

REGISTERED COMPANY NUMBER: 07722445 (England and Wales)



Report of the Governors and
Financial Statements for the Year Ended 31 August 2018
for
Lady Hawkins' School

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Lady Hawkins' School

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for the Year Ended 31 August 2018

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Lady Hawkins' School

Reference and Administrative Details
for the Year Ended 31 August 2018

MEMBERS

D J Hill
A Glyn-Jones
S D Grist

GOVERNORS

S D Grist (Chair of Governors)
A Glyn-Jones (Vice Chair)
Mrs P A Hughes (Staff Governor)
Mrs S Herdman (resigned 20.9.18)
A Brace (Teacher)
Miss E L Hancocks
Mrs W J James
Mrs H Speed
Ms S B Brealey (Governor) (appointed 5.12.17)
Mrs K M Dinsdale (Governor) (appointed 5.12.17)
Dr J J Edwards (Governor) (appointed 5.12.17)
Mrs C G Foreman (Governor) (appointed 5.12.17) (resigned 20.9.18)
T Goode (Governor) (appointed 5.12.17)
Ms K E Latimer (Governor) (appointed 5.12.17)
Miss R M Mountford (Governor) (appointed 5.12.17)
P Jennings (Headteacher and Accounting Officer) (appointed 1.9.17)
Mrs P J Dixon (Director) (appointed 1.9.17)

SENIOR LEADERSHIP TEAM

Headteacher
Deputy Headteacher
School Business Manager
Leader of Learning & Curriculum

Mr P Jennings (Appointed 1 September 2017)
Mr J Kay
Mr K J Gwynne
Mrs F Gadfield

COMPANY NAME

Lady Hawkins' School

COMPANY SECRETARY

K Gwynne

REGISTERED OFFICE

Park View
Kington
Herefordshire
HR5 3AR

REGISTERED COMPANY NUMBER

07722445 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr K M Tong FCCA, ACA

Lady Hawkins' School

Reference and Administrative Details
for the Year Ended 31 August 2018

AUDITORS

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

SOLICITORS

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

BANKERS

HSBC
1 Broad Street
Leominster
Herefordshire
HR6 8BU

Lloyds TSB
PO Box 1000
Andover
BX1 1LT

Lady Hawkins' School

Report of the Governors for the Year Ended 31 August 2018

The governors who are also directors of the academy for the purposes of the Companies Act 2006, present their report with the financial statements of the academy for the year ended 31 August 2018. The governors have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objects and aims

These are set out in the vision and aims of the school:

Vision

"The Centre of Learning at the Heart of the Community"

School Aims

At Lady Hawkins' School it is our aim to help all students become:

- Successful learners who enjoy learning, make progress and achieve their potential
- Confident individuals who are able to live safe, healthy and fulfilling lives
- Responsible citizens who know what is right or wrong and make a positive contribution to society.

Our aims will be achieved by:

- the provision of a broad balanced curriculum which suits the needs of all students
- recruiting and developing staff to enable them to contribute fully to our learning community ensuring that learning and teaching are of the highest standard and by continuously monitoring and evaluating the work of the school.

Objectives, Strategies and Activities

These are set out in the mission statement of the school.

Mission Statement

"We will create a challenging environment which improves the quality of teaching and learning for all, raising standards of achievement and leading to continued whole school improvement in performance. This will be supported by active work with our partner schools, business partners and community partners to develop Lady Hawkins' School as a centre of excellence in a learning society, sharing resources and disseminating good practice. We will foster an understanding of human values, past and present and how society is organised, develops and changes. We will immerse the school in a culture of knowledge and understanding of our local, national and global communities and our students will be able to demonstrate a clear understanding of the concept of communities, of their interdependence and how they can develop sustainably. We will foster skills in creativity and communication. We will develop access to vocational studies and provide our students with the skills needed to progress into employment, further training and higher education as well as raising our post-16 participation rate."

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

STRATEGIC REPORT

Achievement and performance

Charitable activities

Results June 2018:

GCSE: 100% GCSE 9 - 1 / A*-G qualifications
35% 5 or above grades in English and Mathematics
61% 4 or above grades in English and Mathematics
25% English Baccalaureate

GCSE subject highlights: English Language 51.8% 5+ 76% 4+
Mathematics 45% 5+ 71.4% 4+
Core Science 68% 4+
Additional Science 47.1% 4+
Further Science 84% 4+
German 73% 4+
Geography 73% 4+
History 60% 4+
French 63% 4+

A level subject 100% pass rate: History
Physics
Biology
Chemistry
Psychology

Key financial performance indicators

These are covered throughout the Governors' Report.

Financial review

The majority of the School's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The School also receives grants for fixed assets from the EFA in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the School's accounting policies.

During the period ended 31 August 2018, total expenditure of £1,662,725 (2017: £1,872,044) was covered by recurrent grant funding from the EFA. The net resources expended before transfers and revaluations for the period was £195,510 (2017: £317,662)

At 31 August 2018, the net book value of fixed assets was £6,929,254 (2017: £7,097,604) and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the School.

Fundraising

There were no significant fundraising activities during the year.

Principal risks and uncertainties

The Governors consider that the principal risks and uncertainties facing the School are:

- Meeting requisite standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, discrimination,
- Companies House and HMRC, child protection, the Charity Commission and the National Curriculum.

STRATEGIC REPORT

Principal risks and uncertainties

- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.

The key controls used by the School include:

- Detailed terms of reference for all committees
- Formal agendas for the School board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable.

Financial and risk management objectives and policies

The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

STRATEGIC REPORT

Future plans

Financial

The school works on a 5 Year budget cycle that it reviews regularly.

Curriculum

Whole School Improvement - The school works within an improvement plan that is reviewed annually and renewed every 3 years. The key components of the current plan for 2018-2019:

A. Leadership and Management	SLT responsible	Time scale
P1. Oversee new SLT structure	PJ	Half termly reviews
P2. Internal assessment procedures	PJ/ RAC	In place for Oct 2018
P3. Quality of support from middle leaders	PJ/RAC	Nov 2018
P4. Use of data to challenge and support	PJ	Oct 2018
P5. Governors - range of cultures	PJ and Chair of Governors	Dec 2018
P6. Develop middle leaders	PJ	On going
P7. Continue to develop PM & training	PJ	Nov 2018
P8. Links with local community	PJ/JH	Nov 2018
P9. Monitor provision in smaller subjects so that teaching and progress are consistently good	RAC/PJ	Termly
B. Teaching Learning and Assessment	SLT responsible	Time scale
P1. Internal assessment procedures at KS3	RAC/PJ	Sept 2018
P2. Differentiation - stretch the more able	RAC	Review Dec 2018
P3. Marking and feedback	RAC with KL	April 2019
P3. LAT Boys - motivation and monitoring	RAC	Termly
P4. Reporting to parents	RAC with AB	Dec 2018
P5. Provide regular opportunities for pupils to develop mathematical reasoning	PJ/RAC	Termly Review
C. Personal development	SLT responsible	Time scale
P1. Develop PSHE programme	JH	Sep 2018
P2. SMSC contributions	JH	
P3. BfL - improving learning behaviours	JH	Ongoing
P4. SMSC contributions	JH	
P5. Links with local community	JH	
P6. Careers education	JH	Dec 2018
D. Outcomes	SLT responsible	Time scale
P1. Open Bucket Subjects	PJ	Half termly
P2. Boys in English	PJ/CD	On going
P3. PP student progress	RAC	Half termly
P4. SEN and SEND progress	PJ/KH	Half termly
		Oct 2018 and half termly thereafter
P5. Basics	PJ	

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Charitable Company was Incorporated on the 29th July 2011 and converted from a Local Authority School to an Academy Trust on the 1st November 2011.

The governors act as the trustees for the charitable activities of Lady Hawkins' School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lady Hawkins' School.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

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.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Zurich Plc. and provides cover up to £1,000,000 on any one claim.

Principal activities

This is defined in the Articles of Association:

"The Academy Trust's object is specifically restricted to the following: 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 a school offering a broad and balanced curriculum."

Recruitment and appointment of new trustees

This is defined in the Articles of Association:

The Members may appoint up to 18 Governors. To include; up to 3 Staff Governors, up to 1 LA Governor, a minimum of 2 Parent Governors, the Headteacher(ex officio) and up to 3 "Co-opted" governors. Also the Secretary of State may appoint such additional governors as he sees fit.

- The Members [Trustees] may appoint Staff Governors through such process as they may determine, provided that the total number of Governors [including the Headteacher] who are employees of the Academy Trust does not exceed one third of the total number of Governors.
- The LA may appoint the LA Governor.
- The Headteacher shall be treated for all purposes as being an ex officio Governor.
- Parent Governors shall be elected by parents of registered students at the School. A Parent Governor must be a parent of a student at the School at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot.
- A "Co-opted" Governor means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been co-opted.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The School has a leadership structure which consists of two levels, the Governors and The Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the School by the use of budgets and other data, and making major decisions about the direction of the School, capital expenditure and staff appointments.

The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Headteacher, School Business Manager, Director of Specialism, Leader of Learning & Curriculum, Curriculum Leader and the Office Manager. These leaders direct the School at an executive level implementing the policies laid down by the governors and reporting back to them. The SLT are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Headteacher must countersign.

Subject Leaders are responsible for the day to day operation of curriculum subject areas and accordingly organise teaching staff, capitation resources, facilities and students.

Induction and training of new trustees

The School has a Governor Recruitment and Induction policy.

The training and induction provided for new governors includes a tour of the School and a chance to meet staff and students. The Governor Support Team at the Local Authority provides external training including financial matters. They provide regular updates on practice, legislation and guidance. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Key management remuneration

The academy runs a rigorous system of performance management and appraisal which is linked to performance-related pay progression.

Connected Organisations, including Related Party Relationships

The school liaises and works with organisations such as the Local Authority, The Schools Network, The Sustaining Excellence Network, The National College for School leadership, The Department for Education as well as with other education providers and trainers such as our federation partner schools, our leading edge partner schools, further education providers and universities.

Risk management

The governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances. The governors have implemented a system of assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

AUDITORS


Insofar as the governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the governors 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.

Lady Hawkins' School

Report of the Governors
for the Year Ended 31 August 2018

The Governors Report, incorporating a strategic report, was approved by the board of governors, as the company directors on and signed on its behalf by:

06/12/2018

.....
S D Grist - Chair of Governors

Governance Statement
for the Year Ended 31 August 2018

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Lady Hawkins' School 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 of loss.

The board of the governors has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lady Hawkins' School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor		Meetings Attended	Out of a possible
Mr S D Grist	Chairman - Co-opted Governor	3	4
Mrs S Herdman	Vice Chairman - LA Governor	1	4
Mrs P A Hughes	Vice Chairman - Co-opted Governor	4	4
Mrs S Brearley	Parent Governor	2	3
Mrs K Dinsdale	Parent Governor	2	3
Dr J Edwards	Parent Governor	3	3
Mrs C Foreman	Parent Governor	1	3
Mr A Glyn-Jones	Parent Governor	3	4
Mr T Goode	Parent Governor	2	3
Miss E Hancocks	Co-opted Governor	3	4
Miss R Mountford	Parent Governor	3	3
Mrs H Speed	Parent Governor	3	4
Mrs W James	Parent Governor	4	4
Mr A Brace	Staff Governor	3	4
Mrs P Dixon	Staff Governor	4	4
Ms K Latimer	Staff Governor	3	3
Mr P Jennings	Headteacher - Accounting Officer	4	4

The Governing body also held 1 Extraordinary Meetings during the year. Attendance at these meetings was as follows:

Governor		Meetings Attended	Out of a possible
Mr S D Grist	Chairman - Co-opted Governor	0	1
Mrs S Herdman	Vice Chairman - LA Governor	0	1
Mrs P A Hughes	Vice Chairman - Co-opted Governor	1	1
Mrs S Brearley	Parent Governor	1	1
Mrs K Dinsdale	Parent Governor	1	1
Dr J Edwards	Parent Governor	1	1
Mrs C Foreman	Parent Governor	1	1
Mr A Glyn-Jones	Parent Governor	0	1
Mr T Goode	Parent Governor	1	1
Miss E Hancocks	Co-opted Governor	1	1
Miss R Mountford	Parent Governor	1	1
Mrs H Speed	Parent Governor	1	1
Mrs W James	Parent Governor	1	1
Mr A Brace	Staff Governor	1	1
Mrs P Dixon	Staff Governor	1	1
Ms K Latimer	Staff Governor	1	1
Mr P Jennings	Headteacher - Accounting Officer	1	1

Lady Hawkins' School

Governance Statement for the Year Ended 31 August 2018

The **Finance and Resources Committee*** is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school's finance and resources, including statutory requirements and the school's financial policy.

The **Curriculum and Staffing Committee** is a sub-committee of the main Governing Body. Its purpose is to consider and advise the governing body on standards and other matters relating to the school's curriculum and staffing, including statutory requirements and the school's curriculum policy.

The Governing Body changed the format of their meetings in March 2015 because it was felt that all the facts were not available at each separate meeting which meant that it was difficult to make decisions and plan for the future. Therefore, instead of having separate "Finance and Resources" and "Curriculum and Staffing" Committee meetings, the two committees met together so that all governors could attend each meeting and all relevant information could be discussed.

At the AGM in December 2017 the Governors after discussion reverted to having two separate meetings. Mrs S Herdman was appointed Chair of the Finance and Resources committee and Mrs P Hughes was appointed Chair of the Staffing and Curriculum committee.

During the year Mr K Gwynne, who is the School Business Manager, was asked to attend the joint committee meetings and then the Finance and Resources meetings, as indicated below.

Attendance at the joint meetings in the year was as follows:

		Meetings Attended	Out of a possible
Governor			
Mr S D Grist	Chairman	1	1
Mrs S Herdman		1	1
Mrs P A Hughes		1	1
Mrs Brearley		0	0
Mrs K Dinsdale		0	0
Dr J Edwards		0	0
Mrs C Foreman		0	0
Mr A Glyn-Jones*		0	0
Miss E Hancocks		1	1
Miss R Mountford		0	0
Mrs H Speed		1	1
Mrs W James		1	1
Mr A Brace		1	1
Mrs P Dixon		1	1
Ms K Latimer		0	0
Mr P Jennings	Headteacher - Accounting Officer	1	1
Mr K Gwynne	School Business Manager	1	1

Attendance at the **Finance and Resources** meetings in the year was as follows:

		Meetings Attended	Out of a possible
Governor			
Mrs S Herdman	Chairman	3	3
Mrs K Dinsdale		2	3
Mrs C Foreman		1	3
Mr S Grist		1	3
Mr A Glyn-Jones		3	3
Mr T Goode		2	3
Mr A Brace		2	3
Mrs P Dixon		3	3
Mr P Jennings	Headteacher - Accounting Officer	2	3
Mr K Gwynne	School Business Manager	3	3

Attendance at the **Staffing and Curriculum** meetings in the year was as follows:

Lady Hawkins' School

Governance Statement for the Year Ended 31 August 2018

		Meetings Attended	Out of a possible
Governor		d	
Mrs P A Hughes	Chairman	3	3
Mrs S Brearley		3	3
Dr J Edwards		3	3
Miss E Hancocks		3	3
Miss R Mountford		3	3
Mrs H Speed		3	3
Mrs W James		3	3
Ms K Latimer	Headteacher - Accounting Officer	3	3
Mr P Jennings		2	3

Governance Review

The review of governance focused on the work of the trustees, the number relative to the size of the school and the need to ensure long term financial survival of the school. Outcomes were:

- Governors and trustees work is in line with expectations set out in the article of association
- The number of governors is within limits set in the articles and that the reduction in governors matches the reduction of students in the school.
- The financial management of the school would be best served by holding joint committee meetings to consider impact of finance on available staffing and therefore the curriculum that could be delivered to students
- This would be reviewed again in the next academic year
- The impact of these measures was the successful production of a 5 year balanced budget with planned staffing reductions and restructuring to keep staffing in line with finance, while maintaining a broad balanced curriculum to meet the need of students.

Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Monitoring spending, ensuring that spending was linked to the school improvement plan and clawing back unspent monies for re-budgeting.
- Reviewing the curriculum and staffing to ensure a broad balanced curriculum for students while keeping spending within budget to ensure that there was not a deficit budget.
- Setting out a 5 year balanced budget, including planned staffing reductions to ensure long term financial security for the school.
- Successful bids for school improvement works funded by the DfE with subsequent improvement of the learning environment, leading to improved results in year 11 and year 13 and improved insulation, leading to reduced energy consumption and budget savings, which in were used to support other school costs e.g. staffing.

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 School Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lady Hawkins' School for the period ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Governance Statement
for the Year Ended 31 August 2018

Capacity to Handle Risk

The Governing Body 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. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The School'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 Governing Body.
- 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 Governors have considered the need for a separate Audit Committee and have decided that there is no need for a separate committee, instead the Curriculum & Staffing committee will have additional terms of reference, to include the appointment of an Internal Auditor, Responsible Officer or Peer Reviewer; a review of the quarterly reports filed by the Internal Auditor, Responsible Officer or Peer Reviewer; implementing any risks or weaknesses found; and the signing off of the Annual Review of Effectiveness.

The Governors have considered the need for a specific internal audit function and has decided not to appoint an Internal Auditor. However the Governors have appointed Mr S Grist, a Governor, as Responsible Officer (RO);

The RO's role includes giving advice on financial matters and performing a range of checks on the Academies financial systems. On a quarterly basis, the RO reports to the Governors on the operation of the systems of control and on the discharge of the board of Governor's financial responsibilities.

Review of Effectiveness

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

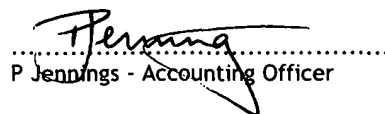
- the work of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 Governing Body on06/12/2018..... and signed on its behalf by:



.....
S D Grist - Chair of Governors



.....
P Jennings - Accounting Officer

Lady Hawkins' School

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2018

As accounting officer of Lady Hawkins' School I have considered my responsibility to notify the academy board of governors and the Education and 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 2017.

I confirm that I and the academy board of governors 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 2017.

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

.....
P Jennings - Accounting Officer

Date: 06/12/2018

Lady Hawkins' School

Statement of Governors Responsibilities
for the Year Ended 31 August 2018

The governors (who act as trustees of Lady Hawkins' School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the academy 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 the ESFA/DfE have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditors are unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 Governing Body on 06/12/2018 and signed on its behalf by:



.....
S D Grist - Chair of Governors

Report of the Independent Auditors to the Members of
Lady Hawkins' School

Opinion

We have audited the financial statements of Lady Hawkins' School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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) and the Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

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 Auditors 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Material uncertainty relating to going concern

We draw attention to page 20 in the financial statements, which indicates that the Academy incurred net expenditure of £195,509 during the year ended 31 August 2018, following net expenditure of £317,662 during the year ended 31 August 2017. Please refer to note 18 in the notes to the financial statements to highlight how the academy is addressing the deficit. If these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

Report of the Independent Auditors to the Members of
Lady Hawkins' School

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.

Responsibilities of governors

As explained more fully in the Statement of Governors Responsibilities, the governors (who are also the directors of the charitable company 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 governors 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 governors 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 governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

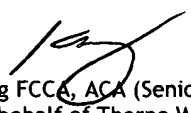
Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.


Mr K M Tong FCCA, ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 06/12/2018

Note:

The maintenance and integrity of the Lady Hawkins' School website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
Lady Hawkins' School and the Education and Skills Funding Agency

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

This report is made solely to Lady Hawkins' School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lady Hawkins' School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lady Hawkins' School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lady Hawkins' School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lady Hawkins' School's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

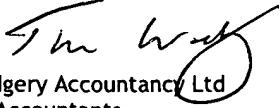
This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in the notes to the accounts.

Independent Reporting Accountant's Assurance Report on Regularity to
Lady Hawkins' School and the Education and Skills Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:06/12/2018.....

Lady Hawkins' School

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2018

					31.8.18	31.8.17
	Not es	Unrestricted Funds £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	-	9,884	100,499	110,383	220,873
Charitable activities						
Funding for the academy's educational operations	3	-	-	1,741,993	1,741,993	1,810,637
Other trading activities	4	23,525	-	-	23,525	26,481
Investment income	5	681	-	-	681	905
Total		24,206	9,884	1,842,492	1,876,582	2,058,896
EXPENDITURE ON						
Charitable activities						
Academy's educational operations		-	208,582	1,863,509	2,072,091	2,376,558
NET INCOME/(EXPENDITURE)		24,206	(198,698)	(21,017)	(195,509)	(317,662)
Transfers between funds	18	-	11,089	(11,089)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	185,000	185,000	274,000
Net movement in funds		24,206	(187,609)	152,894	(10,509)	(43,662)
RECONCILIATION OF FUNDS						
Total funds brought forward		506,157	7,116,866	(1,146,809)	6,476,214	6,519,876
TOTAL FUNDS CARRIED FORWARD		530,363	6,929,257	(993,915)	6,465,705	6,476,214

The notes form part of these financial statements

Lady Hawkins' School (Registered number: 07722445)

Balance Sheet
At 31 August 2018

	Notes	31.8.18 £	31.8.17 £
FIXED ASSETS			
Tangible assets	12	6,929,254	7,097,604
CURRENT ASSETS			
Debtors	13	44,124	54,586
Cash at bank and in hand		<u>297,984</u>	<u>288,643</u>
		342,108	343,229
CREDITORS			
Amounts falling due within one year	14	(94,657)	(86,619)
NET CURRENT ASSETS/(LIABILITIES)		<u>247,451</u>	<u>256,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,176,705	7,354,214
PENSION LIABILITY	19	(711,000)	(878,000)
NET ASSETS		<u><u>6,465,705</u></u>	<u><u>6,476,214</u></u>
FUNDS	18		
Unrestricted funds:			
General fund		530,363	506,157
Restricted funds:			
General Annual Grant		(369,898)	(359,560)
Pension reserve		(711,000)	(878,000)
Conversion and depreciation		5,550,375	5,668,446
Other Restricted		86,983	90,751
DfE/ESFA Capital Grants		-	19,259
Other local authority		1,316,742	1,357,014
Other activities		54,710	72,147
Fixed assets funded by GAG		<u>7,430</u>	-
		<u>5,935,342</u>	<u>5,970,057</u>
TOTAL FUNDS		<u><u>6,465,705</u></u>	<u><u>6,476,214</u></u>

The notes form part of these financial statements

Lady Hawkins' School (Registered number: 07722445)

Balance Sheet - continued
At 31 August 2018

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by and authorised for issue by the Board of Governors on
06/12/2018 and were signed on its behalf by:



.....
S D Grist - Chair of Governors

The notes form part of these financial statements

Lady Hawkins' School

Cash Flow Statement
for the Year Ended 31 August 2018

	Notes	31.8.18 £	31.8.17 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>9,865</u>	<u>(174,612)</u>
Net cash provided by (used in) operating activities		<u>9,865</u>	<u>(174,612)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(11,089)	-
Capital grants from DfE/ESFA		9,884	66,981
Interest received		<u>681</u>	<u>905</u>
Net cash provided by (used in) investing activities		<u>(524)</u>	<u>67,886</u>
Change in cash and cash equivalents in the reporting period		<u>9,341</u>	<u>(106,726)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>288,643</u>	<u>395,369</u>
Cash and cash equivalents at the end of the reporting period		<u>297,984</u>	<u>288,643</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.18 £	31.8.17 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(195,509)	(317,662)
Adjustments for:		
Depreciation	179,439	176,030
Capital grants from DfE/ESFA	(9,884)	(66,981)
Interest received	(681)	(905)
Decrease in debtors	10,462	19,134
Increase/(decrease) in creditors	8,038	(15,228)
Difference between pension charge and cash contributions	<u>18,000</u>	<u>31,000</u>
Net cash provided by (used in) operating activities	<u>9,865</u>	<u>(174,612)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Lady Hawkins' School meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. Please refer to note 18 in the financial statements for further information. They continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. 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.

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Donated goods, facilities and services

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

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 direct costs and shared costs, including support costs involved in undertaking each activity. direct costs are 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.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 2% on cost
Fixtures, fittings & equipment	- 20% on cost and 15% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33% on cost

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

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

Long leasehold land and buildings are subject to a 125 year lease with the local authority. Land and buildings were valued by the ESFA on conversion to academy status. Depreciation on the buildings element is included within expenditure in the SOFA in accordance with the above policies.

Liabilities

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

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

Provisions

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

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

Leased Assets

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the accounts. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the accounts. 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.

Taxation

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

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education funding Agency.

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
Other grants and payments	-	4,319	4,319	4,415
Grants and donations	-	32,901	32,901	63,977
Capital Grants	-	9,884	9,884	66,981
School trips etc	-	59,677	59,677	85,500
Contributions from other organisations	-	3,602	3,602	-
	-	110,383	110,383	220,873

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	1,662,872	1,662,872	1,726,506
Other DfE / YPLA grants	-	<u>61,332</u>	<u>61,332</u>	<u>62,991</u>
	-	1,724,204	1,724,204	1,789,497
Other government grant				
Other Government grants	-	<u>17,789</u>	<u>17,789</u>	<u>21,140</u>
	-	<u><u>1,741,993</u></u>	<u><u>1,741,993</u></u>	<u><u>1,810,637</u></u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
Room and building hire	1,267	-	1,267	1,440
Hire of transport	1,755	-	1,755	2,166
Hire of facilities	16,638	-	16,638	18,885
Catering income	3,167	-	3,167	3,500
Other	<u>698</u>	-	<u>698</u>	<u>490</u>
	<u><u>23,525</u></u>	-	<u><u>23,525</u></u>	<u><u>26,481</u></u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
Short term deposits	<u>681</u>	-	<u>681</u>	<u>905</u>

6. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.18 Total £	31.8.17 Total £
Charitable activities					
Academies educational operations					
Direct costs	1,260,209	144,946	169,016	1,574,171	1,797,472
Allocated support costs	<u>159,049</u>	<u>187,615</u>	<u>151,256</u>	<u>497,920</u>	<u>579,086</u>
	<u><u>1,419,258</u></u>	<u><u>332,561</u></u>	<u><u>320,272</u></u>	<u><u>2,072,091</u></u>	<u><u>2,376,558</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

6. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	31.8.18	31.8.17
	£	£
Auditors' remuneration	10,516	10,475
Depreciation - owned assets	179,439	176,031
Operating leases	<u>8,104</u>	<u>12,629</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Compensation Payments	20,000	20,000	Redundancy settlement

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.18 Total funds £	31.8.17 Total funds £
Direct costs	-	1,574,171	1,574,171	1,797,472
Support costs	-	<u>497,920</u>	<u>497,920</u>	<u>579,086</u>
	-	<u>2,072,091</u>	<u>2,072,091</u>	<u>2,376,558</u>

	31.8.18 Total £	31.8.17 Total £
Analysis of support costs		
Support staff costs	159,049	182,391
Depreciation	34,493	31,084
Administrative supplies	46,727	27,022
Premises costs	187,615	267,763
Other support costs	59,520	60,351
Governance costs	<u>10,516</u>	<u>10,475</u>
Total support costs	<u>497,920</u>	<u>579,086</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

8. GOVERNORS' REMUNERATION AND BENEFITS

There were no governors' remuneration or other benefits for the year ended 31 August 2018 nor for the year ended 31 August 2017.

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows:

			2018	2017
P Jennings	Headteacher & Accounting Officer	Remuneration	£60,000-£65,000	£Nil
		Employer's Pension Contributions	£10,000-£15,000	£Nil
J Kay	Headteacher & Accounting Officer	Remuneration	£Nil	£65,000 - £70,000
	(until 31 August 2017)	Employer's Pension Contributions	£Nil	£5,000 - £10,000
K Davies	Staff Governor	Remuneration	£Nil	£45,000 - £50,000
	(until 31 August 2017)	Employer's Pension Contributions	£Nil	£5,000 - £10,000
A Brace	Staff Governor	Remuneration	£40,000 - £45,000	£50,000 - £55,000
		Employer's Pension Contributions	£5,000 - £10,000	£5,000 - £10,000
P Hughes	Staff Governor	Remuneration	£Nil	£30,000 - £35,000
	(until 31 August 2017)	Employer's Pension Contributions	£Nil	£5,000 - £10,000
K Latimer	Staff Governor	Remuneration	£40,000-£45,000	£Nil
	(from 5 December 2017)	Employer's Pension Contributions	£5,000-£10,000	£Nil
P Dixon	Staff Governor	Remuneration	£20,000-£25,000	£Nil
	(from 1 September 2017)	Employer's Pension Contributions	£0-£5,000	£Nil

Note - the above figures do not include redundancy payments and are not pro-rated for appointments or resignations.

Other related party transactions involving the trustees are set out in the notes to the financial statements.

Governors' expenses

During the period ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017: £335) were reimbursed to the governors.

Other related party transactions involving the trustees set out in the notes to the financial statements.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

9. STAFF COSTS

	31.8.18	31.8.17
	£	£
Wages and salaries	1,036,876	1,187,130
Social security costs	99,912	113,906
Operating costs of defined benefit pension schemes	<u>206,603</u>	<u>230,110</u>
	1,343,391	1,531,146
Supply teacher costs	34,229	-
Redundancy payments	21,638	52,196
Compensation payments	<u>20,000</u>	<u>-</u>
	<u>1,419,258</u>	<u>1,583,342</u>

The average number of persons (including senior management team) employed by the academy during the year was as follows:

	31.8.18	31.8.17
Teachers	16	26
Administration and support	16	17
Management	<u>6</u>	<u>7</u>
	<u>38</u>	<u>50</u>

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

	31.8.18	31.8.17
£60,001 - £70,000	1	1
£70,001 - £80,000	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

The above employee participated in the Teachers' Pension Scheme.

Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £265,172 (2017: £348,427).

Non-statutory severance payments

Included within Redundancy costs are non-statutory payments totalling £7,213, relating to one individual, paid on 31 August 2018.

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2018 was £541 (2017: £601).

The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	66,981	153,892	220,873
Charitable activities				
Funding for the academy's educational operations	-	-	1,810,637	1,810,637
Other trading activities	26,482	-	(1)	26,481
Investment income	<u>905</u>	<u>-</u>	<u>-</u>	<u>905</u>
Total	27,387	66,981	1,964,528	2,058,896
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	<u>-</u>	<u>259,985</u>	<u>2,116,573</u>	<u>2,376,558</u>
NET INCOME/(EXPENDITURE)	27,387	(193,004)	(152,045)	(317,662)
Transfers between funds	<u>-</u>	<u>5,500</u>	<u>(5,500)</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>-</u>	<u>274,000</u>	<u>274,000</u>
Net movement in funds	27,387	(187,504)	116,455	(43,662)
RECONCILIATION OF FUNDS				
Total funds brought forward	478,770	7,304,370	(1,263,264)	6,519,876
TOTAL FUNDS CARRIED FORWARD	<u>506,157</u>	<u>7,116,866</u>	<u>(1,146,809)</u>	<u>6,476,214</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2017	7,754,893	200,626	20,000	3,000	7,978,519
Additions	-	-	-	11,089	11,089
At 31 August 2018	<u>7,754,893</u>	<u>200,626</u>	<u>20,000</u>	<u>14,089</u>	<u>7,989,608</u>
DEPRECIATION					
At 1 September 2017	775,310	84,171	20,000	1,434	880,915
Charge for year	<u>144,946</u>	<u>29,844</u>	-	<u>4,649</u>	<u>179,439</u>
At 31 August 2018	<u>920,256</u>	<u>114,015</u>	<u>20,000</u>	<u>6,083</u>	<u>1,060,354</u>
NET BOOK VALUE					
At 31 August 2018	<u>6,834,637</u>	<u>86,611</u>	-	<u>8,006</u>	<u>6,929,254</u>
At 31 August 2017	<u>6,979,583</u>	<u>116,455</u>	-	<u>1,566</u>	<u>7,097,604</u>

Leasehold land and buildings are subject to a 125 year lease with the local authority.
Included within long leasehold land and buildings is non-depreciated land valued at £507,585.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18 £	31.8.17 £
Trade debtors	3,485	15,961
VAT	2,514	7,919
Prepayments and accrued income	<u>38,125</u>	<u>30,706</u>
	<u>44,124</u>	<u>54,586</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.18 £	31.8.17 £
Trade creditors	2,565	20,435
Social security and other taxes	47,007	53,677
Other creditors	35,699	-
Accruals and deferred income	<u>9,386</u>	<u>12,507</u>
	<u>94,657</u>	<u>86,619</u>

	£
Deferred Income at 1 September 2017	5,841
Resources deferred in the year	5,262
Amounts released from previous years	<u>(5,841)</u>
Deferred Income at 31 August 2018	<u>5,262</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to rates relief income received from the ESFA, relating to the 18/19 academic year.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.18	31.8.17
	£	£
Within one year	7,511	12,823
Between one and five years	20,215	10,000
In more than five years	<u>5,437</u>	<u>-</u>
	<u>33,163</u>	<u>22,823</u>

16. 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.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

		Restricted		31.8.18
	Unrestricted	Fixed Asset	Restricted	Total funds
	Funds	Fund	General Fund	
	£	£	£	£
Fixed assets	-	6,929,254	-	6,929,254
Current assets	530,363	3	(188,258)	342,108
Current liabilities	-	-	(94,657)	(94,657)
Pension liability	-	-	(711,000)	(711,000)
	<u>530,363</u>	<u>6,929,257</u>	<u>(993,915)</u>	<u>6,465,705</u>

Comparative information in respect of the preceeding period is as follows:

		Restricted		31.8.17
	Unrestricted	Fixed Asset	Restricted	Total funds
	Funds	Fund	General Fund	
	£	£	£	£
Fixed assets	-	7,097,604	-	7,097,604
Current assets	506,157	25,388	(188,316)	343,229
Current liabilities	-	(6,126)	(80,493)	(86,619)
Pension liability	-	-	(878,000)	(878,000)
	<u>506,157</u>	<u>7,116,866</u>	<u>(1,146,809)</u>	<u>6,476,214</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

18. MOVEMENT IN FUNDS

	At 1.9.17 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted funds				
General fund	506,157	24,206	-	530,363
Restricted funds				
General Annual Grant	(359,560)	751	(11,089)	(369,898)
Pension reserve	(878,000)	167,000	-	(711,000)
Conversion and depreciation	5,668,446	(118,071)	-	5,550,375
Other Restricted	90,751	(3,768)	-	86,983
DfE/ESFA Capital Grants	19,259	(19,259)	-	-
Other local authority	1,357,014	(40,272)	-	1,316,742
Other activities	72,147	(17,437)	-	54,710
Fixed assets funded by GAG	-	(3,659)	11,089	7,430
	5,970,057	(34,715)	-	5,935,342
TOTAL FUNDS	6,476,214	(10,509)	-	6,465,705

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	24,206	-	-	24,206
Restricted funds				
General Annual Grant	1,663,474	(1,662,723)	-	751
Other Restricted	117,686	(121,454)	-	(3,768)
Other DfE/ESFA Grants	61,332	(61,332)	-	-
DfE/ESFA Capital Grants	9,884	(29,143)	-	(19,259)
Pension reserve	-	(18,000)	185,000	167,000
Conversion and depreciation	-	(118,071)	-	(118,071)
Other local authority	-	(40,272)	-	(40,272)
Other activities	-	(17,437)	-	(17,437)
Fixed assets funded by GAG	-	(3,659)	-	(3,659)
	1,852,376	(2,072,091)	185,000	(34,715)
TOTAL FUNDS	1,876,582	(2,072,091)	185,000	(10,509)

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
Unrestricted Funds				
General fund	478,770	27,387	-	506,157
Restricted Funds				
General Annual Grant	(214,021)	(145,539)	-	(359,560)
Pension reserve	(1,121,000)	243,000	-	(878,000)
Conversion and depreciation	5,781,267	(118,321)	5,500	5,668,446
Other Restricted	71,757	24,494	(5,500)	90,751
DfE/ESFA Capital Grants	36,233	(16,974)	-	19,259
Other local authority	1,397,286	(40,272)	-	1,357,014
Other activities	89,584	(17,437)	-	72,147
	6,041,106	(71,049)	-	5,970,057
TOTAL FUNDS	6,519,876	(43,662)	-	6,476,214

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	27,387	-	-	27,387
Restricted funds				
General Annual Grant	1,726,505	(1,872,044)	-	(145,539)
Other Restricted	175,032	(150,538)	-	24,494
Other DfE/ESFA Grants	62,991	(62,991)	-	-
DfE/ESFA Capital Grants	66,981	(83,955)	-	(16,974)
Other activities	-	(17,437)	-	(17,437)
Pension reserve	-	(31,000)	274,000	243,000
Conversion and depreciation	-	(118,321)	-	(118,321)
Other local authority	-	(40,272)	-	(40,272)
	2,031,509	(2,376,558)	274,000	(71,049)
TOTAL FUNDS	2,058,896	(2,376,558)	274,000	(43,662)

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

18. MOVEMENT IN FUNDS - continued

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

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted funds				
General fund	478,770	51,593	-	530,363
Restricted funds				
General Annual Grant	(214,021)	(144,788)	(11,089)	(369,898)
Pension reserve	(1,121,000)	410,000	-	(711,000)
Conversion and depreciation	5,781,267	(236,392)	5,500	5,550,375
Other Restricted	71,757	20,726	(5,500)	86,983
DfE/ESFA Capital Grants	36,233	(36,233)	-	-
Other local authority	1,397,286	(80,544)	-	1,316,742
Other activities	89,584	(34,874)	-	54,710
Fixed assets funded by GAG	-	(3,659)	11,089	7,430
	<u>6,041,106</u>	<u>(105,764)</u>	<u>-</u>	<u>5,935,342</u>
TOTAL FUNDS	<u>6,519,876</u>	<u>(54,171)</u>	<u>-</u>	<u>6,465,705</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	51,593	-	-	51,593
Restricted funds				
General Annual Grant	3,389,979	(3,534,767)	-	(144,788)
Other Restricted	292,718	(271,992)	-	20,726
Other DfE/ESFA Grants	124,323	(124,323)	-	-
DfE/ESFA Capital Grants	76,865	(113,098)	-	(36,233)
Pension reserve	-	(49,000)	459,000	410,000
Conversion and depreciation	-	(236,392)	-	(236,392)
Other local authority	-	(80,544)	-	(80,544)
Other activities	-	(34,874)	-	(34,874)
Fixed assets funded by GAG	-	(3,659)	-	(3,659)
	<u>3,883,885</u>	<u>(4,448,649)</u>	<u>459,000</u>	<u>(105,764)</u>
TOTAL FUNDS	<u>3,935,478</u>	<u>(4,448,649)</u>	<u>459,000</u>	<u>(54,171)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

18. MOVEMENT IN FUNDS - continued

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

- * General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at the year end.
- * Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.
- * Other Restricted General Funds: include payments made towards Academy trips.
- * The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- * Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants from ESFA, other local authority and other activities, additions and depreciation.
- * Unrestricted Funds: are all those income and expenses for general use in the Academy.

Funds in Deficit and going concern

The trust is carrying a net deficit of £282,917 (2017: £268,809) on restricted general funds (excluding pension).

As part of the financial reporting to Governors, the Business Manager recently presented a draft budget for the period 2018 to 2023, which has been discussed at length.

The Governors, Headteacher and Business Manager are continuing to look at the structure of the school during this particularly challenging time, including staffing levels, the curriculum being offered and the number and length of the teaching periods, in an attempt to reduce the future potential deficit.

Contracts, e.g. electric, gas, cleaning, are continually being monitored and re-negotiated where possible and funding streams continue to be sourced.

Transfers between funds

A transfer between funds from restricted general funds into restricted fixed asset funds has been made to fund the purchase of fixed asset additions in the year.

19. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County Council. 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.

Contributions amounting to £14,152 were payable to the schemes at 31 August 2018 (2017: £16,377) and are included within creditors.

Teachers' pension scheme

Introduction

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- 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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £132,238 (2017: £149,101).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust 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 2018 was £86,982 (2017: £96,370), of which employer's contributions totalled £74,439 (2017: £81,062) and employees' contributions totalled £12,543 (2017: £15,308). The agreed contribution rates for future years are 20.7% for employers and 5.5% and 12.5% for employees.

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

As the scheme is in deficit, the School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a six year period will be the Future Service Rate of 20.7% of payroll plus phases lump sum deficit contributions starting at £34,100 for the year 2018, increasing by approximately 4% per annum. The rate payable from 1 April 2020 will be further revised following the next valuation of the Pension Fund on 31 March 2019.

The current estimate recovery period is 14 years.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Present value of funded obligations	(1,842,000)	(1,912,000)
Fair value of plan assets	<u>1,131,000</u>	<u>1,034,000</u>
	<u>(711,000)</u>	<u>(878,000)</u>
Deficit	<u>(711,000)</u>	<u>(878,000)</u>
Liability	<u>(711,000)</u>	<u>(878,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Current service cost	71,000	88,000
Net interest from net defined benefit asset/liability	<u>20,000</u>	<u>23,000</u>
	<u>91,000</u>	<u>111,000</u>
Actual return on plan assets	<u>69,000</u>	<u>121,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Defined benefit obligation	1,912,000	1,939,000
Current service cost	71,000	88,000
Contributions by scheme participants	13,000	15,000
Interest cost	45,000	41,000
Actuarial losses/(gains)	(141,000)	(171,000)
Benefits paid	<u>(58,000)</u>	<u>-</u>
	<u>1,842,000</u>	<u>1,912,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Fair value of scheme assets	1,034,000	818,000
Contributions by employer	74,000	81,000
Contributions by scheme participants	13,000	15,000
Expected return	25,000	18,000
Actuarial gains/(losses)	44,000	103,000
Benefits paid	(58,000)	-
Assets no descr	(1,000)	(1,000)
	<u>1,131,000</u>	<u>1,034,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Actuarial gains/(losses)	<u>185,000</u>	<u>274,000</u>
	<u>185,000</u>	<u>274,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.18	31.8.17
	£	£
Equities	871,000	891,000
Bonds - Government	90,000	-
Bonds - Other	52,000	54,000
Cash/liquidity	24,000	13,000
Other	41,000	37,000
Property	<u>53,000</u>	<u>39,000</u>
	<u>1,131,000</u>	<u>1,034,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.18	31.8.17
Discount rate	2.8%	2.4%
Future salary increases	3.6%	3.7%
Future pension increases	2.2%	2.2%
Inflation assumption (CPI)	2.1%	2.2%

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

	At 31 August 2018	At 31 August 2017
Retiring today		
Males	22.7	22.6

Lady Hawkins' School

Notes to the Financial Statements - continued
for the Year Ended 31 August 2018

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.9

20. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2018.