>	<u>307,878</u>	<u>2,039,874</u>
Total 2018	<u>2,039,874</u>	<u>2,039,874</u>	

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the academy's academy trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,984,119	4,984,119	4,890,638
Other DfE/ESFA grants	-	270,918	270,918	226,250
	-	5,255,037	5,255,037	5,116,888
Other government grants				
Local Authority grants	-	19,143	19,143	13,577
	-	19,143	19,143	13,577
Other funding				
Other income from the Academy Trust's educational operations	156,275	95,241	251,516	468,198
Total 2019	156,275	5,369,421	5,525,696	5,598,663
Total 2018	355,081	5,243,582	5,598,663	

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	46,018	46,018	37,543
Other income	934	934	4,016
	46,952	46,952	41,559

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Short term deposits	637	637	4,022

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Academy Trust's educational operations:					
Direct costs	4,080,625	-	356,950	4,437,575	4,356,440
Allocated support costs	751,829	240,157	547,962	1,539,948	1,737,127
Total 2019	<u>4,832,454</u>	<u>240,157</u>	<u>904,912</u>	<u>5,977,523</u>	<u>6,093,567</u>
Total 2018	<u>4,861,348</u>	<u>272,804</u>	<u>959,415</u>	<u>6,093,567</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Academy Trust's educational operations	4,437,575	1,539,948	5,977,523	6,093,567
Total 2018	<u>4,356,440</u>	<u>1,737,127</u>	<u>6,093,567</u>	

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	751,829	902,976
Depreciation	236,468	115,725
Other support costs	218,755	375,987
Premises costs	240,157	269,708
Governance costs	21,411	27,310
Technology costs	71,328	45,421
	<u>1,539,948</u>	<u>1,737,127</u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	13,636	9,001
Depreciation of tangible fixed assets	236,468	115,725
Fees paid to auditor for:		
- audit	10,500	8,470
- other services	4,175	-
	4,832,454	4,861,348

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	3,654,673	3,742,261
Social security costs	319,070	319,219
Pension costs	796,627	791,145
	4,770,370	4,852,625
Agency staff costs	57,571	8,723
Staff restructuring costs	4,513	-
	4,832,454	4,861,348

Staff restructuring costs comprise:

	2019	2018
	£	£
Redundancy payments	3,060	-
Severance payments	1,453	-
	4,513	-

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-statutory/non-contractual severance payment totalling £1,453 (2018: £nil).

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. Staff costs (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	73	68
Administration and support	35	51
Management	8	8
	116	127

d. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	2	-
£100,001 - £110,000	1	1
	1	1

e. 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 £672,708 (2018: £647,064).

11. 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 staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

Mrs J Gotcshel, Headteacher
Remuneration £105,000 - £110,000 (2018: 105,000 - £110,000)
Employer's pension contributions £15,000 - £20,000 (2018: £15,000 - £20,000).

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Trustees' and Officers' insurance

The academy has opted into the Department of 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 membership.

13. Tangible fixed assets

	Leasehold land & buildings £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	4,086,582	4,033,009	283,296	309,250	8,712,137
Additions	-	506,677	27,640	14,394	548,711
Transfers between classes	3,962,797	(3,962,797)	-	-	-
At 31 August 2019	<u>8,049,379</u>	<u>576,889</u>	<u>310,936</u>	<u>323,644</u>	<u>9,260,848</u>
Depreciation					
At 1 September 2018	527,776	-	171,555	252,700	952,031
Charge for the year	170,286	-	39,741	26,441	236,468
At 31 August 2019	<u>698,062</u>	<u>-</u>	<u>211,296</u>	<u>279,141</u>	<u>1,188,499</u>
Net book value					
At 31 August 2019	<u><u>7,351,317</u></u>	<u><u>576,889</u></u>	<u><u>99,640</u></u>	<u><u>44,503</u></u>	<u><u>8,072,349</u></u>
At 31 August 2018	<u><u>3,558,806</u></u>	<u><u>4,033,009</u></u>	<u><u>111,741</u></u>	<u><u>56,550</u></u>	<u><u>7,760,106</u></u>

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	205,696	426,158
Other debtors	15,607	15,375
Prepayments and accrued income	189,822	96,107
VAT recoverable	15,205	42,489
	<u>426,330</u>	<u>580,129</u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Creditors: Amounts falling due within one year

	2019	2018
	£	£
ESFA loan	100,000	-
Trade creditors	132,330	310,908
Other taxation and social security	87,740	87,732
Other creditors	233	164,389
Accruals and deferred income	402,322	44,473
	722,625	607,502
	722,625	607,502
	2019	2018
	£	£
Deferred income at 1 September 2018	30,774	23,052
Resources deferred during the year	33,576	30,774
Amounts released from previous periods	(30,774)	(23,052)
	33,576	30,774
Deferred income at 31 August 2019	33,576	30,774

At the year end the academy trust was holding funds in respect of bursary income and trip income relating to the next academic year.

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

	2019	2018
	£	£
ESFA loan	-	100,000
	-	100,000

Repayments in respect of the loan from the ESFA are due for repayment in full by 1 August 2020.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	64,675	203,864	(148,157)	-	-	120,382
Restricted general funds						
General Annual Grant	(278,932)	4,984,119	(4,990,903)	-	-	(285,716)
Pupil Premium	-	195,845	(195,845)	-	-	-
Other grants	-	192,150	(192,150)	-	-	-
Pension reserve	(1,911,000)	-	(214,000)	-	(228,000)	(2,353,000)
	<u>(2,189,932)</u>	<u>5,372,114</u>	<u>(5,592,898)</u>	<u>-</u>	<u>(228,000)</u>	<u>(2,638,716)</u>
Restricted fixed asset funds						
Transfer on conversion	1,511,635	-	(71,409)	962,365	-	2,402,591
DfE / ESFA capital grants	6,297,471	103,344	(165,059)	(962,365)	-	5,273,391
Local authority capital grants	612,823	201,841	-	-	-	814,664
	<u>8,421,929</u>	<u>305,185</u>	<u>(236,468)</u>	<u>-</u>	<u>-</u>	<u>8,490,646</u>
Total Restricted funds	<u>6,231,997</u>	<u>5,677,299</u>	<u>(5,829,366)</u>	<u>-</u>	<u>(228,000)</u>	<u>5,851,930</u>
Total funds	<u><u>6,296,672</u></u>	<u><u>5,881,163</u></u>	<u><u>(5,977,523)</u></u>	<u><u>-</u></u>	<u><u>(228,000)</u></u>	<u><u>5,972,312</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 deficit balance of £302,378 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 £2,353,000 (overdrawn) represents the Academy Trust's share of the deficit in the West Midlands Pension Fund.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

Restricted fixed assets funds relate predominately to the assets acquired on conversion to an Academy Trust, being the properties.

The unrestricted fund represents the surplus generated by the Academy Trust on activities or generating funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2018 £
Unrestricted funds					
General Funds	552,261	400,662	(213,491)	(674,757)	64,675
Restricted general 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>1,142,757</u>	<u>(2,189,932)</u>
Restricted fixed asset funds					
Transfer on conversion	4,337,409	-	(2,825,774)	-	1,511,635
DfE/ESFA capital grants	4,997,995	1,384,351	(84,875)	-	6,297,471
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>8,421,929</u>
Total Restricted funds	<u>4,773,784</u>	<u>7,283,456</u>	<u>(6,968,000)</u>	<u>1,142,757</u>	<u>6,231,997</u>
Total funds	<u><u>5,326,045</u></u>	<u><u>7,684,118</u></u>	<u><u>(7,181,491)</u></u>	<u><u>468,000</u></u>	<u><u>6,296,672</u></u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	8,072,349	8,072,349
Current assets	120,382	96,333	758,873	975,588
Creditors due within one year	-	(382,049)	(340,576)	(722,625)
Provisions for liabilities and charges	-	(2,353,000)	-	(2,353,000)
Total	<u>120,382</u>	<u>(2,638,716)</u>	<u>8,490,646</u>	<u>5,972,312</u>

Analysis of net assets between funds - prior year

	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)
Provisions for liabilities and charges	-	(1,911,000)	-	(1,911,000)
Total	<u>64,675</u>	<u>(2,189,932)</u>	<u>8,421,929</u>	<u>6,296,672</u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019	2018
	£	£
Net (expenditure)/income for the year (as per Statement of financial activities)	(96,360)	502,627
Adjustments for:		
Depreciation	236,468	115,725
Capital grants from DfE and other capital income	(305,185)	(1,997,174)
Interest receivable	(637)	(4,022)
Defined benefit pension scheme cost less contributions payable	170,000	190,000
Defined benefit pension scheme finance cost	44,000	54,000
Decrease/(increase) in debtors	153,799	(105,433)
Increase/(decrease) in creditors	15,123	(604,526)
Net loss on assets and liabilities transferred out of academy trust	-	1,087,924
Net cash provided by/(used in) operating activities	217,208	(760,879)

20. Cash flows from financing activities

	2019	2018
	£	£
Cash inflows from new borrowing	-	100,000
Net cash provided by financing activities	-	100,000

21. Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	637	4,022
Purchase of tangible fixed assets	(548,711)	(2,926,144)
Capital grants from DfE Group & others	305,185	1,997,174
Net cash used in investing activities	(242,889)	(924,948)

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

22. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	549,258	574,939
Total cash and cash equivalents	549,258	574,939

23. Capital commitments

	2019	2018
	£	£
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	232,878	508,567
	232,878	508,567

24. Pension commitments

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

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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.

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £430,000 (2018 - £393,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £251,000 (2018 - £300,000), of which employer's contributions totalled £198,000 (2018 - £237,000) and employees' contributions totalled £ 53,000 (2018 - £63,000). The agreed contribution rates for future years are 18.7 per cent for employers and 5.5 - 7.5 per cent 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

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.85	2.65

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	20.9	21.9
Females	23.2	24.4
<i>Retiring in 20 years</i>		
Males	22.6	24.1
Females	25.1	25.7

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	118	104
Discount rate -0.1%	(121)	(107)
Mortality assumption - 1 year increase	(102)	(142)
Mortality assumption - 1 year decrease	100	137
CPI rate +0.1%	(18)	(90)
CPI rate -0.1%	18	88

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

	At 31	At 31
	August 2019	August 2018
	£	£
Equities	1,562,000	1,577,000
Gilts	246,000	179,000
Other bonds	98,000	92,000
Property	212,000	202,000
Cash and other liquid assets	94,000	93,000
Other	386,000	348,000
Total market value of assets	2,598,000	2,491,000

The actual return on scheme assets was £156,000 (2018 - £28,000).

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	305,000	427,000
Past service cost	62,000	-
Interest income	(63,000)	(60,000)
Interest cost	107,000	113,000
Administrative expenses	1,000	1,000
Total amount recognised in the Statement of Financial Activities	<u>412,000</u>	<u>481,000</u>

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

	2019 £	2018 £
At 1 September	4,402,000	7,562,000
Transferred out on existing academies leaving the trust	-	(3,261,000)
Current service cost	305,000	427,000
Interest cost	107,000	113,000
Employee contributions	53,000	63,000
Actuarial losses/(gains)	34,000	(500,000)
Benefits paid	(12,000)	(2,000)
Past service costs	62,000	-
At 31 August	<u>4,951,000</u>	<u>4,402,000</u>

Changes in the fair value of the academy's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,491,000	3,720,000
Transferred in on existing academies joining the trust	-	(1,554,000)
Interest income	63,000	60,000
Actuarial losses	(194,000)	(32,000)
Employer contributions	198,000	237,000
Employee contributions	53,000	63,000
Benefits paid	(12,000)	(2,000)
Administrative expenses	(1,000)	(1,000)
At 31 August	<u>2,598,000</u>	<u>2,491,000</u>

LORDSWOOD ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. Operating lease commitments

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	5,335	11,839
Later than 1 year and not later than 5 years	2,971	5,251
Total	<u>8,306</u>	<u>17,090</u>

26. 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.

27. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year the Trust paid employee benefits (including employer pension contributions) to close family members of key management personnel and trustees for their services to the Trust totalling £54,870 (2018: £49,360).

28. 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 2019, the trust received £45,260 (2018: £51,018) and disbursed £45,746 (2018: £45,460) from the fund. An amount of £5,572 (2018: £6,058) is included in accruals and deferred income relating to undistributed funds that are repayable to the ESFA.