

Company Registration Number: 08963659 (England & Wales)

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



LAWRENCE SHERIFF SCHOOL ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

Sue Peach, Chair of Governors, Chair of Academic Strategy Committee and Chair of Standing Committee
Ian Nichol, Vice Chair of Governors, Chair of Finance and Asset Management Strategy Committee
David Howe, Vice Chair of Governors (resigned 31 August 2019)
Rebecca Rees, Vice Chair of Governors, Chair of Pastoral Committee (appointed 18 September 2019)
Dennis Barnett
Jeffery Glenn

Governors

Dennis Barnett
Stuart Baran (appointed 18 September 2019)
Matthew Canale-Parola^{3,4}
Janet Eastwood³
Jeffery Glenn⁴
David Howe (resigned 31 August 2019)¹
Peter Kent^{2,3}
Kevin Mahon
Carol Moor (appointed 1 September 2018)^{3,4}
Justin Muston (appointed 1 September 2018)
Ian Nichol^{1,3}
Sue Peach^{1,3}
Rebecca Rees^{1,4}
Bal Singh (appointed 18 September 2019)
Gwen Temple, Senior Deputy Headteacher³
Paula Whitfield, Chair of the Audit and Risk Assurance Committee^{3,4}

¹ See members section for details of positions held

² Headteacher and Accounting Officer

³ Member of the Finance and Asset Management Strategy Committee

⁴ Member of the Audit and Risk Assurance Committee

Company registered number

08963659

Company name

Lawrence Sheriff School Academy Trust

Principal and registered office

Clifton Road
Rugby
Warwickshire
Warwickshire
CV21 3AG

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REFERENCE AND ADMINISTRATIVE DETAILS
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Headteacher

Peter Kent

Senior Leadership Team

Peter Kent, Headteacher and Accounting Officer
Gwen Temple, Senior Deputy Headteacher
Teresa Mpofu, Deputy Headteacher
Anthony Bedgood
Diane Halestrap
Mike Hickling
Ian Chislett

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Barclays Bank plc
Snowhill Queensway
Birmingham
B3 2WN

Lloyds Bank plc
43 Irongate
Derby
DE1 3FT

Solicitors

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

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Governors' report and a Directors' report under company law.

The Academy provides education for a total of 960 students, comprising 596 students under 16 years of age and 364 Sixth Form students. The academy can accommodate a total of 960 pupils and operates within the catchment area of Rugby.

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 purpose of company law.

The charitable company is known as Lawrence Sheriff School Academy Trust.

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

LAWRENCE SHERIFF SCHOOL FOUNDATION

All Governors of Lawrence Sheriff School Academy Trust act as Trustees of a separate charity, the 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. The financial statements of the Lawrence Sheriff School Academy Trust incorporate the funds held by the Lawrence Sheriff School Foundation. The endowment fund of the Lawrence Sheriff School Foundation holds the legal title to the freehold land and buildings from which the school operates and have been provided, by way of a Supplemental Agreement, to the Lawrence Sheriff School Academy Trust for educational use on a permanent endowment basis.

Income from the Rugby School Estate is payable to the Trustees of the Lawrence Sheriff School Foundation under the Rugby Lower School (Transfer) Act 1906 (as amended). This income is restricted as a result of the requirements of the Rugby Lower School (Transfer) Act 1906 (as amended) and the Trustees administer the funds paid by the Rugby School Estate accordingly.

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 £878 (2018: £784).

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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:

- up to 12 appointed Governors
- 2 elected parent Governors
- the Headteacher, who is an ex officio Governor.

The total number of Governors as at the date of signing is 15.

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

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 meets three times (autumn, spring and summer term) plus AGM (autumn term) and Foundation Trustees and EGM (spring term).

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors' committees usually 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 and Asset Management Strategy Committee (six Governors, the Headteacher and the Senior Deputy Headteacher plus the Finance Director in attendance)
- Pastoral Committee (four Governors, the Senior Deputy Headteacher plus four staff members in attendance)
- Standing Committee (six Governors, plus the Headteacher and the Senior Deputy Headteacher)
- Academic Strategy Committee (four Governors, plus the Headteacher and the Senior Deputy Headteacher)
- Audit and Risk Assurance Committee (five Governors, plus the Headteacher, Senior Deputy Headteacher and Finance Director in attendance)

The Senior Leadership Team consists of the Headteacher, Senior Deputy 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.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

It is the responsibility of the Board of Governors to approve annual pay increases for key management personnel. Key management personnel will be paid at a rate that is commensurate with the position held and the level of responsibility. Annual pay reviews are linked to performance, with appropriate incremental progression and 'cost of living' increases. In very rare cases, increases will be withheld, where the performance of the individual in terms of standards of teaching and student progress and attainment is unsatisfactory.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

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.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The Charitable Company's objects are generally to advance for the public benefit of 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 and 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 extracurricular activities and encourage – equally – wide participation and excellence;
- Use open lines of communication and engagement 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.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

2018 - 19 has been another highly successful year for Lawrence Sheriff School. Examination results remained high, with 99% of students achieving 5 or more GCSEs at grade 4 or above including English and Mathematics and 65% achieving grades 7-9. Our Progress 8 score of 0.57 demonstrates the schools continuing maintenance of very high attainment and very high progress. It is worth dwelling on the fact that despite the very high predictions made by the DFE on the basis of each pupil's Key Stage 2 results, on average the school adds over half a grade to each student's anticipated progress during their first five years of study with us. Despite the non selective nature of the sixth form, A level results were also encouraging with 67% of students gaining A* B grades and over 90% of students progressing on to higher education.

The first two years of co-education have been a great success with girls making up 20% of Years 12 and 13. Demand for places at age 11 has remained high and in response to this, 120 pupils were admitted to Year 7. 2018 - 19 was our fifth 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

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Executive leaders, courses on outstanding teaching and offering consultancy advice on school improvement.

The school successfully bid for capital funding as part of the DfE Grammar School Expansion Fund. As a result new capital work will begin with the planned outcome that the school will admit 150 students into Year 7 from September 2020.

KEY PERFORMANCE INDICATORS

The Academy provides education for a total of 960 students, comprising 596 students under 16 years of age and 364 Sixth Form students. The Academy can accommodate a total of 960 pupils.

Examination results for 2018-19 were very pleasing. In A level and vocational Post 16 subjects, DfE performance tables show the average grade achieved by students is B. As detailed on page 6, the Progress 8 score for students taking GCSE demonstrated that as well as achieving unusually high achievement (65% achieved grades 7-9), students also achieved very high levels of progress, scoring 0.57 of a grade above government predictions.

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.

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.

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 £8,753,748 (2018: £9,430,395).

Income

The Academy has received, in the year, total ESFA and other grant funding of £4,216,897 relating to GAG funding of £3,935,488, other ESFA revenue grant funding of £68,036 and capital grant funding of £138,429.

Also included in charitable income is income from Rugby School of £726,618, school trip income of £138,152 and Leadership Live income £231,719.

Expenditure

Total staffing costs are £4,076,003. Of this £160,000 relates to the LGPS pension cost calculation with the remainder relating to actual salary and on-costs (accounting for 66.0% of total expenditure). The next largest items of expenditure, excluding depreciation, are educational supplies and examination fees which total £298,728. This equates to 5.0% of total expenditure.

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GOVERNORS' REPORT (continued)
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The academy held fund balances at 31 August 2019 of £8,753,748 comprising £2,042,642 of restricted fixed asset funds, £403,818 of restricted general funds (excluding the pension fund deficit of £2,133,000), restricted endowment funds of £8,660,919 and an unrestricted deficit fund of £220,631.

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 Finance and Asset Management Strategy Committee regularly reviews budgets, forecasts and cash flow projections.

The reserves policy of the Trustees of the Foundation is to maintain unrestricted reserves of at least £600,000.

The Governors have determined that the level of free reserves of the Lawrence Sheriff School of £183,187 (which comprise £403,818 of restricted funds and a deficit £220,631 of unrestricted funds) is adequate for immediate needs, representing approximately 3 weeks of recurrent payroll expenditure (before actuarial movements).

It is the Board's general policy to continue to maintain reserves which can be used for future educational purposes whilst also ensuring that grant funding is spent on the pupils for which it is intended.

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GOVERNORS' REPORT (continued)
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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. Lawrence Sheriff School Foundation also holds £17,575 (2018: £17,022) of investments in listed securities.

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 buildings 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.

The pension scheme is reviewed by qualified actuaries on behalf of the Academy. There is currently a deficit on this scheme as disclosed in the notes to the financial statements. 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.

FUNDRAISING

Fundraising activities of the academy are restricted to in-school activities such as summer fetes and dress down days, and are not bound by any voluntary scheme. These activities do not involve the use of professional fundraisers or commercial participants.

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GOVERNORS' REPORT (continued)
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FUTURE DEVELOPMENTS

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

The Academy acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds. In some instances the academy 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

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have 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.

The Governors' report was approved by order of the Board of Governors, as the company directors, on 11 December 2019 and signed on its behalf by:



Sue Peach
Chair of Governors

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GOVERNANCE STATEMENT

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 Statement of Governors' responsibilities. The Board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Dennis Barnett	5	6
Matthew Canale-Parola	6	6
Janet Eastwood	3	6
Jeffery Glenn	3	6
David Howe	5	6
Peter Kent	5	6
Kevin Mahon	5	6
Carol Moor	5	6
Justin Muston	5	6
Ian Nichol	6	6
Sue Peach, Chair	6	6
Rebecca Rees	6	6
Gwen Temple	6	6
Paula Whitfield	6	6

The Governing Body evaluates its effectiveness and impact as part of the Annual General Meeting each year. Whilst the continuing academic success of the school is one indicator of our success, we are also keen to develop and enhance the range of skills within the governing body so that we can respond to the increasingly broad and complex demands that are placed upon any school. We have recently asked all governors to complete an NGA skills audit form and are currently analysing the forms to identify any gaps in our skill set.

The Governing Body receive good quality financial information on the academy on a regular basis which helps ensure strategic decisions are based on up-to-date financial performance and forecasts of the academy.

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GOVERNANCE STATEMENT (continued)

The Finance and Asset Management Strategy Committee 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 their 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 year was as follows:

Governor	Meetings attended	Out of a possible
Ian Nichol, Chair	3	3
Matthew Canale-Parola	2	3
Janet Eastwood	2	3
Peter Kent	2	3
Carol Moor	2	3
Sue Peach (ex officio)	0	3
Gwen Temple	2	3
Paula Whitfield	2	3

The Academy Trust has a separate Audit & Risk Committee. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Paula Whitfield, Chair	2	2
Matthew Canale-Parola	1	2
Jeffery Glenn	1	2
Carol Moor	1	2
Rebecca Rees	1	2

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- We continue to regularly assess all contracts and purchases to ensure we are getting the best deal. For example, by following this strategy we have been able to reduce various areas of expenditure such as utilities, shredding costs, telephone charges and stationery costs.
- 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. Decisions continue to be taken on a case by case basis and, as a result, not all staff who left the academy in 2018/2019 were replaced.
- In order to secure maximum efficiency we have recently brought our payroll function in house. This has enabled us to maximise efficiencies and gain greater control resulting in reduced external cost and overall cost savings for the Academy.

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 year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of 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 year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of 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, to undertake the Responsible Officer (RO) role as an internal reviewer.

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 included:

- Payroll & regular use of public funds - checks were carried out to ensure that the spending of the Academy is for the purpose intended and that a competitive tendering policy is in place and applied for all purchases and renewal of contracts to ensure best value for money.
- Accounting Systems - checks were undertaken on the Academy's bank reconciliations, control accounts and aged debtors and creditors to ensure figures were correct and reconciliations balanced.
- Financial plans & financial health - checks were carried out to check that the Academy was producing a balanced budget and regularly monitoring actual expenditure against budget.

It was concluded that the Academy has systems of internal financial control that are being effectively maintained. Moreover, resources are being managed in an effective manner with effective segregation of duties being upheld. Evidence supports that due financial consideration is given to strategic decisions.

Twice a year, the appointee reports to the Board of Governors through the Audit and Risk Assurance Committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

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:

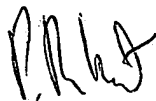
- the work of Warwickshire County Council;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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 11 December 2019 and signed on their behalf, by:



Sue Peach
Chair of Governors



Peter Kent
Accounting Officer

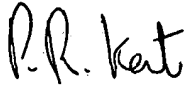
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lawrence Sheriff School 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 2018.

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

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



Peter Kent
Accounting Officer

Date: 11/12/19

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

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

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

Company law requires the 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 ESFA/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 11 December 2019 and signed on its behalf by:



Sue Peach
Chair of Governors

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

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

OPINION

We have audited the financial statements of Lawrence Sheriff School Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Governors are responsible for the other information. The other information comprises the information included in the Annual report (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF GOVERNORS

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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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 opinions we have formed.



Dave Darlaston (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

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

Date: 19/12/19

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

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

In accordance with the terms of our engagement letter dated 11 December 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lawrence Sheriff School Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Lawrence Sheriff School Academy Trust and the ESFA 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 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 Lawrence Sheriff School Academy Trust and the ESFA, 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company and specific transactions identified from our review.

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

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

CONCLUSION

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



Crowe U.K. LLP

Reporting Accountant

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

Date: 19/12/19

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

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

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note		£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:							
Donations and capital grants	2	84,450	31,069	138,429	-	253,948	1,315,676
Charitable activities:	5						
Other charitable activities		499,024	4,784,483	-	-	5,283,507	5,136,374
Teaching schools	27	54,247	50,107	-	-	104,354	85,704
Other trading activities	3	96,507	-	-	-	96,507	84,171
Investments	4	4,035	585	-	-	4,620	2,701
TOTAL INCOME AND ENDOWMENTS		738,263	4,866,244	138,429	-	5,742,936	6,624,626
EXPENDITURE ON:							
Charitable activities		225,151	5,315,801	86,594	222,267	5,849,813	5,745,107
Teaching school	27	14,826	50,497	-	-	65,323	67,624
TOTAL EXPENDITURE	6	239,977	5,366,298	86,594	222,267	5,915,136	5,812,731
NET INCOME BEFORE INVESTMENT GAINS		498,286	(500,054)	51,835	(222,267)	(172,200)	811,895
Net gains on investments		745	(192)	-	-	553	-
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		499,031	(500,246)	51,835	(222,267)	(171,647)	811,895
Transfers between Funds	17	(379,904)	228,934	30,878	120,092	-	-
NET INCOME BEFORE OTHER RECOGNISED GAINS		119,127	(271,312)	82,713	(102,175)	(171,647)	811,895
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(505,000)	-	-	(505,000)	286,000
NET MOVEMENT IN FUNDS		119,127	(776,312)	82,713	(102,175)	(676,647)	1,097,895
RECONCILIATION OF FUNDS:							
Total funds brought forward		(339,758)	(952,870)	1,959,929	8,763,094	9,430,395	8,332,500
TOTAL FUNDS CARRIED FORWARD		(220,631)	(1,729,182)	2,042,642	8,660,919	8,753,748	9,430,395

The notes on pages 27 to 53 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 2019**

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	12		12,877,372		11,878,871
Investments	13		478,762		515,130
			<u>13,356,134</u>		<u>12,394,001</u>
CURRENT ASSETS					
Debtors	14	690,208		1,358,640	
Cash at bank and in hand		616,331		539,387	
		<u>1,306,539</u>		<u>1,898,027</u>	
CREDITORS: amounts falling due within one year	15	<u>(1,599,351)</u>		<u>(1,090,369)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(292,812)</u>		<u>807,658</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,063,322</u>		<u>13,201,659</u>
CREDITORS: amounts falling due after more than one year	16		<u>(2,176,574)</u>		<u>(2,303,264)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,886,748</u>		<u>10,898,395</u>
Defined benefit pension scheme liability	22		<u>(2,133,000)</u>		<u>(1,468,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>8,753,748</u></u>		<u><u>9,430,395</u></u>

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

BALANCE SHEET (continued)
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
FUNDS OF THE ACADEMY					
Endowment funds	17		8,660,919		8,763,094
Restricted income funds:					
Restricted income funds	17	403,818		515,130	
Restricted fixed asset funds	17	2,042,642		1,959,929	
Restricted income funds excluding pension liability		2,446,460		2,475,059	
Pension reserve		(2,133,000)		(1,468,000)	
Total restricted income funds			313,460		1,007,059
Unrestricted income funds	17		(220,631)		(339,758)
TOTAL FUNDS			8,753,748		9,430,395

The financial statements on pages 23 to 53 were approved by the Governors, and authorised for issue, on 11 December 2019 and are signed on their behalf, by:

Sue Peach
Chair of Governors

S. Peach

Peter Kent
Accounting Officer

P. R. Kent

The notes on pages 27 to 53 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	398,856	334,952
Cash flows from investing activities:			
Interest received		4,035	2,701
Purchase of tangible fixed assets		(1,042,991)	(558,737)
Capital grants received		908,732	539,142
Cash withdrawn from/(placed in) long term investments		36,368	(23,747)
Net cash used in investing activities		(93,856)	(40,641)
Cash flows from financing activities:			
Repayments of borrowings		(120,090)	(114,390)
Interest paid		(107,966)	(110,486)
Net cash used in financing activities		(228,056)	(224,876)
Change in cash and cash equivalents in the year		76,944	69,435
Cash and cash equivalents brought forward		539,387	469,952
Cash and cash equivalents carried forward	20	616,331	539,387

The notes on pages 27 to 53 form part of these financial statements.

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

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Basis of accounting for the Lawrence Sheriff School Foundation

The Lawrence Sheriff School Foundation remains a separate entity with a common Board of Governors with 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 to be in the name of, 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.

1.3 Company status

The academy is a company limited by guarantee, incorporated in England & Wales, registered number 08963659. The registered office is Clifton Road, Rugby, Warwickshire, CV21 3AG. The members of the company are named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

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

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

1. ACCOUNTING POLICIES (continued)

1.4 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 with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

1.5 Income

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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.

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

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

For legacies, entitlement is taken as when a distribution is received from the estate.

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

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

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

1. ACCOUNTING POLICIES (continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Expenditure is inclusive of irrecoverable VAT.

1.7 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

1. ACCOUNTING POLICIES (continued)

1.8 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund or the endowment 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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold buildings	-	between 15 and 50 years
Fixtures, fittings and equipment	-	over 10 years
Computer equipment	-	over 5 years

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.

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

1.9 Investments

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

1.10 Operating leases

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

1.11 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.

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

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

1. ACCOUNTING POLICIES (continued)

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in notes 15 and 16. 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 instruments.

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

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

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.16 Accounting for agency arrangements

The academy acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students and other organisations 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 the notes to the financial statements.

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

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	31,069	-	31,069	22,858
Capital Grants	-	-	138,429	138,429	1,292,818
Legacies	84,450	-	-	84,450	-
Total 2019	84,450	31,069	138,429	253,948	1,315,676
Total 2018	10	22,848	1,292,818	1,315,676	

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3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	35,408	35,408	43,002
Hire of facilities and lettings	43,810	43,810	32,678
Provision of services	17,289	17,289	8,491
	<u>96,507</u>	<u>96,507</u>	<u>84,171</u>
<i>Total 2018</i>	<u>84,171</u>	<u>84,171</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest/dividends receivable on investments	4,035	4,620	2,701
	<u>2,701</u>	<u>2,701</u>	
<i>Total 2018</i>	<u>2,701</u>	<u>2,701</u>	

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5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Funding for educational operations	499,024	4,057,865	4,556,889	4,415,237
Rugby Lower School (Transfer) Act income	-	726,618	726,618	721,137
	<u>499,024</u>	<u>4,784,483</u>	<u>5,283,507</u>	<u>5,136,374</u>
<i>Total 2018</i>	<u>484,433</u>	<u>4,651,941</u>	<u>5,136,374</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,935,488	3,935,488	3,858,514
Other DfE/ESFA grants	-	68,036	68,036	62,889
	<u>-</u>	<u>4,003,524</u>	<u>4,003,524</u>	<u>3,921,403</u>
Other government grants				
Local Authority grants	-	54,341	54,341	9,401
	<u>-</u>	<u>54,341</u>	<u>54,341</u>	<u>9,401</u>
Other funding				
Trip income	138,152	-	138,152	105,542
Music tuition Fees	54,770	-	54,770	54,426
Provision of transport	38,280	-	38,280	38,306
Leadership Live	231,719	-	231,719	248,410
Special education funding	36,103	-	36,103	37,749
	<u>499,024</u>	<u>-</u>	<u>499,024</u>	<u>484,433</u>
	<u>499,024</u>	<u>4,057,865</u>	<u>4,556,889</u>	<u>4,415,237</u>
<i>Total 2018</i>	<u>484,433</u>	<u>3,930,804</u>	<u>4,415,237</u>	

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

6. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Charitable activities:					
- Direct costs	3,196,810	1,929	604,001	3,802,740	3,635,907
- Support costs	828,696	443,743	729,778	2,002,217	2,073,203
- Support costs:					
Governance	-	-	44,856	44,856	35,997
Teaching schools - Direct	50,497	-	14,826	65,323	67,624
Total 2019	4,076,003	445,672	1,393,461	5,915,136	5,812,731
Total 2018	3,974,613	414,317	1,423,801	5,812,731	

7. SUPPORT COSTS

	Charitable activities £	Governance costs £	Total 2019 £	Total 2018 £
Technology costs	11,867	-	11,867	16,232
Premises costs	443,743	-	443,743	398,023
Catering	88,021	-	88,021	111,252
Bank loan interest and charges	109,617	-	109,617	113,429
Other support costs	211,412	-	211,412	283,902
Statutory audit and other legal services	-	44,856	44,856	35,997
Wages and salaries	522,012	-	522,012	528,093
National insurance	39,895	-	39,895	39,010
Pension cost	266,789	-	266,789	288,808
Depreciation	308,861	-	308,861	294,454
	2,002,217	44,856	2,047,073	2,109,200
Total 2018	2,073,203	35,997	2,109,200	

During the year ended 31 August 2019, the academy incurred governance costs in relation to statutory audit and other legal services.

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NOTES TO THE FINANCIAL STATEMENTS
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8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned or utilised by the academy	308,861	294,454
Auditor's remuneration - audit	13,600	13,200
Auditor's remuneration - other services	1,950	1,850
Operating lease rentals	12,335	7,349
Bank loan interest	107,966	110,486
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,050,645	2,981,268
Social security costs	304,100	298,389
Operating costs of defined benefit pension schemes	717,227	682,592
	<u>4,071,972</u>	<u>3,962,249</u>
Agency support costs	4,031	12,364
	<u><u>4,076,003</u></u>	<u><u>3,974,613</u></u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	49	49
Administration and support	38	42
Management	7	6
	<u>94</u>	<u>97</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £80,001 - £90,000	1	1
In the band £110,001 - £120,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on the reference and administration pages. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the academy was £637,601 (2018: £561,968).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES

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

		2019 £	2018 £
Dr P Kent (Headteacher and trustee)	Remuneration	113,377	115,000
	Pension contributions paid	18,684	19,950
Ms G Temple (staff trustee)	Remuneration	87,028	83,393
	Pension contributions paid	14,342	13,743

Included within Dr P Kent's remuneration is a discretionary payment of £NIL (2018 - £5,634) which has been approved by the board, in addition to his annual salary of £113,377 (2018 - £109,366). Included within Ms. G Temple's remuneration is an additional amount for her work directing Leadership Live.

In addition to the Governors' remuneration disclosed above, Dr P Kent and Ms G Temple received benefits in kind amounting to £1,692 in the current year (2018 - £1,509) in relation to healthcare insurance.

During the period ended 31 August 2019 no Governors received any reimbursement of expenses (2018: £73 to 1 Governor in relation to travel expenses).

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £878 (2018 - £784).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures, fittings and equipment £	Computer equipment £	Assets under construction £	Total £
Cost					
At 1 September 2018	12,422,309	146,038	425,707	58,197	13,052,251
Additions	65,580	15,691	12,326	1,213,765	1,307,362
Transfer between classes	1,271,962	-	-	(1,271,962)	-
At 31 August 2019	13,759,851	161,729	438,033	-	14,359,613
Depreciation					
At 1 September 2018	910,853	23,335	239,192	-	1,173,380
Charge for the year	237,750	18,127	52,984	-	308,861
At 31 August 2019	1,148,603	41,462	292,176	-	1,482,241
Net book value					
At 31 August 2019	12,611,248	120,267	145,857	-	12,877,372
<i>At 31 August 2018</i>	<i>11,511,456</i>	<i>122,703</i>	<i>186,515</i>	<i>58,197</i>	<i>11,878,871</i>

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

The academy utilises freehold land and buildings with a net book value amounting to £10,963,665 provided by The Lawrence Sheriff School Foundation on conversion to an academy trust.

13. FIXED ASSET INVESTMENTS

At the end of the year, £478,762 (2018: £515,130) 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. The cash is readily accessible, within 3 months of the request for funds.

14. DEBTORS

	2019 £	2018 £
Trade debtors	40,200	4,227
Other debtors	61,044	89,275
Prepayments and accrued income	500,723	406,594
Accrued capital grants	88,241	858,544
	690,208	1,358,640

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**NOTES TO THE FINANCIAL STATEMENTS
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15. CREDITORS: Amounts falling due within one year

	Note	2019 £	2018 £
Bank loans	16	126,172	119,574
Trade creditors		397,423	438,090
Other taxation and social security		73,958	75,418
ESFA loans		74,944	-
Other creditors		161,555	118,063
Accruals and deferred income		765,299	339,224
		<u>1,599,351</u>	<u>1,090,369</u>
		2019 £	2018 £
Deferred income			
Deferred income at 1 September 2018		112,733	94,536
Resources deferred during the year		136,245	112,733
Amounts released from previous years		(112,733)	(94,536)
Deferred income at 31 August 2019		<u>136,245</u>	<u>112,733</u>

Included in deferred income are grants and other income (including school trip income) received in advance of the following academic year.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	<u>2,176,574</u>	<u>2,303,264</u>

Included within the above are amounts falling due as follows:

	2019 £	2018 £
Between two and five years		
Bank loans	<u>536,025</u>	<u>532,939</u>
Over five years		
Bank loans	<u>1,640,549</u>	<u>1,770,325</u>

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

	2019 £	2018 £
Repayable by instalments	<u>1,640,549</u>	<u>1,770,325</u>

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 ESFA approval has been obtained for the loan as part of the conversion process. No ESFA funding is used in settling the loan liabilities.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	(392,160)	599,566	(225,150)	(379,514)	745	(396,513)
Teaching school	52,402	54,247	(14,827)	(390)	-	91,432
Legacies	-	84,450	-	-	-	84,450
	<u>(339,758)</u>	<u>738,263</u>	<u>(239,977)</u>	<u>(379,904)</u>	<u>745</u>	<u>(220,631)</u>
Endowment funds						
Freehold land and buildings	11,185,932	-	(222,267)	-	-	10,963,665
Bank loans	(2,422,838)	-	-	120,092	-	(2,302,746)
	<u>8,763,094</u>	<u>-</u>	<u>(222,267)</u>	<u>120,092</u>	<u>-</u>	<u>8,660,919</u>
Restricted funds						
General Annual Grant (GAG)	-	3,935,488	(4,395,829)	385,397	-	(74,944)
Other DfE/ESFA grants	-	68,036	(68,036)	-	-	-
LA grants	-	54,341	(54,341)	-	-	-
Teaching school	-	50,107	(50,497)	390	-	-
Rugby School income	-	726,618	(606,526)	(120,092)	-	-
Donations	-	31,069	(31,069)	-	-	-
Foundation investments	515,130	585	-	(36,761)	(192)	478,762
Pension reserve	(1,468,000)	-	(160,000)	-	(505,000)	(2,133,000)
	<u>(952,870)</u>	<u>4,866,244</u>	<u>(5,366,298)</u>	<u>228,934</u>	<u>(505,192)</u>	<u>(1,729,182)</u>
Restricted fixed asset funds						
Restricted fixed assets	692,939	-	(86,594)	1,307,362	-	1,913,707
Capital grants	1,266,990	138,429	-	(1,276,484)	-	128,935
	<u>1,959,929</u>	<u>138,429</u>	<u>(86,594)</u>	<u>30,878</u>	<u>-</u>	<u>2,042,642</u>
Total restricted funds	<u>1,007,059</u>	<u>5,004,673</u>	<u>(5,452,892)</u>	<u>259,812</u>	<u>(505,192)</u>	<u>313,460</u>
Total of funds	<u>9,430,395</u>	<u>5,742,936</u>	<u>(5,915,136)</u>	<u>-</u>	<u>(504,447)</u>	<u>8,753,748</u>

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17. 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 represent the carrying value of fixed assets that have either been received upon conversion or have been purchased out of grants received from the ESFA. It also represents capital grants that have been received from the ESFA that remain unspent 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 Governors. There is also a mortgage attached to the assets which has been shown within endowment funds. The mortgage has been pre-approved by the ESFA.

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 2019.

ANALYSIS OF FUND BALANCES

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
Lawrence Sheriff School Foundation - Endowment	8,660,919	8,763,094
Lawrence Sheriff School Foundation - Restricted investments	478,762	515,130
Lawrence Sheriff School Foundation - Unrestricted	152,718	272,803
Lawrence Sheriff School - Unrestricted	(373,349)	(612,561)
Lawrence Sheriff School - Restricted	(74,944)	-
Total before fixed asset fund and pension reserve	8,844,106	8,938,466
Restricted fixed asset fund	2,042,642	1,959,929
Pension reserve	(2,133,000)	(1,468,000)
Total	8,753,748	9,430,395

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General funds						
Unrestricted funds	54,460	571,305	(148,410)	(869,515)	-	(392,160)
Teaching school	15,304	42,204	(18,101)	12,995	-	52,402
	<u>69,764</u>	<u>613,509</u>	<u>(166,511)</u>	<u>(856,520)</u>	<u>-</u>	<u>(339,758)</u>
Endowment funds						
Freehold land and buildings	11,408,199	-	(222,267)	-	-	11,185,932
Bank loans	(2,537,228)	-	-	114,390	-	(2,422,838)
	<u>8,870,971</u>	<u>-</u>	<u>(222,267)</u>	<u>114,390</u>	<u>-</u>	<u>8,763,094</u>
Restricted funds						
General Annual Grant (GAG)	-	3,858,514	(4,445,371)	586,857	-	-
Other DfE/ESFA grants	-	62,889	(62,889)	-	-	-
LA grants	-	9,401	(9,401)	-	-	-
Teaching school	-	43,500	(43,500)	-	-	-
Rugby School income	-	721,137	(606,747)	(114,390)	-	-
Donations	-	22,858	(22,858)	-	-	-
Foundation investments	491,383	-	-	23,747	-	515,130
Pension reserve	(1,593,000)	-	(161,000)	-	286,000	(1,468,000)
	<u>(1,101,617)</u>	<u>4,718,299</u>	<u>(5,351,766)</u>	<u>496,214</u>	<u>286,000</u>	<u>(952,870)</u>
Restricted fixed asset funds						
Restricted fixed assets	207,378	-	(72,187)	557,748	-	692,939
Capital grants	286,004	1,292,818	-	(311,832)	-	1,266,990
	<u>493,382</u>	<u>1,292,818</u>	<u>(72,187)</u>	<u>245,916</u>	<u>-</u>	<u>1,959,929</u>
Total restricted funds	<u>(608,235)</u>	<u>6,011,117</u>	<u>(5,423,953)</u>	<u>742,130</u>	<u>286,000</u>	<u>1,007,059</u>
Total of funds	<u>8,332,500</u>	<u>6,624,626</u>	<u>(5,812,731)</u>	<u>-</u>	<u>286,000</u>	<u>9,430,395</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	1,913,707	10,963,665	12,877,372
Fixed asset investments	-	478,762	-	-	478,762
Current assets	1,177,604	-	128,935	-	1,306,539
Creditors due within one year	(1,398,235)	(74,944)	-	(126,172)	(1,599,351)
Creditors due in more than one year	-	-	-	(2,176,574)	(2,176,574)
Provisions for liabilities and charges	-	(2,133,000)	-	-	(2,133,000)
	<u>(220,631)</u>	<u>(1,729,182)</u>	<u>2,042,642</u>	<u>8,660,919</u>	<u>8,753,748</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Endowment funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	692,939	11,185,932	11,878,871
Fixed asset investments	-	515,130	-	-	515,130
Current assets	272,803	358,234	1,266,990	-	1,898,027
Creditors due within one year	(612,561)	(358,234)	-	(119,574)	(1,090,369)
Creditors due in more than one year	-	-	-	(2,303,264)	(2,303,264)
Provisions for liabilities and charges	-	(1,468,000)	-	-	(1,468,000)
	<u>(339,758)</u>	<u>(952,870)</u>	<u>1,959,929</u>	<u>8,763,094</u>	<u>9,430,395</u>

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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(171,647)	811,895
Adjustment for:		
Depreciation charges	308,861	294,454
Interest receivable	(4,035)	(2,701)
Loss on the sale of fixed assets	-	989
Interest payable	107,966	110,486
Increase in debtors	(101,871)	(81,806)
Increase in creditors	238,011	333,453
Capital grants receivable	(138,429)	(1,292,818)
Defined benefit pension scheme cost less contributions payable	118,000	119,000
Defined benefit pension scheme finance cost	42,000	42,000
Net cash provided by operating activities	398,856	334,952

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	616,331	539,387
Total	616,331	539,387

21. CONTINGENT LIABILITIES

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability for this year. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

22. 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 Multi-employer defined benefit pension schemes.

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

Contributions amounting to £64,883 were payable to the schemes at 31 August 2019 (2018 - £61,575) and are included within creditors.

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22. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £378,450 (2018 - £366,000) and at the year-end £50,490 (2018 - £46,884) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £209,000 (2018 - £209,000), of which employer's contributions totalled £170,000 (2018 - £168,000) and employees' contributions totalled

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22. PENSION COMMITMENTS (continued)

£39,000 (2018 - £41,000). The agreed contribution rates for future years are 20.10% 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 trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

As the scheme is in deficit, Lawrence Sheriff School has entered into an agreement with the LGPS to make additional contributions in addition to normal funding levels. The academy has agreed to pay future deficit reduction payments of £38,000 for the 19/20 academic year.

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.80 %	2.80 %
Rate of increase in salaries	2.90 %	3.00 %
Rate of increase for pensions	2.30 %	2.40 %

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

	2019	2018
Retiring today		
Males	21.4	22.5
Females	23.6	24.7
Retiring in 20 years		
Males	22.4	24.3
Females	25.0	26.7

	At 31 August 2019 £	At 31 August 2018 £
Sensitivity analysis - impact on obligation		
Discount rate - 0.5%	527,000	413,000
0.5% increase in salary increase rate	76,000	68,000
CPI rate +0.5%	439,000	339,000

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	1,555,000	1,427,000
Bonds	663,000	498,000
Property	306,000	271,000
Cash	25,000	69,000
Total market value of assets	<u>2,549,000</u>	<u>2,265,000</u>

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

	2019 £	2018 £
Interest on obligation	42,000	42,000
Current service cost	247,000	287,000
Past service cost	41,000	-
Total	<u>330,000</u>	<u>329,000</u>
Actual return on scheme assets	<u>80,000</u>	<u>276,000</u>

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.

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

	2019 £	2018 £
Opening defined benefit obligation	3,733,000	3,619,000
Interest cost	107,000	94,000
Employee contributions	39,000	41,000
Actuarial gains/(losses)	585,000	(243,000)
Benefits paid	(70,000)	(65,000)
Current service cost	247,000	287,000
Past service cost	41,000	-
Closing defined benefit obligation	<u>4,682,000</u>	<u>3,733,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Opening fair value of scheme assets	2,265,000	2,026,000
Interest income	65,000	52,000
Actuarial losses	80,000	43,000
Employer contributions	170,000	168,000
Employee contributions	39,000	41,000
Benefits paid	(70,000)	(65,000)
	<u>2,549,000</u>	<u>2,265,000</u>
Closing fair value of scheme assets	<u>2,549,000</u>	<u>2,265,000</u>

23. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	6,408	6,740
Between 1 and 5 years	6,128	15,931
Total	<u>12,536</u>	<u>22,671</u>

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

25. POST BALANCE SHEET EVENTS

In December 2018 Lawrence Sheriff School was successful in obtaining agreement, in principle, for the Selective Schools Expansion Fund award. In October 2019 an amount of £6.92m was agreed as funding for the programme. Construction of the new buildings will commence during 2019/20 and continue into 2020/21 with a planned completion date of August 2021. None of the associated income is recognised in these financial statements as, in the Governors' opinion, the conditions for recognising the grant were not met at the year end. No costs have been incurred before the award of the grant.

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NOTES TO THE FINANCIAL STATEMENTS
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26. AGENCY ARRANGEMENTS

The academy distributes bursary funds to students and trainee teachers as an agent for the ESFA and other DfE bodies. In the accounting period ending 31 August 2019 the following distributions took place:

The Trust received £12,047 (2018: £11,966) and disbursed £6,119 (2018: £7,395) from the fund. An amount of £17,943 (2018: £12,016) is included in other creditors relating to undistributed funds. The Trust also received £571,602 (2018: £356,574) and disbursed £526,838 (2018: £356,574) in relation to teacher training bursary and other bespoke training grants during the year. An amount of £78,305 (2018: £NIL) is included in other creditors relating in undistributed funds.

None of the above transactions are recognised in the academy's Statement of Financial Activities as they are considered to relate to agency arrangements.

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**NOTES TO THE FINANCIAL STATEMENTS
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27. TEACHING SCHOOL TRADING ACCOUNT

	2019 £	2019 £	2018 £	2018 £
INCOME				
DIRECT INCOME				
Grant income	50,107		43,500	
OTHER INCOME				
Additional income generated	54,247		42,204	
	<u> </u>		<u> </u>	
TOTAL INCOME		104,354		85,704
		<u> </u>		<u> </u>
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	50,497		49,523	
Consultancy	7,455		6,953	
	<u> </u>		<u> </u>	
TOTAL DIRECT EXPENDITURE	57,952		56,476	
OTHER EXPENDITURE				
Catering and room hire	7,372		11,148	
TOTAL EXPENDITURE		65,324		67,624
		<u> </u>		<u> </u>
SURPLUS FROM ALL SOURCES		39,030		18,080
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2018		52,402		34,322
		<u> </u>		<u> </u>
TEACHING SCHOOL BALANCES AT 31 AUGUST 2019		91,432		52,402
		<u> </u>		<u> </u>

28. MEMBERS' LIABILITY

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