

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ GOVERNORS AND  
ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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**Members**

Anthony Thomas, Chair of Governors  
Ian Nichol, Vice Chair of Governors, Chair of Finance and Asset Management  
Strategy Panel  
David Howe, Vice Chair of Governors  
Sue Peach, Chair of Academic Strategy Committee and Chair of Pastoral Panel  
Eric Wood

**Governors**

Michael Denny (appointed 27 March 2014)  
Patrick Derham (appointed 27 March 2014, resigned 1 September 2014)  
Jeffery Glenn (appointed 27 March 2014)  
Jackie Harborne (appointed 27 March 2014)  
David Howe (appointed 27 March 2014)<sup>1</sup>  
John Hutchison (appointed 27 March 2014)  
Peter Kent, Headteacher and Accounting Officer (appointed 27 March 2014)  
Kevin Mahon (appointed 1 September 2014)  
Ian Nichol (appointed 27 March 2014)<sup>1</sup>  
Sue Peach (appointed 27 March 2014)<sup>1</sup>  
David Suddens (appointed 27 March 2014)  
Gwen Temple, Deputy Headteacher (appointed 27 March 2014)  
Anthony Thomas (appointed 27 March 2014)<sup>1</sup>  
Eric Wood (appointed 27 March 2014)

<sup>1</sup> See members section for details of positions held

**Company registered number**

08963659

**Principal and registered office**

Clifton Road  
Rugby  
Warwickshire  
CV21 3AG

**Company secretary**

Rebecca Crowther

**Senior Leadership Team**

Peter Kent, Headteacher and Accounting Officer  
Gwen Temple, Deputy Headteacher  
Dennis Barnett  
Tony Bedgood  
Diane Halestrap  
Mike Hickling  
Teresa Mpofu

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ GOVERNORS AND  
ADVISERS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**Administrative details (continued)**

**Independent auditor**

Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**

Barclays Bank plc  
Snowhill Queensway  
Birmingham  
B3 2WN

**Solicitors**

Browne Jacobson LLP  
Victoria Square House  
Victoria Square  
Birmingham  
B2 4BU

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**GOVERNORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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The Governors (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's report of Lawrence Sheriff School Academy Trust (the academy) for the period ended 31 August 2015. The Governors confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Governors of Lawrence Sheriff School Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lawrence Sheriff School Academy Trust.

Details of the Governors who served during the period are included in the Reference and Administrative Details on page 1.

All Governors of Lawrence Sheriff School Academy Trust act as Trustees of the charity Lawrence Sheriff School Foundation. The Trustees are responsible for running the charity and this is distinct from their responsibility as school Governors to oversee the running of the school itself.

**MEMBERS' LIABILITY**

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

**GOVERNORS' INDEMNITIES**

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the current period was £1,805.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS**

The management of the academy is the responsibility of the Governors who are appointed or co-opted under the terms of the Articles of Association. The Full Governing Body consists of:

- 10 appointed Governors
- 2 elected parent Governors
- The Headteacher, who is an ex-officio Governor

The total number of Governors is 13.

The day to day running of the Charitable Company is carried out by the Headteacher, Dr Peter Kent, and the Senior Leadership Team.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

The Charitable Company is controlled by the Governing Body. Governors are eligible for re-election every 4 years and are appointed by the 5 members of the academy, as stated in Article 12.

The induction and training provided for new Governors will depend on their existing experience. Where necessary, training will be provided on charity, educational, legal and financial matters. It is expected that the turnover in the composition of the Board will be low which will enable induction to be carried out informally and tailored specifically to each individual. All new Governors will be encouraged and assisted to familiarise themselves with the academy. All Governors are provided with copies of the academy's constitutional and policy documents. In addition, they are routinely involved with meetings, accounts, reports, budgets, plans and other information necessary to enable them to carry out their roles effectively.

**ORGANISATIONAL STRUCTURE**

The management structure is on two levels: the Governors and the Senior Leadership Team. The Senior Leadership Team comprises persons who are qualified and experienced in their individual fields. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors work in collaboration with the Senior Leadership Team to set general policies, adopt annual plans, budgets and targets, and monitor the performance of the academy against the aims established. Jointly the Governors and the Senior Leadership Team make all major decisions about the direction and policies of the academy, including capital expenditure.

The Full Governing Body meet three times in each academic year – once each term. The Full Governing Body has decided that it should be solely responsible for the following matters:

The Governors' panels and committees meet on one or more occasions in the lead up to each termly meeting of the Full Governing Body. Every Governor is a member of at least one of the following groups:

- Finance & Asset Management Strategy Panel (five Governors, plus the Headteacher, and the Deputy Headteacher)
- Pastoral Panel (two Governors, plus four staff members)
- Standing Committee (five Governors, plus the Headteacher, and the Deputy Headteacher)
- Academic Strategy Committee (four Governors, plus the Headteacher, and the Deputy Headteacher)
- Sixth Form Panel (two Governors, plus one staff member)

The Senior Leadership Team consists of the Headteacher, Deputy Headteacher, and Assistant Headteachers. This team controls the academy at an executive level, implementing the policies established by the Governors and reporting back to them at board meetings. The Senior Leadership Team meets weekly to discuss emerging matters and to help to develop strategies for future development. Each member of the Senior Leadership Team has specific responsibilities to assist the Headteacher to manage certain aspects of the academy.

Lawrence Sheriff School is an equal opportunities employer and endeavours to give full and fair consideration to all applications for employment, training and promotion, irrespective of disability, gender, race, colour or sexual orientation.

**RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

The Trustees of the Lawrence Sheriff School Foundation (established separately under Charity Number 528770) are the same as those of the academy trust. As such the activities of both entities are included within these financial statements.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

The Charitable Company's objects are generally to advance for the public benefit education in Rugby and the surrounding areas by establishing, maintaining, managing and developing an academy offering a broad curriculum with a strong emphasis on academic excellence.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Charitable Company are to:

- raise the standard of educational achievement of all students;
- ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- improve the effectiveness of the Charitable Company by keeping the curriculum and organisational structure under continuous review;
- provide value for money for the funds expended;
- comply with all statutory and national curriculum requirements;
- maintain close links with industry and commerce.

**PUBLIC BENEFIT**

In setting the objectives and planning activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The school is committed to being the school of choice for the most able students in our locality by developing and maintaining an educational community in which we:

- Provide the context to allow all individuals to achieve success in all aspects of school life;
- Create a safe and secure environment in which self-confidence, respect for oneself and for others is valued;
- Encourage each individual to fulfil their academic potential by placing particular emphasis on challenge, teamwork, independence, creativity and enjoyment;
- Appreciate the value of extra-curricular activities and encourage – equally – wide participation and excellence;
- Use open lines of communication and engagements across all interested parties to ensure we are a self-evaluative school, which constantly looks to improve.

We seek to prepare our students for rewarding lives, aware of their obligation to serve the local, national and international communities in a fast changing world, and to inculcate in them a sense of pride in the unique character of the school.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

2014-15 has been another highly successful year for the academy. Examination results remained high, with 100% of students achieving 5 or more A\*-C including English and Mathematics and 68% achieving A\*-A grades. In January 2015 the school was ranked third in the country for the proportion of students achieving the English Baccalaureate. Despite the non-selective nature of the sixth form, A-level results were also encouraging with 65% of students gaining A\*-B grades and over 95% of students progressing on to higher education.

Demand for places at the school has remained high and in response to this 120 pupils continue to be admitted to Year 7.

2014-15 was our third year as a National Teaching School – a status which was gained in recognition of the high standards of teaching within Lawrence Sheriff School. The school works closely with approximately 100 schools and universities across the West Midlands on a range of projects as diverse as training the next generation of headteachers, courses on outstanding teaching and offering advice on how to make the best use of new technologies.

**GOING CONCERN**

After making appropriate enquiries, the Board Of Governors 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.

**KEY PERFORMANCE INDICATORS**

The academy provides education for a total of 908 students, comprising of 580 students under 16 years of age and 328 Sixth Form students. The academy can accommodate a total of 940 pupils.

Examination results for 2015 were very pleasing. At A level, candidates achieved on average UCAS points score of 357 points per candidate (2014 average 411). The results for students taking GCSE examinations showed that 100% of students secured 5 or more passes A\* to C, including English and Mathematics at that level.

Regular internal and external monitoring of students' performances is taking place, in addition to formal examinations, and the Board is satisfied that the academy is developing well, in line with the targets established.

**FINANCIAL REVIEW**

Lawrence Sheriff School has a reputation for high academic standards and an excellent extra-curricular programme. As a result of its small size, Lawrence Sheriff School benefits from few economies of scale so its provision, judged to be outstanding by Ofsted, is based upon sound financial management and the willingness of staff to contribute beyond their contractual duties. The school is also supported by an annual endowment fund which is received from a separate registered charity. The school continues to strive to offer the fullest breadth of subjects and opportunities to all students, despite increasingly difficult financial constraints.

At the end of the current financial year the Academy funds stand at £8,533,093.



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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**Income**

The Academy has received, in the period, total DfE/EFA and other grant funding of £4,088,008 relating mainly to GAG funding of £3,951,013, pupil premium funding of £29,442 and other DfE/EFA grant funding of £82,553.

Also included in charitable income is income from Rugby School of £346,353, school trip income of £314,237 and Leadership Live income of £164,167.

**Expenditure**

Total staffing costs are £3,857,288. Of this £102,000 relates to the FRS 17 pension cost calculation with the remainder relating to actual salary and on-costs (accounting for 63% of total expenditure). The next largest items of expenditure, excluding depreciation, are educational supplies, examination fees and educational consultancy which total £536,188. This equates to 9% of total expenditure.

The Academy held fund balances at 31 August 2015 of £8,533,093 comprising £235,381 of restricted fixed asset funds, £626,475 of restricted general funds (excluding the pension fund), a restricted endowment fund of £9,105,330 and £16,907 of unrestricted general funds.

**INVESTMENT POLICY AND PERFORMANCE**

Excess funds are invested in a manner commensurate with the perceived need. Short term investments are made in interest bearing cash accounts. Funds set aside to meet longer term needs are invested in a portfolio managed by Barclays Wealth.

The investments have generally performed in line with the Governors' expectations.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governors have a comprehensive risk management process to identify and monitor the risks faced by the academy. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. A risk rating mechanism is in place with greater emphasis directed towards those areas identified as being higher risk.

The Governors manage the major strategic, business and operational risks which the academy faces. They are reviewed in rotation on a termly basis to ensure that the major risks identified have been investigated as far as practicable, and with mitigating factors implemented.

The principal risks to which the academy is exposed are:

- Issues relating to funding, either by loss of pupils or external funding cuts
- Issues around building or facilities preventing the delivery of education
- Loss of members of staff (either suddenly or gradually over time)
- Reputational risks arising from a variety of external sources
- Any issues that would undermine the successful day to day operation of the institution (such as a decline in examination results)
- Funding of pension deficits under the Local Government Pension Scheme (LGPS)

The Governors have considered these risks with policies and procedures having been put in place to minimise the risks. These mitigating factors include:

- Budget management and forecasting procedures
- The procurement of adequate insurance cover
- Investing in staff training and continued professional development
- Continued local marketing and advertising highlighting the achievement of our students
- The use of external consultants to advise on the operational efficiency of the organisation.

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## LAWRENCE SHERIFF SCHOOL ACADEMY TRUST

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### GOVERNORS' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2015

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The pension scheme is reviewed by qualified actuaries on behalf of the academy. There is currently a deficit on this scheme as disclosed in Note 25. The Governors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

#### RESERVES POLICY

The Governors continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and reserves. The Governors have determined that the level of reserves, which are not invested in fixed assets at the year end, of £664,141, is adequate for its immediate needs.

It is the Board's general policy to continue to build reserves which can be used for future educational purposes.

#### PLANS FOR FUTURE PERIODS

The academy will continue to strive to encourage high levels of performance by all its students at all levels and will work to ensure that students find employment or a place in higher education once they leave.

#### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The academy acts as an agent in distributing bursary funds and grants from the EFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. In some instances the Trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

#### DISCLOSURE OF INFORMATION TO AUDITOR

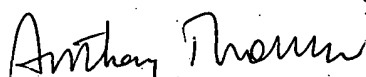
Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

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

#### AUDITOR

The auditor, Crowe Clark Whitehill LLP, has indicated its willingness to continue in office. The Governors will propose a motion re-appointing the auditor at a meeting of the Governors.

The Governors' report, incorporating a strategic report, was approved by order of the board of Governors, as the company directors, on 15/12/15 and signed on the board's behalf by



**Anthony Thomas**  
Chair of Governors

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge we have overall responsibility for ensuring that Lawrence Sheriff School 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 Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lawrence Sheriff School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Governors' responsibilities statement. The Board of Governors has formally met 3 times during the period. Attendance during the period at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Michael Denny	3	3
Patrick Derham	0	3
Jeffery Glenn	3	3
Jackie Harborne	3	3
David Howe	2	3
John Hutchison	0	3
Peter Kent	1	3
Kevin Mahon	3	3
Ian Nichol	2	3
Sue Peach	2	3
David Suddens	2	3
Gwen Temple	3	3
Anthony Thomas	3	3
Eric Wood	3	3

**Governance reviews**

The Governing Body evaluates its effectiveness and impact as part of the Annual General Meeting each September. Whilst the continuing academic success of the school is one indicator of the success of the Governing Body, it is also recognised that new demands would be made upon governance as the organisation converted to Academy Trust status. Mr Kevin Mahon, drawing upon his recent experience in industry and extensive experience of the school as a parent, joined the Governing Body last September to support the Governing Body through the first year of conversion. The Department for Education have now approved the school's application to be an academy sponsor and further skills will be added to the Governing Body over time to enable it to undertake this demanding extension of its role as the school transforms itself into a multi academy trust. In light of this, the Governors identified a need for recent school leadership experience to ensure the Governing Body and the strategic direction of the school is challenged. They have invited Mr Dennis Barnett to become a Governor, following his retirement as an Assistant Headteacher on 31 December 2015, to support them through the next stage of the school's strategic plan.

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**GOVERNANCE STATEMENT (continued)**

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The Finance and Asset Management Strategy Panel is a panel of the main Governing Body. Its purpose is to ensure proper financial arrangements are in place to assist the Headteacher and the Governing Body to fulfil its statutory responsibilities for financial management and to develop and sustain its own financial understanding in order to carry out appropriate oversight.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Ian Nichol (Chair)	4	4
Jeffery Glenn	3	4
Jackie Harborne	3	4
John Hutchison	3	4
Peter Kent	2	4
Gwen Temple	4	4
Anthony Thomas	3	4

The Standing Committee Terms of Reference include the duties that would be undertaken by an Audit Committee.

#### **REVIEW OF VALUE FOR MONEY**

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available.

- In the year following our conversion to academy status, we have used the time to reassess many of the contracts which had previously been agreed during our time as a maintained school. We found that we were paying inflated prices on some contracts and as a result we have been either renegotiating existing contracts, or getting new agreements drawn up for services and maintenance. This is something that will continue to be reviewed and monitored for the foreseeable future.
- We also became aware that we were spending an ever increasing proportion of our income on staff costs. As a result of this, we have reinforced the policy of not always replacing staff who leave to try and ensure maximum efficiency in the use of human resources.
- Whilst our Sixth Form continues to offer a broad curriculum of well over 20 subjects, we continue to review the choices that we offer. From September 2015, we began to deliver Psychology at 'A' level – a decision which we hope will improve the range of subject choices, enable us to accommodate a larger number of students, and ultimately increase the amount of funding we receive.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lawrence Sheriff School Academy Trust for the period 27 March 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 27 March 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;
- regular reviews by the Finance and Asset Management 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Warwickshire County Council, as Responsible Officer, to carry out a programme of internal checks on a termly basis.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period were focussed around gaining an overall opinion on the adequacy of the arrangements in place within the academy for the management of internal controls and financial processes. The areas covered over the last 12 months include:

- Payroll - transactional checks were undertaken on a sample of months and it was concluded that there is a robust checking system in place;
- Purchasing - random sampling was undertaken to verify that the policy in place which details the process is being adhered to. It was concluded that there are good processes and procedures in place and that there is a clear segregation of duties;
- Income - random sampling of both invoiced and non invoiced income was undertaken to ensure it is accurately recorded and reflected in the accounts. No problems were noted and the finance policy was being followed for each income stream.

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**GOVERNANCE STATEMENT (continued)**

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On a termly basis, the appointee reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the Board of Governors on 15/12/15 and signed on its behalf, by:



**Anthony Thomas**  
Chair of Governors



**Peter Kent**  
Accounting Officer

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Lawrence Sheriff School Academy Trust I have considered my responsibility to notify the academy Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the academy Board of Governors are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2013).

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



**Peter Kent**  
Accounting Officer

Date: 15/12/15

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**

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**GOVERNORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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The Governors (who act as governors of Lawrence Sheriff School Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

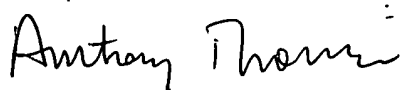
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the Board of Governors on 15/12/15 and signed on its behalf by:



**Anthony Thomas**  
Chair of Governors



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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**

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We have audited the financial statements of Lawrence Sheriff School Academy Trust for the period ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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 its members for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report, including the Strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**

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**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Dave Darlaston (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date:

16 December 2015

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LAWRENCE SHERIFF SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 28 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lawrence Sheriff School Academy Trust during the period 27 March 2014 to 31 August 2015 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 Lawrence Sheriff School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lawrence Sheriff School Academy Trust and the EFA 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 Lawrence Sheriff School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LAWRENCE SHERIFF SCHOOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Lawrence Sheriff School Academy Trust's funding agreement with the Secretary of State for Education dated March 2014, and the Academies Financial Handbook extant from 1 September 2013, 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 2014 to 2015. 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 27 March 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure. The work undertaken to draw our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LAWRENCE  
SHERIFF SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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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 27 March 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Crowe Clark Whitehill LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 16 December 2015

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(including the income and expenditure account and statement of total recognised gains and losses)  
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Endowment funds 2015 £	Total funds 2015 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Transferred on conversion	2	61,962	(32,797)	-	9,223,590	9,252,755
Other voluntary income	2	-	73,664	-	-	73,664
Activities for generating funds	3	197,756	-	-	-	197,756
Investment income	4	7,478	-	-	-	7,478
Incoming resources from charitable activities	5	749,033	4,434,361	-	-	5,183,394
<b>TOTAL INCOMING RESOURCES</b>		<b>1,016,229</b>	<b>4,475,228</b>	<b>-</b>	<b>9,223,590</b>	<b>14,715,047</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Costs of generating voluntary income	6	64,652	-	-	-	64,652
Fundraising expenses and other costs	6	197,756	-	-	-	197,756
Charitable activities	6	754,767	4,846,274	40,424	222,267	5,863,732
Governance costs	9	-	15,814	-	-	15,814
<b>TOTAL RESOURCES EXPENDED</b>	<b>6</b>	<b>1,017,175</b>	<b>4,862,088</b>	<b>40,424</b>	<b>222,267</b>	<b>6,141,954</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>(946)</b>	<b>(386,860)</b>	<b>(40,424)</b>	<b>9,001,323</b>	<b>8,573,093</b>
Transfers between Funds	19	17,853	(397,665)	275,805	104,007	-
<b>NET INCOME/EXPENDITURE FOR THE YEAR</b>		<b>16,907</b>	<b>(784,525)</b>	<b>235,381</b>	<b>9,105,330</b>	<b>8,573,093</b>
Actuarial losses on defined benefit pension schemes		-	(40,000)	-	-	(40,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>16,907</b>	<b>(824,525)</b>	<b>235,381</b>	<b>9,105,330</b>	<b>8,533,093</b>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>16,907</b>	<b>(824,525)</b>	<b>235,381</b>	<b>9,105,330</b>	<b>8,533,093</b>

All of the academy's activities derive from acquisitions in the current financial period.

The notes on pages 22 to 43 form part of these financial statements.

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**

(A company limited by guarantee)

REGISTERED NUMBER: 08963659

**BALANCE SHEET  
AS AT 31 AUGUST 2015**

	Note	£	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	14		12,088,114
Investments	15		616,544
			<u>12,704,658</u>
<b>CURRENT ASSETS</b>			
Debtors	16	221,362	
Cash at bank and in hand		469,889	
		<u>691,251</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	(767,527)	
<b>NET CURRENT LIABILITIES</b>			<u>(76,276)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,628,382</u>
<b>CREDITORS: amounts falling due after more than one year</b>	18		<u>(2,644,289)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITY</b>			<u>9,984,093</u>
Defined benefit pension scheme liability	25		<u>(1,451,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u>8,533,093</u>
<b>FUNDS OF THE ACADEMY</b>			
Endowment funds	19		9,105,330
Restricted funds	19	626,475	
Restricted fixed asset funds	19	235,381	
Restricted funds excluding pension liability		<u>861,856</u>	
Pension reserve		<u>(1,451,000)</u>	
Total restricted funds			<u>(589,144)</u>
Unrestricted funds	19		<u>16,907</u>
<b>TOTAL FUNDS</b>			<u>8,533,093</u>

The financial statements were approved by the Governors, and authorised for issue, on 15/12/15 and are signed on their behalf, by:

*Anthony Thomas*  
**Anthony Thomas**  
Chair of Governors

The notes on pages 22 to 43 form part of these financial statements.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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	Note	2015 £
Net cash flow from operating activities	21	325,163
Returns on investments and servicing of finance	22	(57,901)
Capital expenditure and financial investment	22	(892,349)
Cash transferred on conversion to an academy trust	24	1,198,983
<b>CASH INFLOW BEFORE FINANCING</b>		<b>573,896</b>
Financing	22	(104,007)
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>469,889</b>

All of the cash flows are derived from acquisitions in the current financial period.

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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	2015 £
Increase in cash in the period	469,889
Cash outflow from decrease in debt	104,007
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>573,896</b>
Bank loans transferred on conversion	(2,851,410)
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(2,277,514)</b>
<b>NET DEBT AT 31 AUGUST 2015</b>	<b>(2,277,514)</b>

The notes on pages 22 to 43 form part of these financial statements.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

The financial statements include the results of Lawrence Sheriff School and The Lawrence Sheriff School Foundation as both entities are under common control of the Governors of Lawrence Sheriff School Academy Trust (see note 1.2 for further details).

The financial statements cover the period from incorporation, 27 March 2014, up to 31 August 2015. The entity commenced operations from 1 September 2014. Consequently, the financial statements include 12 months of operation as an academy.

**1.2 Basis of accounting for the Lawrence Sheriff School Foundation**

The Lawrence Sheriff School Foundation remains a separate entity under common control of Lawrence Sheriff School Academy Trust. The activities of the Lawrence Sheriff School Foundation have been included within these accounts within separate and clearly identifiable funds. This ensures that the legal position between the Lawrence Sheriff School Foundation and the Lawrence Sheriff School Academy Trust is accurately reflected, whilst giving a true and fair view of the financial position of the Academy Trust.

The method of branch accounting has been used to reflect this.

On conversion to an Academy Trust the fair value of the net assets of The Lawrence Sheriff School Foundation were recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities. These amounts have been analysed between restricted and endowment funds.

The endowment fund of the Lawrence Sheriff School Foundation includes the freehold land and buildings that have been provided, by way of a Supplemental Agreement, to the Lawrence Sheriff School Academy Trust for educational use on a permanent endowment basis. Legal title to the freehold land and buildings continues and will remain within the Lawrence Sheriff School Foundation. Within the endowment fund is the mortgage attached to these assets. During the period the depreciation charge relating to the assets and the capital reduction of the mortgage have been accounted for against these endowed funds.

The restricted fund includes the income from the Rugby School Estate which is payable to the Trustees of the Lawrence Sheriff School Foundation under the Rugby Lower School (Transfer) Act 1906. The income is restricted as a result of the object of the charity and is accounted for accordingly.



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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Fund accounting**

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

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 and include grants from the Department for Education.

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	over the expected useful life of the asset
Fixtures, fittings and equipment	-	over 3 years
Computer equipment	-	over 3 years

Freehold land is not depreciated

Legal title to the Freehold land and buildings remains with The Lawrence Sheriff School Foundation.

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Investments**

Investments include cash held in deposit accounts for long term appreciation and are stated at cost.

**1.9 Taxation**

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

**1.10 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.11 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Lawrence Sheriff School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item.

Further details of the transaction are set out in note 24.

**1.12 Accounting for agency arrangements**

The academy acts as an agent in distributing bursary funds and grants from the EFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Endowment funds 2015 £	Total funds 2015 £
Transfer of LA surplus on conversion	61,962	-	-	61,962
Transfer of pension scheme on conversion	-	(1,309,000)	-	(1,309,000)
Recognition of Lawrence Sheriff School Foundation assets on conversion	-	1,276,203	9,223,590	10,499,793
Transferred on conversion	61,962	(32,797)	9,223,590	9,252,755
Donations	-	73,664	-	73,664
	61,962	40,867	9,223,590	9,326,419

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Total funds 2015 £
Other income	48,696	48,696
Hire of facilities and lettings	39,942	39,942
Provision of services	109,118	109,118
	<u>197,756</u>	<u>197,756</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Total funds 2015 £
Investment income	7,478	7,478
	<u>7,478</u>	<u>7,478</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
Funding for educational operations (see below)	232,320	4,088,008	4,320,328
Provision of transport	38,309	-	38,309
Rugby Lower School (Transfer) Act income	-	346,353	346,353
Leadership Live	164,167	-	164,167
School trip income	314,237	-	314,237
	<u>749,033</u>	<u>4,434,361</u>	<u>5,183,394</u>

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £
<b>DfE/EFA grants</b>			
General annual grant (GAG)	-	3,951,013	3,951,013
Start up grants	-	25,000	25,000
Pupil premium grants	-	29,442	29,442
Other DfE/EFA grants	-	82,553	82,553
	<u>-</u>	<u>4,088,008</u>	<u>4,088,008</u>
<b>Other funding</b>			
Teaching School income	188,381	-	188,381
Music Tuition Fees	43,939	-	43,939
	<u>232,320</u>	<u>-</u>	<u>232,320</u>
	<u><u>232,320</u></u>	<u><u>4,088,008</u></u>	<u><u>4,320,328</u></u>

**6. RESOURCES EXPENDED**

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other costs 2015 £	Total 2015 £
Costs of generating voluntary income	-	-	64,652	64,652
Fundraising expenses and other costs	109,118	-	88,638	197,756
<b>Costs of generating funds</b>	<u>109,118</u>	<u>-</u>	<u>153,290</u>	<u>262,408</u>
Direct costs - educational operations	2,899,005	-	867,332	3,766,337
Support costs - educational operations	849,165	593,266	654,964	2,097,395
<b>Charitable activities</b>	<u>3,748,170</u>	<u>593,266</u>	<u>1,522,296</u>	<u>5,863,732</u>
<b>Governance</b>	<u>-</u>	<u>-</u>	<u>15,814</u>	<u>15,814</u>
	<u><u>3,857,288</u></u>	<u><u>593,266</u></u>	<u><u>1,691,400</u></u>	<u><u>6,141,954</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. DIRECT COSTS - EDUCATIONAL OPERATIONS**

	2015 £
Technology costs	9,448
Educational supplies	91,558
Examination fees	129,316
Educational consultancy (including Teaching School costs)	315,314
Other direct costs	2,007
School trip costs	319,689
Wages and salaries	2,360,858
National insurance	187,780
Pension cost	350,367
	<hr/>
	3,766,337
	<hr/>

**8. SUPPORT COSTS - EDUCATIONAL OPERATIONS**

	2015 £
Depreciation	262,691
Technology costs	78,164
Staff development	50,762
Educational consultancy	109,410
Recruitment and support	26,093
Maintenance of premises and equipment	253,242
Cleaning	11,533
Rent and rates	43,482
Energy costs	38,985
Insurance	67,521
Security and transport	94,688
Catering	42,420
Bank loan interest and charges	115,226
Other support costs	57,338
Wages and salaries	608,097
National insurance	28,943
Pension cost	208,800
	<hr/>
	2,097,395
	<hr/>

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**9. GOVERNANCE COSTS**

	Restricted funds 2015 £	Total funds 2015 £
Auditor's remuneration	9,500	9,500
Auditor's non audit costs	6,314	6,314
	<u>15,814</u>	<u>15,814</u>

**10. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2015 £
Depreciation of tangible fixed assets:	
- owned by the charity	262,691
Auditor's remuneration	9,500
Auditor's remuneration - non-audit	6,314
Operating lease rentals:	
- plant and machinery	923
	<u>279,428</u>

**11. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015 £
Wages and salaries	3,050,313
Social security costs	224,759
Other pension costs (Note 25)	559,167
	<u>3,834,239</u>
Supply teacher costs	19,724
Severance costs (see below)	3,325
	<u>3,857,288</u>

**b. Staff severance payments**

Included in staff restructuring costs is a non-contractual severance payment totalling £3,325 relating to one individual payment.



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**11. STAFF (continued)**

**c. Staff numbers**

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2015 No.
Teachers	52
Administration and support	44
Management	7
	<hr/> 103 <hr/>

**d. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	2015 No.
In the band £60,001 - £70,000	2
In the band £70,001 - £80,000	2
In the band £90,001 - £100,000	1
In the band £120,001 - £130,000	1
	<hr/> 6 <hr/>

All of the above six employees participated in the Teacher's Pension Scheme. Contributions to the scheme for these staff amounted to £66,872.

**12. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors have been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff Governors 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 role as Governors. The value of Governors' remuneration and other benefits fell within the following bands:

	2015 £
Dr P Kent - remuneration	107,640
Dr P Kent - employer's pension contributions	15,189
Ms G Temple - remuneration	81,184
Ms G Temple - employer's pension contributions	11,448

During the period, no Governors received any reimbursement of expenses.

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**13. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2015 was £1,805. The cost of this insurance is included in the total insurance cost.

**14. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost</b>				
Additions	107,559	17,198	151,048	275,805
Donated assets	12,075,000	-	-	12,075,000
At 31 August 2015	12,182,559	17,198	151,048	12,350,805
<b>Depreciation</b>				
Charge for the period	225,982	3,266	33,443	262,691
At 31 August 2015	225,982	3,266	33,443	262,691
<b>Net book value</b>				
At 31 August 2015	11,956,577	13,932	117,605	12,088,114

Included in freehold land and buildings is freehold land of £1,545,000 which is not depreciated.

The academy utilises freehold land and buildings amounting to £12,075,000 provided by The Lawrence Sheriff School Foundation on conversion to an academy trust.

**15. FIXED ASSET INVESTMENTS**

During the period, £616,544 of cash held on deposit was earmarked for long term investment by the Trustees of the Foundation and so is shown within long term investments.

**16. DEBTORS**

	2015 £
Trade debtors	17,256
Other debtors	100,077
Prepayments and accrued income	104,029
	221,362

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. CREDITORS:**

**Amounts falling due within one year**

	2015 £
Bank loans	103,114
Trade creditors	157,234
Other taxation and social security	135,064
Other creditors	275,765
Accruals and deferred income	96,350

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**767,527**

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**Deferred income**

Resources deferred during the period	47,022
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Included in deferred income are grants and other income received in advance of the following academic year.

**18. CREDITORS:**

**Amounts falling due after more than one year**

	2015 £
Bank loans	2,644,289

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Creditors include amounts not wholly repayable within 5 years as follows:

	2015 £
Repayable by instalments	2,290,223

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A term loan facility of £3m was taken out with Barclays Bank in 2009. The loan capital is repayable in monthly instalments and is secured on the main school property at Clifton Road. £2m of the facility is at a fixed rate of 6.2557% repayable by September 2033 and £1m of the facility is on a variable rate of 0.8557% over base repayable by March 2023. The term loan is secured on the land and buildings of The Lawrence Sheriff School Foundation Endowment Fund.

The bank loan had been entered into before the date of conversion by The Lawrence Sheriff School Foundation and EFA approval has been obtained for the loan as part of the conversion process. No EFA funding is used in settling the loan liabilities.

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**19. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	-	1,016,229	(1,017,175)	17,853	-	16,907
<b>Endowment funds</b>						
Freehold land and buildings	-	12,075,000	(222,267)	-	-	11,852,733
Bank loan	-	(2,851,410)	-	104,007	-	(2,747,403)
	-	9,223,590	(222,267)	104,007	-	9,105,330
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	3,951,013	(3,684,581)	(266,432)	-	-
Other DfE/EFA grants	-	136,995	(136,995)	-	-	-
Donations	-	73,664	(73,664)	-	-	-
Assets transferred on conversion	-	1,276,203	(622,502)	(27,226)	-	626,475
Rugby School income	-	346,353	(242,346)	(104,007)	-	-
Pension reserve	-	(1,309,000)	(102,000)	-	(40,000)	(1,451,000)
	-	4,475,228	(4,862,088)	(397,665)	(40,000)	(824,525)
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	-	-	(40,424)	275,805	-	235,381
Total restricted funds	-	4,475,228	(4,902,512)	(121,860)	(40,000)	(589,144)
Total of funds	-	14,715,047	(6,141,954)	-	(40,000)	8,533,093

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2015**

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**19. STATEMENT OF FUNDS (continued)**

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

Restricted general funds will be used for educational purposes in line with the Academy's objects and its funding agreement with the DfE.

Restricted funds relating to the Lawrence Sheriff School Foundation will be held for educational purposes in line with the charity's objects.

Restricted fixed asset funds will be reserved against future depreciation charges. There are no unspent capital grants at the year end.

Unrestricted funds are available for use at the discretion of the Governors for the furtherance of the academy's charitable objects.

Transfers between funds represent capital expenditure from funds other than the restricted fixed asset fund, reclassifications of certain funds between restricted and unrestricted and reclassification of funds between the entities of the Foundation and the Academy Trust.

Endowment funds represent freehold land and buildings that are permanently endowed. They can be used for educational purposes at the discretion of the Trustees. There is also a mortgage attached to the assets which has been shown within endowment fund. The mortgage has been pre approved by the EFA.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**Analysis of funds by entity**

Fund balances at 31 August 2015 were allocated as follows:

Lawrence Sheriff School Foundation - Endowment	9,105,330
Lawrence Sheriff School Foundation - Restricted	626,475
Lawrence Sheriff School	16,907
	<hr/>
Total before fixed asset fund and pension reserve	9,748,712
Restricted fixed asset fund	235,381
Pension reserve	(1,451,000)
	<hr/>
Total	8,533,093
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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Endowment funds 2015 £	Total funds 2015 £
Tangible fixed assets	-	-	235,381	11,852,733	12,088,114
Fixed asset investments	-	616,544	-	-	616,544
Current assets	16,907	674,344	-	-	691,251
Creditors due within one year	-	(664,413)	-	(103,114)	(767,527)
Creditors due in more than one year	-	-	-	(2,644,289)	(2,644,289)
Provisions for liabilities and charges	-	(1,451,000)	-	-	(1,451,000)
	<u>16,907</u>	<u>(824,525)</u>	<u>235,381</u>	<u>9,105,330</u>	<u>8,533,093</u>

**21. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £
Net incoming resources before revaluations	8,573,093
Returns on investments and servicing of finance	57,901
Assets transferred on conversion	(9,113,573)
Depreciation of tangible fixed assets	262,691
Increase in debtors	(221,362)
Increase in creditors	664,413
FRS 17 adjustments	102,000
<b>Net cash inflow from operations</b>	<u><u>325,163</u></u>

**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £
<b>Returns on investments and servicing of finance</b>	
Interest received	7,478
Loan interest paid	(65,379)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u><u>(57,901)</u></u>

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**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2015 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(275,805)
Cash placed in long term investments	(616,544)
	<u>(892,349)</u>
<b>Net cash outflow capital expenditure</b>	<u>(892,349)</u>
	2015 £
<b>Financing</b>	
Repayment of loans	(104,007)
	<u>(104,007)</u>

**23. ANALYSIS OF CHANGES IN NET DEBT**

	27 March 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	-	469,889	-	469,889
<b>Debt:</b>				
Debts due within one year	-	-	(103,114)	(103,114)
Debts falling due after more than one year	-	-	(2,644,289)	(2,644,289)
	<u>-</u>	<u>469,889</u>	<u>(2,747,403)</u>	<u>(2,277,514)</u>
<b>Net debt</b>	<u>-</u>	<u>469,889</u>	<u>(2,747,403)</u>	<u>(2,277,514)</u>

**24. CONVERSION TO AN ACADEMY TRUST**

On 1 September 2014 Lawrence Sheriff School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Lawrence Sheriff School Academy Trust from Warwickshire County Council for £Nil consideration. At the same time, the fair value of the net assets of the Lawrence Sheriff School Foundation have been reflected in these financial statements as explained within note 1.2.

The transfer from Warwickshire County Council has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

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**24. CONVERSION TO AN ACADEMY TRUST (continued)**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Endowment funds £	Total funds £
Freehold land and buildings from Foundation	-	-	-	12,075,000	12,075,000
Lawrence Sheriff School Foundation - other	-	1,276,203	-	(2,851,410)	(1,575,207)
Budget surplus on LA funds	61,962	-	-	-	61,962
LGPS pension deficit	-	(1,309,000)	-	-	(1,309,000)
Net assets/(liabilities)	<u>61,962</u>	<u>(32,797)</u>	<u>-</u>	<u>9,223,590</u>	<u>9,252,755</u>

The above net assets include £1,198,983 that were transferred as cash.

**25. PENSION COMMITMENTS**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £120,458 were payable to the schemes at 31 August 2015 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

Not less than every four years 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



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**25. PENSION COMMITMENTS (continued)**

of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the period the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £532,185.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £185,000, of which employer's contributions totalled £142,000 and employees' contributions totalled £43,000. The agreed contribution rates for future years are 20.9% for employers and between 5.5 and 12.5% for employees.

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

As described in note 24 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

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**25. PENSION COMMITMENTS (continued)**

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £000
Equities	6.50	748
Bonds	3.60	269
Property	6.10	140
Cash	0.50	12
Total market value of assets		1,169
Present value of scheme liabilities		(2,620)
Deficit in the scheme		(1,451)

The amounts recognised in the Balance sheet are as follows:

	2015 £
Present value of funded obligations	(2,620,000)
Fair value of scheme assets	1,169,000
Net liability	(1,451,000)

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

	2015 £
Interest cost	88,000
Expected return on scheme assets	(56,000)
Current service cost	212,000
Total	244,000
Actual return on scheme assets	41,000

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

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**25. PENSION COMMITMENTS (continued)**

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

	2015 £
Opening defined benefit obligation	2,252,000
Contributions by scheme participants	43,000
Actuarial Losses	25,000
Interest cost	88,000
Current service cost	212,000
	<u>2,620,000</u>
Closing defined benefit obligation	<u>2,620,000</u>

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

	2015 £
Opening fair value of scheme assets	943,000
Actuarial gains and (losses)	(15,000)
Expected return on assets	56,000
Contributions by employer	142,000
Contributions by employees	43,000
	<u>1,169,000</u>

The cumulative amount of actuarial gains recognised in the Statement of total recognised gains and losses was £40,000.

The estimated value of employer contributions for the year ended 31 August 2016 is £161,000.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015
Equities	64.00 %
Bonds	23.00 %
Property	12.00 %
Cash	1.00 %

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

	2015
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	3.70 %
Rate of increase in salaries	4.50 %
Rate of increase for pensions	2.60 %

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**25. PENSION COMMITMENTS (continued)**

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

	2015
Retiring today	
Males	22.4 years
Females	24.4 years
Retiring in 20 years	
Males	24.3 years
Females	26.6 years

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015 £
Defined benefit obligation	(2,620,000)
Scheme assets	1,169,000
Deficit	(1,451,000)
Experience adjustments on scheme liabilities	(25,000)
Experience adjustments on scheme assets	(15,000)

**26. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £	Other 2015 £
<b>Expiry date:</b>		
Between 2 and 5 years	-	1,235

**27. RELATED PARTY TRANSACTIONS**

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

There were no such related party transactions during the period.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**28. AGENCY ARRANGEMENTS**

The academy distributes bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2015 the trust received £24,397 and disbursed £10,635 from the fund. An amount of £13,762 is included in other creditors relating to undistributed funds.