

Company Registration No. 08550854 (England and Wales)

**LOUND ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**



# **LOUND ACADEMY TRUST**

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# LOUND ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

A Roy  
J Grainger  
T Gall

### Trustees

J Grainger  
S Liddell  
S Powell (Resigned 3 October 2018)  
A Roy (Chair)  
E Bellamy  
R Hanford  
L Garner  
M Wilson  
L Stallard  
N Smalley  
J Donoghue  
C Cotterill  
R Cottam

### Senior management team

- Headteacher/Accounting Officer	E Bellamy
- Infant Deputy Head	C Cotterill
- Junior Deputy Head	R Cottam
- Business Manager	M Wilson

### Company registration number

08550854 (England and Wales)

### Registered office

Lound Junior School  
Lound Side  
Chapeltown  
Sheffield  
S35 2UT

### Academies operated

Lound Junior School  
Lound Infant School

### Location

Sheffield  
Sheffield

### Headteacher

E Bellamy  
E Bellamy

### Independent auditor

Hart Shaw LLP  
Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

### Bankers

Lloyds Bank  
14 Church Street  
Sheffield  
S1 1HP

# **LOUND ACADEMY TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The trust operates 2 primary academies in Chapeltown, Sheffield. Its academies have a combined pupil capacity of 420 and a roll of 394 in the school census on January 2018.

### **Structure, governance and management**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company was incorporated on 31 May 2013 and opened as academies on 1 July 2013. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Under the terms of the articles of association the Directors act as Trustees for the charitable activities of the Trust and are also Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lound Academy Trust.

Details of the Directors/Governors who served throughout the period, and to the date these accounts are approved 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 amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to become a member.

#### **Governors' indemnities**

Governors' benefit from indemnity insurance purchased at the charitable company's expense to cover the liability of the Governors which, by virtue of any role of law, would otherwise attach to them in respect of negligence, default or breach of trust or breach of duty 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 a breach of duty, or which was committed by the Governors in reckless disregard to whether it was 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 charitable company. The limit of this indemnity is £5,000,000.

#### **Method of recruitment and appointment or election of governors**

The First Governors (Directors) were the people named in the incorporation documents. All further Governors were then appointed, the majority with a dual purpose as company directors. The Secretary of State may, in special circumstances, appoint such additional directors as he sees fit, to date there has been no such additions.

# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Governance Constitution is made up as follows:-

<b>Role</b>	<b>Constitution Requirement</b>
Parent Directors	4
Community Directors	5
Staff Directors	3
Headteacher	1
<b>Total</b>	<b>13</b>
Parent Governors	2
Community Governors	1
Staff Governors	1+1 on mat leave
<b>Total</b>	<b>5</b>

Details of our Directors/Governors are available on our academy website: <http://www.loundacademy.co.uk/>

### **Policies and procedures adopted for the induction and training of Directors/Governors**

We recognise the positive contribution that Directors/Governors can make to our organisation, when they have commitment, training and are given the opportunity to do so. We can, therefore, attract and retain people who have the experience, skills and desire to make a difference in their local community. The induction and training of new Directors/Governors is managed by the Chair of Directors and the Training and Development Director. A full programme is offered, this service being purchased from Learn Sheffield. Additionally, in-house training is also provided by educational consultants in specific areas, where there may be a gap in the knowledge.

### **Organisational structure**

The Academy Trust has a single group of Directors/Governors. The Directors/Governors have appointed sub committees as follows:

- Resources: Finances, Staffing, Premises and H & S – (Finance & Resources)
- Standards: Achievement and Curriculum – (Data and Curriculum)
- Pupils, Parents, Community and Extended Schools – (People and Community)

Each of these committees has Terms of Reference which are reviewed and approved annually. The annual budgets are approved by the Finance & Resources sub-committee and Board of Directors prior to submission to the Education and Skills Funding Agency. The Board of Directors receive regular reports on budget spend via the Finance & Resources sub-committee. The Senior Leadership Team comprising the Headteacher, two Deputy Headteachers and the Business Manager, manage the Academy and implement policies approved by the Directors/Governors.

The Headteacher fulfils the role of Accounting Officer.

### **Arrangements for setting pay and remuneration of key management personnel**

The Academy is guided by the DfE's School Teachers' Pay and Conditions Document 2018 and Guidance on School Teachers' Pay and Conditions which is reviewed annually.

The Academy elected to continue to follow Sheffield City Council pay policies for Support Staff. Management staff are graded according to the relevant job description.

The trustees 'consider annually whether or not to increase the salary of members of the leadership group who have completed a year of employment since the previous pay determination and, if it determines to do so, to what salary within the relevant pay range determined in accordance with paragraphs 4.4 and, where applicable, 5.3 and 9.1' of the School Teachers' Pay and Conditions Document 2018 and Guidance on School Teachers' Pay and Conditions.

# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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Matters pertaining to pay are within the remit of the Finance & Resources subcommittee.

The Individual School Range is determined by the number of pupils on the school register and Lound Academy falls into Group 3.

### **Related parties and other connected charities and organisations**

Lound Academy Trust is not related to any parties or other Connected Charities and Organisations.

### **Objectives and activities**

#### **Objects and aims**

The principal object and activity of the charitable company is the operation of Lound Academy Trust, providing education to children of different abilities from the age of 4 to 11 years.

We are committed to providing high quality learning and teaching enabling all pupils to reach their full potential, regardless of age ability, gender or ethnicity.

We believe that each person is unique and we work together, in an inclusive environment of mutual respect and consideration, valuing everyone's contribution. We aim to ensure that every child is ready for their journey to secondary school, in order that they can take and play an active part in society.

Our academies are committed to safeguarding and promoting the welfare of pupils and adults, and we have a duty and responsibility to safeguard and promote the welfare of children.

### **Objectives, strategies and activities**

#### **School vision:**

Together we inspire children

Every child will leave our school achieving, with a bank of childhood memories, a positive self-image and a love of learning.

We will:

- Use our knowledge of how the brain learns best in order to plan where, what and how we teach. We will create learning environments that are both stimulating and comfortable.
- Break down learning into small steps that are at the right level and pace for every child.
- Focus on three key skills of life:
  - Deferred gratification
  - Maintained attention
  - Putting the needs of others first

In the school census on January 2018 there were 12 children (7.5%) on FSM at Lound Infant School and 17 children (7.27%) at Lound Junior School. This is well below the national average in state primaries of 13.1% (January 2018). The use of Pupil Premium funding is being carefully planned and evaluated to ensure the progress of these children is good.

Children are increasingly entering school at FS2 with speech and language needs. Therefore training and provision has been tailored to meet this.

# LOUND ACADEMY TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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Children with statements/EHCPs have increasingly complex needs which we have supported, and they will transition to special provision in Y7.

The catchment area covers the East and West Ecclesfield Wards. The deprivation factor shows that school is in the lowest deprivation percentile. However, of the families who live in these wards only 13.7% adults had higher education and only 17.4% of families are higher social class households. 4.9% of families within these wards live in overcrowded households. In January 2014 we appointed a Family Support Worker to work across the Academy and support our most vulnerable families.

In May 2017 Lound Infant School was judged 'Good' in all areas and in July 2017 Lound Junior School was judged 'Good' in all areas by Ofsted.

### Public benefit

The directors confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

### Strategic report

### Achievements and performance

#### Early Years Foundation Stage:

End of EYFS % reaching a Good Level of Development		
School 2017	School 2018	National 2018
80%	66%	72%

#### Phonics Screening

% passing the Phonics screening test			
	School 2017	School 2018	National 2018
Y1 pass	88%	85%	83%
Passing by end of Y2	98%	93%	



# LOUND ACADEMY TRUST

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

### Key stage 1 Y2 Teacher Assessments

<i>Reaching expected standard</i>					<i>Reaching greater depth</i>	
	School 2017	School 2018	National 2018	School 2017	School 2018	National 2018
Reading	83%	87%	76%	31%	33%	26%
Writing	79%	80%	70%	25%	26%	16%
Maths	84%	89%	76%	23%	30%	22%

### Key Stage 2 Y6 SATs

Attainment:

<i>Reaching expected standard</i>					<i>Reaching greater depth</i>	
	School 2017	School 2018	National 2018	School 2017	School 2018	National 2018
Reading	83%	70%	75%	8%	14%	28%
Writing	85%	80%	78%	27%	17%	20%
Maths	77%	44%	76%	22%	5%	24%
SPaG	88%	76%	78%	42%	20%	34%
Combined	73%	34%	64%	3%	0%	10%

### KS1 & KS2 Progress

The means by which progress is measured is a direct comparison between end of KS1 and end of KS2 results. Progress measures of individual children, and of groups, are compared to national averages. For example, taking an SEND boy who achieved low scores at key stage 1. The question is, how do his End of KS2 results compare against children nationally with the same starting points? Does he make the same progress as other SEND boys nationally? Progress scores are therefore given where a score of 0 is expected progress, below 0 is less than expected progress and above 0 is more than expected progress.

# LOUND ACADEMY TRUST

## TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

	Reading	Writing	Maths
2017 progress	-1.0	+0.5	-0.9
2018 progress	-2.6	-1.0	-4.5
National 2018 progress	0	0	0

### Attainment of Pupil Premium children 2017 -2018

Below shows the attainment and progress of Pupil premium children compared to those who are not pupil premium. School aims to close the gap between pupil premium children and others.

% reaching the expected standard in Y2 KS1	Pupil premium 2018	Non pupil premium 2018
Reading (4 Pupils)	25%	87%
Writing (4 Pupils)	25%	80%
Maths (4 Pupils)	25%	89%

Progress made from KS1 to KS2	Pupil premium 2018	Non pupil premium 2018
Reading	-3.75	-2.60
Writing	-3.08	-1.00
Maths	-5.12	-4.50

### Key performance indicators

The Trust takes its responsibilities for managing resources very seriously and works within the guidance of the Academies Financial Handbook to ensure financial propriety and effective use and deployment of all resources. The financial performance of the academy is monitored by the Directors/Governors via regular meetings and the provision of monthly reports by the Business Manager. Information is provided in such a way that it is concise, easy to understand and changes to budget are both highlighted and a commentary provided. Performance indicators include:

- Spending has been made for the purpose it was intended
- No Director/Governor/employee has benefitted personally from the use of these funds
- Payroll arrangements fully meet tax obligations
- There is probity in the use of public funds
- Competitive tendering is in place and applied
- Segregation of duties is satisfactory
- Regular comparisons of staffing numbers and pupil numbers take place

The trust is also subject to scrutiny from external organisations including the ESFA (via the Budget Forecast return, August Accounts return, Financial Management and Governance Self-assessment) and the local authority, with whom we still work closely on financial assurance.

# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. Falling pupil numbers are identified as a potential concern in our Risk register and this is regularly reviewed, however this does not impact our ability to continue as a going concern.

### **Financial Review**

Most of the Academy's income is received from the Education & Skills Funding Agency (ESFA), part of the Department for Education (DfE) in the form of recurrent grants, which is restricted for the use of educational purposes. Any ESFA funding received for fixed assets is 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.

For the year ended 31 August 2018 the trust showed an in year deficit on unrestricted funds and restricted funds (excluding the restricted fixed asset fund and pension reserve) of £4,042 before transfers.

The trust has a carry forward balance of £238,819 (excluding fixed asset funds and the pension reserve) for 18-19.

The restricted pension fund reserve is in deficit to the value of £1,288,000 as at 31 August 2018. This deficit has primarily been inherited upon conversion to academy status and the governors will continue to monitor the situation closely.

### **Reserves policy**

The Trust's policy is to assess the on-going financial needs of Lound Academy and ensure that there is sufficient provision via appropriate income streams. The overarching principle is that this year's funds are for the benefit of this year's pupils and that all grant funding is spent as needed. However, within this, there is an understanding that it is vital the prudent cost projections must be used to inform financial planning and close attention paid to support any renewals. Historic information is analyzed and this informs the planning process.

The value of free reserves held at 31 August 2018 (being the balances in the unrestricted income fund and the GAG fund) was £238,819, which is in line with the reserves policy.

The value of the restricted fixed asset reserves at 31 August 2018 was £4,825,756. These reserves can only be realised by disposing of tangible fixed assets.

Please also refer to Lound Academy Trust's Capital and Revenue Reserves Policy, which can be found on our website.

### **Investment Policy**

The investment objectives are:

- To achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
  - Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
  - By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.
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# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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There is a nominal amount invested in a higher interest account.

Please also refer to Lound Academy Trust's Investment Policy, which can be found on our website.

### **Principal risks and uncertainties**

These include:

- Uncertainties in levels of funding
- Proposed changes to funding at national level
- Parental choice
- Pension deficit
- Impact of inflation and other factors outside the control of the academies

The Trust is mindful of all these and more and will ensure that these form part of our developing risk register on an on-going basis and the appropriate controls exist to minimise/mitigate any impact on the Trust.

The Governors have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the Academy. Systems or procedures have been established to manage those risks. The procedures include identifying the risk/potential risk, assessing them against a probability scale and identifying preventative and resilience measures. There are several systems in place to assess the risks that the academies face, particularly in operational areas, including teaching, health and safety, anti-bullying, ICT, safety and educational visits. Systems include vetting of new staff and visitors, monitoring and supervision of the school site and internal financial controls. These systems are for the purpose of minimising risk. Where significant financial risk can still be identified, the Governors/Directors have ensured they have adequate insurance cover.

### **Fundraising**

The approach to fundraising by Lound Academy is solely undertaken by the Academy itself and its group of volunteers, Friends of Lound Academy (FOLA) on behalf of the Academy and does not use a professional fundraiser or commercial participator. As such the Academy is not subject to, and therefore has not failed to comply with, an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the charity.

There have been no complaints received by the charity or a person acting on its behalf about activities by the charity or by a person on behalf of the charity for the purpose of fund-raising.

Lound Academy Fundraising is subject to a self-regulatory system which sets and enforces clear standards of conduct for fundraising. The standards, which have been developed to ensure that fundraising is open, honest and respectful, are set out in the Code of Fundraising Practice (<https://www.fundraisingregulator.org.uk/code-of-fundraising-practice/>).

### **Plans for future periods**

The Trust will continue with our commitment to improve levels of achievement for all pupils, in line with our ethos of ensuring that all children reach their full potential. We understand what needs to be done to promote effective and sustainable school improvement and, in addition, we have a commitment to providing a broad and balanced curriculum in which attainments in Literacy and Numeracy are prioritised.

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# **LOUND ACADEMY TRUST**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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We will manage any estate and building refurbishments to provide extra space to enhance teaching and learning of pupils.

Other spending priorities include (some are dependent on successful grant awards):

- ICT - new servers at Lound Infant School, additional WIFI.
- Activity trail and safety flooring at Lound Infants
- Electrical rewiring at the Infants
- New roof for front of school at Lound Junior School
- New fire alarm system at the Juniors

### **Funds held as custodian trustees on behalf of others**

Lound Academy Trust and its Governors do not act as the Custodian Trustees of any other Charity.

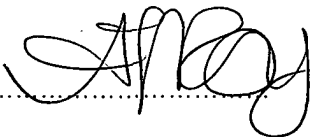
### **Auditor**

Insofar as the Trustees are aware:

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

Hart Shaw LLP, Chartered Accountants, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year.

Trustees' report, incorporating a strategic report, approved by order of the Governing Body, as the company directors, on 12 December 2018 and signed on its behalf by:



A Roy  
Chair of Directors

# LOUND ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Lound Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Grainger	5	5
S Liddell	3	5
S Powell (Resigned 3 October 2018)	5	5
A Roy (Chair)	4	5
E Bellamy	5	5
R Hanford	4	5
L Garner	5	5
M Wilson	5	5
L Stallard	3	5
N Smalley	3	5
J Donoghue	3	5
C Cotterill	5	5
R Cottam	4	5

# LOUND ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The role of the Governing Body (which includes the Directors and Governors) of Lound Academy is to have strategic oversight of the Trust and monitor its business on behalf of its Members. This is carried out in accordance with the three core functions as set out in the Governance Handbook (<https://www.gov.uk/government/publications/governance-handbook>) as well as the requirements of Charitable Law and Companies House.

The Governing Body have been highly engaging during the academic year following the appointment of new directors and governors. These appointments have brought in additional skills and new strengths to the Board and has helped to maintain a high level of monitoring activity, through more targeted scrutiny, and thus improved oversight and reporting in some areas. The Governing Board have incorporated built into the School Improvement Plan and all Directors/Governors aware of the schools' priorities and their involvement in meeting these.

The performance of the governing body continues to improve with the priority for the coming year to be the growth and future direction of the Academy Trust. The key challenges for the Board have been the monitoring the budget spend due to key staffing changes within the school. Due to further staffing changes as a result of maternity/paternity leave in the coming year, a new challenge for directors for the coming year is to oversee the forecast deficit to ensure it remains within target. Reports and updates for the end of year budgets have shown that the deficit was well managed and that the Trust, in the current environment, is in a good financial position, however, it is keenly aware of the challenge proposed by the new funding formula and financial cutbacks expected in the coming year.

There have been some recent changes to the Governing Body and as a result, and with the support and advice of the Trust Development Partners, is embarking upon a review of the structure, not only to maintain effective oversight, but also in preparation of its future development. The outcome of the review of the governance structure is expected to be complete in readiness for the start of academic year 2019/20.

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

Trustees	Meetings attended	Out of possible
J Grainger	2	5
A Roy (Chair)	4	5
E Bellamy	4	5
R Hanford	4	5
L Garner	3	5
M Wilson	5	5
N Smalley	4	5

### 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.

# **LOUND ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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The accounting officer considers how the academy 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:

- Maximising the budget by effective staff deployment, collaborative work with three partner schools, peer coaching and in-house curriculum and professional development have ensured improved educational outcomes.
- Financial oversight and governance ensures, through regular monitoring by the Board of Trustees and its committees including the Finance and Resources sub-committee, that there is robust challenge of spending resulting in reduced costs of services to schools etc. Contracts are reviewed annually to ensure they are still fit for purpose.
- Increased income generation and fundraising has been a major focus throughout the year and this has supported the General Annual Grant

#### **The purpose of the system of internal control**

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

#### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

#### **The risk and control framework**

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Hart Shaw LLP.



# LOUND ACADEMY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of purchasing/procurement systems including ensuring that authorisation and value for money policies are adhered to;
- testing of the payroll systems;
- testing of the receipt of income systems;
- testing of bank controls and reconciliation procedures;
- testing of VAT reporting; and
- testing of procedures for the recording of financials and reporting to the board.

On a termly basis, Hart Shaw LLP reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Hart Shaw LLP have delivered their schedule of work as planned. Throughout the year, Hart Shaw LLP have scheduled recommendations to improve the systems and controls in place, all of which have either been implemented in the year, or a plan to implement them has been put in to place.

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 12 December 2018 and signed on its behalf by:

A Roy  
Chair



E Bellamy  
Accounting Officer

# **LOUND ACADEMY TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

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



**E Bellamy**  
**Accounting Officer**

12 December 2018

# **LOUND ACADEMY TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The trustees (who are also the directors of Lound Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:

A Roy  
Chair



# **LOUND ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinion**

We have audited the accounts of Lound Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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 the 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 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

# **LOUND ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **LOUND ACADEMY TRUST**

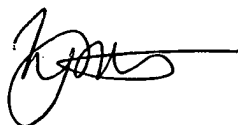
## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **Use of our report**

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Hannah Jones (Senior Statutory Auditor)  
for and on behalf of Hart Shaw LLP**

12 December 2018

**Chartered Accountants  
Statutory Auditor**

Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

# **LOUND ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOUND ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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

### **Respective responsibilities of Lound Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Lound Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- the review for any transactions requiring prior approval from the Secretary of State and ensuring approval has been received where required;
- confirming that the academy trust has not sought borrowings that contravene section 3.4 of the Handbook;
- reviewing for connected party transactions and ensuring the academy has complied with section 3.2 of the Handbook;
- reviewing committee meeting minutes for indications of irregular transactions; and
- carrying out systems and controls testing and considering the effectiveness of such controls.

# **LOUND ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOUND ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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### **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.

*Hart Shaw LLP*

### **Reporting Accountant**

Hart Shaw LLP  
Europa Link  
Sheffield Business Park  
Sheffield  
S9 1XU

Dated: 12 December 2018



# LOUND ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £	Total 2017 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	1,542	-	64,311	65,853	530,727
Charitable activities:						
- Funding for educational operations	4	99,325	1,731,344	-	1,830,669	1,822,759
Other trading activities	5	22,103	-	-	22,103	29,736
Investments	6	734	-	-	734	936
<b>Total</b>		<u>123,704</u>	<u>1,731,344</u>	<u>64,311</u>	<u>1,919,359</u>	<u>2,384,158</u>
<b>Expenditure on:</b>						
Raising funds	7	1,973	-	-	1,973	6,470
Charitable activities:						
- Educational operations	8	50,281	1,878,836	152,860	2,081,977	2,038,310
<b>Total</b>	7	<u>52,254</u>	<u>1,878,836</u>	<u>152,860</u>	<u>2,083,950</u>	<u>2,044,780</u>
<b>Net income/(expenditure)</b>		71,450	(147,492)	(88,549)	(164,591)	339,378
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	19	-	216,000	-	216,000	31,000
<b>Net movement in funds</b>		71,450	68,508	(88,549)	51,409	370,378
<b>Reconciliation of funds</b>						
Total funds brought forward		103,527	(1,292,666)	4,914,305	3,725,166	3,354,788
Total funds carried forward		174,977	(1,224,158)	4,825,756	3,776,575	3,725,166

# LOUND ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	213	5,000	525,514	530,727
Charitable activities:					
- Funding for educational operations	4	89,047	1,733,712	-	1,822,759
Other trading activities	5	29,736	-	-	29,736
Investments	6	936	-	-	936
<b>Total</b>		<b>119,932</b>	<b>1,738,712</b>	<b>525,514</b>	<b>2,384,158</b>
<b>Expenditure on:</b>					
Raising funds	7	6,470	-	-	6,470
Charitable activities:					
- Educational operations	8	110,731	1,791,610	135,969	2,038,310
<b>Total</b>	<b>7</b>	<b>117,201</b>	<b>1,791,610</b>	<b>135,969</b>	<b>2,044,780</b>
<b>Net income/(expenditure)</b>		<b>2,731</b>	<b>(52,898)</b>	<b>389,545</b>	<b>339,378</b>
<b>Other recognised gains/(losses)</b>					
Actuarial gains on defined benefit pension schemes	19	-	31,000	-	31,000
<b>Net movement in funds</b>		<b>2,731</b>	<b>(21,898)</b>	<b>389,545</b>	<b>370,378</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		100,796	(1,270,768)	4,524,760	3,354,788
Total funds carried forward		103,527	(1,292,666)	4,914,305	3,725,166

# LOUND ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	13		4,777,063		4,792,481
<b>Current assets</b>					
Debtors	14	41,413		125,495	
Cash at bank and in hand		378,534		882,976	
		<u>419,947</u>		<u>1,008,471</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	<u>(132,435)</u>		<u>(643,786)</u>	
<b>Net current assets</b>			287,512		364,685
<b>Net assets excluding pension liability</b>			<u>5,064,575</u>		<u>5,157,166</u>
Defined benefit pension scheme liability	19		<u>(1,288,000)</u>		<u>(1,432,000)</u>
<b>Net assets</b>			<u><u>3,776,575</u></u>		<u><u>3,725,166</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			4,825,756		4,914,305
- Restricted income funds			63,842		139,334
- Pension reserve			<u>(1,288,000)</u>		<u>(1,432,000)</u>
<b>Total restricted funds</b>			<u>3,601,598</u>		<u>3,621,639</u>
<b>Unrestricted income funds</b>	17		<u>174,977</u>		<u>103,527</u>
<b>Total funds</b>			<u><u>3,776,575</u></u>		<u><u>3,725,166</u></u>

The accounts on pages 23 to 46 were approved by the trustees and authorised for issue on 12 December 2018 and are signed on their behalf by:

A Roy  
Chair



Company Number 08550854

# LOUND ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	20		(314,302)		(112,566)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		734		936	
Capital grants from DfE Group		64,311		525,514	
Purchase of tangible fixed assets		(255,185)		(27,009)	
<b>Net cash (used in)/provided by investing activities</b>			(190,140)		499,441
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(504,442)		386,875
Cash and cash equivalents at beginning of the year			882,976		496,101
<b>Cash and cash equivalents at end of the year</b>			378,534		882,976

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lound Academy Trust meets the definition of a public benefit entity under FRS 102.

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Income

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

##### Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### Donations

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

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

#### Other income

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

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets except for assets under construction, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold land & buildings	Over the lease term 125 years/30 years straight line
Assets under construction	Not depreciated
Computer equipment	33.3% straight line
Fixtures, fittings & equipment	10% straight line
Leasehold improvements	3.33% straight line

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

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

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

#### 1.6 Liabilities

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 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. 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. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 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.

#### 1.10 Pensions benefits

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

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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.

#### 1.11 Fund accounting

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

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

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



# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Private sponsorship	-	-	-	5,000
Capital grants	-	64,311	64,311	525,514
Other donations	1,542	-	1,542	213
	<u>1,542</u>	<u>64,311</u>	<u>65,853</u>	<u>530,727</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	1,549,351	1,549,351	1,567,046
Other DfE group grants	-	161,721	161,721	148,598
	-	1,711,072	1,711,072	1,715,644
<b>Other government grants</b>				
Special educational projects	-	20,272	20,272	17,797
<b>Other funding</b>				
Other incoming resources	99,325	-	99,325	89,318
<b>Total funding</b>	99,325	1,731,344	1,830,669	1,822,759

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Room hire	140	-	140	140
Catering income	-	-	-	1,212
Cover for teachers	3,570	-	3,570	6,130
Support for other educational establishments	2,900	-	2,900	1,505
Fundraising	15,493	-	15,493	20,749
	22,103	-	22,103	29,736

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	734	-	734	936

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	1,973	1,973	6,470
Academy's educational operations					
- Direct costs	1,105,188	148,617	118,497	1,372,302	1,346,361
- Allocated support costs	403,177	74,261	232,237	709,675	691,949
	<u>1,508,365</u>	<u>222,878</u>	<u>352,707</u>	<u>2,083,950</u>	<u>2,044,780</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	9,500	7,782
- Other services	3,080	2,018
Operating lease rentals	4,333	4,602
Depreciation of tangible fixed assets	152,860	135,969
Net interest on defined benefit pension liability	33,000	29,000
	<u></u>	<u></u>

### 8 Charitable activities

	2018 £	2017 £
Direct costs - Educational operations	1,372,302	1,346,361
Support costs - Educational operations	709,675	691,949
	<u>2,081,977</u>	<u>2,038,310</u>

	2018 £	2017 £
<b>Analysis of support costs</b>		
Support staff costs	403,177	377,857
Depreciation	4,243	4,657
Technology costs	9,324	9,645
Premises costs	70,018	68,741
Other support costs	203,342	211,690
Governance costs	19,571	19,359
	<u>709,675</u>	<u>691,949</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	1,105,158	1,114,921
Social security costs	87,974	86,757
Pension costs	267,902	256,607
Staff costs	1,461,034	1,458,285
Agency staff costs	33,985	5,048
Staff restructuring costs	-	6,200
Staff development and other staff costs	13,346	15,503
Total staff expenditure	1,508,365	1,485,036

Staff restructuring costs comprise:

Severance payments	-	6,200
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#### Staff numbers

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

	2018 Number	2017 Number
Teachers	18	18
Administration and support	43	42
Management	4	4
	65	64

#### Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	1	-

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 10 Staff

(Continued)

#### 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 £237,814 (2017: £205,327)

### 11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows: E Bellamy (Headteacher) Remuneration £60,000 - £65,000 (2017: £30,000 - £35,000), Employer's pension contributions paid £10,000 - £15,000 (2017: £5,000 - £10,000). M Wilson (staff trustee) Remuneration £40,000 - £45,000 (2017: 40,000 - £45,000), Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000). C Cotterill (staff trustee) Remuneration £50,000 - £55,000 (2017: £25,000 - £30,000), Employer's pension contributions paid £5,000 - £10,000 (2017: £0 - £5,000). R Cottam (staff trustee) Remuneration £45,000 - £50,000 (2017: £25,000 - £30,000), Employer's pension contributions paid £5,000 - £10,000 (2017: £0 - £5,000).

During the year no trustees received any reimbursed expenses.

### 12 Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the combined insurance policy.

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Tangible fixed assets

	Leasehold land & buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Leasehold improvements	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 September 2017	4,590,500	433,544	27,107	12,146	242,343	5,305,640
Additions	-	120,010	-	-	17,432	137,442
Cost transfer	-	(553,554)	-	-	553,554	-
At 31 August 2018	4,590,500	-	27,107	12,146	813,329	5,443,082
<b>Depreciation</b>						
At 1 September 2017	473,100	-	21,167	2,547	16,345	513,159
Charge for the year	122,246	-	4,243	1,213	25,158	152,860
At 31 August 2018	595,346	-	25,410	3,760	41,503	666,019
<b>Net book value</b>						
At 31 August 2018	3,995,154	-	1,697	8,386	771,826	4,777,063
At 31 August 2017	4,117,400	433,544	5,940	9,599	225,998	4,792,481

### 14 Debtors

	2018 £	2017 £
Trade debtors	-	925
VAT recoverable	2,332	80,012
Prepayments and accrued income	39,081	44,558
	41,413	125,495

### 15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	27,796	382,340
Other taxation and social security	17,903	19,708
Other creditors	8,365	25,276
Accruals and deferred income	78,371	216,462
	132,435	643,786

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Deferred income	2018 £	2017 £
	Deferred income is included within:		
	Creditors due within one year	52,273	55,196
	Deferred income at 1 September 2017	55,196	55,485
	Released from previous years	(55,196)	(55,485)
	Resources deferred in the year	52,273	55,196
	<b>Deferred income at 31 August 2018</b>	<b>52,273</b>	<b>55,196</b>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals, rates relief and monies received in advance for 18/19 school trips.

17	Funds	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
	<b>Restricted general funds</b>					
	General Annual Grant (GAG)	139,334	1,549,351	(1,624,843)	-	63,842
	Other DfE / ESFA grants	-	161,721	(161,721)	-	-
	Other government grants	-	20,272	(20,272)	-	-
	Pension reserve	(1,432,000)	-	(72,000)	216,000	(1,288,000)
		<u>(1,292,666)</u>	<u>1,731,344</u>	<u>(1,878,836)</u>	<u>216,000</u>	<u>(1,224,158)</u>
	<b>Restricted fixed asset funds</b>					
	Transfer on conversion	4,117,401	-	(122,246)	-	3,995,155
	DfE group capital grants	762,243	64,311	(25,694)	-	800,860
	Capital expenditure from GAG	24,994	-	(4,587)	-	20,407
	Private sector capital sponsorship	9,667	-	(333)	-	9,334
		<u>4,914,305</u>	<u>64,311</u>	<u>(152,860)</u>	<u>-</u>	<u>4,825,756</u>
	<b>Total restricted funds</b>	<b><u>3,621,639</u></b>	<b><u>1,795,655</u></b>	<b><u>(2,031,696)</u></b>	<b><u>216,000</u></b>	<b><u>3,601,598</u></b>
	<b>Unrestricted funds</b>					
	General funds	<u>103,527</u>	<u>123,704</u>	<u>(52,254)</u>	<u>-</u>	<u>174,977</u>
	<b>Total funds</b>	<b><u>3,725,166</u></b>	<b><u>1,919,359</u></b>	<b><u>(2,083,950)</u></b>	<b><u>216,000</u></b>	<b><u>3,776,575</u></b>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 17 Funds

(Continued)

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

#### **General Annual Grant**

The General Annual Grant (GAG) funds have been spent in line with the terms of the Master Funding Agreement. Under this funding agreement, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

#### **Other DfE/ESFA grants**

Other DfE/ESFA grants consist of Pupil Premium, PE and Sports and Universal Infant Free School Meals.

Pupil Premium funding is additional funding for the academy to support its disadvantaged pupils and close the attainment gap between them and their peers.

PE and Sports funding is funding for the academy to improve physical education (PE).

Universal Infant Free School Meals funding is for the provision of free schools meals to all pupils in reception, year 1 and year 2.

#### **Other government grants**

Other government grants consist of high needs funding and banded funding.

High needs funding is to provide support and facilities for pupils with high needs.

Banded funding is to further support pupils with high levels of additional needs.

#### **Other restricted funds**

Other restricted funds is other funds received by the academy to be spent on specific projects.

#### **Unrestricted funds**

Unrestricted funds includes income from educational trips and activities, cover for teachers, hire of facilities and funds generated from the provision of academy staff to other educational establishments. This also includes any unspent amounts from the surplus of funds prior to conversion.

#### **Restricted fixed asset funds**

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of the academy.

#### **Pension reserve**

The restricted pension fund is in deficit to the value of £1,288,000 (2017: £1,432,000). A significant portion of this deficit has been inherited upon conversion to Academy status. The trustees will continue to monitor this situation closely.



# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	130,232	1,567,046	(1,557,944)	-	139,334
Other DfE / ESFA grants	-	148,598	(148,598)	-	-
Other government grants	-	17,797	(17,797)	-	-
Other restricted funds	-	5,271	(5,271)	-	-
Pension reserve	(1,401,000)	-	(62,000)	31,000	(1,432,000)
	<u>(1,270,768)</u>	<u>1,738,712</u>	<u>(1,791,610)</u>	<u>31,000</u>	<u>(1,292,666)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	4,239,796	-	(122,395)	-	4,117,401
DfE group capital grants	245,382	525,514	(8,653)	-	762,243
Capital expenditure from GAG	29,582	-	(4,588)	-	24,994
Private sector capital sponsorship	10,000	-	(333)	-	9,667
	<u>4,524,760</u>	<u>525,514</u>	<u>(135,969)</u>	<u>-</u>	<u>4,914,305</u>
<b>Total restricted funds</b>	<u>3,253,992</u>	<u>2,264,226</u>	<u>(1,927,579)</u>	<u>31,000</u>	<u>3,621,639</u>
<b>Unrestricted funds</b>					
General funds	<u>100,796</u>	<u>119,932</u>	<u>(117,201)</u>	<u>-</u>	<u>103,527</u>
<b>Total funds</b>	<u>3,354,788</u>	<u>2,384,158</u>	<u>(2,044,780)</u>	<u>31,000</u>	<u>3,725,166</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	130,232	3,116,397	(3,182,787)	-	63,842
Other DfE / ESFA grants	-	310,319	(310,319)	-	-
Other government grants	-	38,069	(38,069)	-	-
Other restricted funds	-	5,271	(5,271)	-	-
Pension reserve	(1,401,000)	-	(134,000)	247,000	(1,288,000)
	<u>(1,270,768)</u>	<u>3,470,056</u>	<u>(3,670,446)</u>	<u>247,000</u>	<u>(1,224,158)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	4,239,796	-	(244,641)	-	3,995,155
DfE group capital grants	245,382	589,825	(34,347)	-	800,860
Capital expenditure from GAG	29,582	-	(9,175)	-	20,407
Private sector capital sponsorship	10,000	-	(666)	-	9,334
	<u>4,524,760</u>	<u>589,825</u>	<u>(288,829)</u>	<u>-</u>	<u>4,825,756</u>
<b>Total restricted funds</b>	<u>3,253,992</u>	<u>4,059,881</u>	<u>(3,959,275)</u>	<u>247,000</u>	<u>3,601,598</u>
<b>Unrestricted funds</b>					
General funds	<u>100,796</u>	<u>243,636</u>	<u>(169,455)</u>	<u>-</u>	<u>174,977</u>
<b>Total funds</b>	<u>3,354,788</u>	<u>4,303,517</u>	<u>(4,128,730)</u>	<u>247,000</u>	<u>3,776,575</u>

#### Total funds analysis by academy

	2018 £	2017 £
Fund balances at 31 August 2018 were allocated as follows:		
Lound Infant School	104,916	99,636
Lound Junior School	133,903	143,225
Total before fixed assets fund and pension reserve	<u>238,819</u>	<u>242,861</u>
Restricted fixed asset fund	4,825,756	4,914,305
Pension reserve	(1,288,000)	(1,432,000)
Total funds	<u>3,776,575</u>	<u>3,725,166</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Funds

(Continued)

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Lound Infant School	482,940	170,164	18,993	186,136	858,233
Lound Junior School	622,254	233,013	28,444	189,146	1,072,857
	<u>1,105,194</u>	<u>403,177</u>	<u>47,437</u>	<u>375,282</u>	<u>1,931,090</u>

Expenditure incurred by each academy during the previous year was as follows:

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Lound Infant School	479,653	159,149	14,652	191,758	845,212
Lound Junior School	627,526	218,708	29,013	188,352	1,063,599
	<u>1,107,179</u>	<u>377,857</u>	<u>43,665</u>	<u>380,110</u>	<u>1,908,811</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
		£	£	
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	4,777,063	4,777,063
Current assets	174,977	182,690	62,280	419,947
Creditors falling due within one year	-	(118,848)	(13,587)	(132,435)
Defined benefit pension liability	-	(1,288,000)	-	(1,288,000)
<b>Total net assets</b>	<u>174,977</u>	<u>(1,224,158)</u>	<u>4,825,756</u>	<u>3,776,575</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	4,792,481	4,792,481
Current assets	105,929	286,732	615,810	1,008,471
Creditors falling due within one year	(2,402)	(147,398)	(493,986)	(643,786)
Defined benefit pension liability	-	(1,432,000)	-	(1,432,000)
<b>Total net assets</b>	<b>103,527</b>	<b>(1,292,666)</b>	<b>4,914,305</b>	<b>3,725,166</b>

### 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 Mercer Limited. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £8,365 (2017: £21,827) were payable to the schemes at 31 August 2018 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

##### Valuation of the Teachers' Pension Scheme

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

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 19 Pension and similar obligations

(Continued)

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 the TPS in the period amounted to £108,200 (2017: £107,185).

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 scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.4-17.1% for employers and 5.5-12.5% for employees.

The Academy Trust has entered into an agreement to make additional contributions in addition to normal funding levels. These amount to £2,042 for Lound Infant School and £2,233 for Lound Junior School, to be paid monthly during the period September 2018 to March 2019. The Academy Trust will continue to make additional contributions after March 2019, however the rates have not yet been agreed.

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.

Total contributions made	2018 £	2017 £
Employer's contributions	118,000	123,000
Employees' contributions	26,000	26,000
Total contributions	144,000	149,000

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.35	3.45
Rate of increase for pensions in payment/inflation	2.20	2.20
Discount rate for scheme liabilities	2.80	2.40
Inflation assumption (CPI)	2.10	2.20

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

	2018 Years	2017 Years
Retiring today		
- Males	23.0	22.9
- Females	25.8	25.7
Retiring in 20 years		
- Males	25.2	25.1
- Females	28.1	28.0

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
Discount rate + 0.1%	-43	-42
Mortality assumption + 1 year	40	41
CPI rate + 0.1%	42	43

### The academy trust's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	456,000	423,000
Government bonds	123,000	96,000
Other bonds	62,000	47,000
Cash/liquidity	39,000	14,000
Property	83,000	64,000
Other assets	94,000	53,000
Total market value of assets	857,000	697,000

The actual return on scheme assets was £36,000 (2017: £75,000).

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	155,000	154,000
Interest income	(19,000)	(12,000)
Interest cost	52,000	41,000
Administration expenses	2,000	2,000
Total operating charge	<u>190,000</u>	<u>185,000</u>

#### Changes in the present value of defined benefit obligations

2018  
£

At 1 September 2017	2,129,000
Current service cost	155,000
Interest cost	52,000
Employee contributions	26,000
Actuarial gain	(198,000)
Benefits paid	(19,000)
At 31 August 2018	<u>2,145,000</u>

#### Changes in the fair value of the academy trust's share of scheme assets

2018  
£

At 1 September 2017	697,000
Interest income	19,000
Actuarial (gain)/loss	18,000
Employer contributions	118,000
Employee contributions	26,000
Benefits paid	(19,000)
Administration expenses	(2,000)
At 31 August 2018	<u>857,000</u>

# LOUND ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(164,591)	339,378
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(64,311)	(525,514)
Investment income receivable	(734)	(936)
Defined benefit pension costs less contributions payable	39,000	33,000
Defined benefit pension net finance cost	33,000	29,000
Depreciation of tangible fixed assets	152,860	135,969
Decrease/(increase) in debtors	84,082	(43,016)
(Decrease) in creditors	(393,608)	(80,447)
<b>Net cash used in operating activities</b>	<b>(314,302)</b>	<b>(112,566)</b>

### 21 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the accounts	-	197,341

### 22 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	2,682	1,480
Amounts due in two and five years	2,024	1,274
	<b>4,706</b>	<b>2,754</b>

### 23 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.

### 24 Members' liability

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