

LIGHT HALL SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

Company Limited by Guarantee
Registration Number: 07687583
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, GOVERNORS AND ADVISORS

Members	Andrew Hobday Christine Thomas Elizabeth Baker
Governors	Annette Kimblin Christine Thomas, Chair Ann Hunter Stefan March (resigned 21 June 2018) Jane Spicer Joanna Tomkinson Elizabeth Baker Andrew Hobday Richard Hart Jacqueline Allen Andrew Johnson Jeff Hart (commenced on 10 July 2018) Janet Robert (commenced on 10 July 2018)
Senior Management Team:	
Headteacher	AB Kimblin
Deputy Head Teacher	R Barr
Assistant Head Teacher	R McCrainor
Assistant Head Teacher	R Hall
Assistant Head Teacher	S Brookes
Assistant Head Teacher	K Mohomed
Internal Auditor	Solihull Audit Services Solihull Metropolitan Borough Council PO Box 9 Solihull West Midlands B91 9QU
Principal and Registered Office	Hathaway Road Shirley Solihull West Midlands B90 2PZ
Company Registration Number	07687583
Independent Auditors	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank plc Poplar Road Solihull West Midlands B91 3AN
Solicitors	Browne Jackson Victoria Square House Victoria Square Birmingham B2 4BU

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates an academy for pupils aged 11 to 16. During the academic year 2017/18 there were 1,182 pupils on roll, with pupils attending from South Solihull, South Birmingham and further afield.

PRINCIPAL ACTIVITIES

The Academy Trust's principal activities are specifically restricted to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum.

The Academy Trust operates under a Funding Agreement issued by the Department for Education on 29 July 2011 and commenced operations on 1 August 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

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

The charitable company's Memorandum of Association and articles of association are the primary governing document of the academy trust.

The company was incorporated on 29 June 2011. On 1 August 2011 Light Hall School converted from specialist college to academy trust under the Academies Act 2010 and all the operations, and assets and liabilities were transferred to Light Hall School from the Governors of Light Hall School.

The Governors of Light Hall School are also the directors of the charitable company for the purpose of company law.

Details of the Governors who served during the year are included in the reference and administrative details on page 3.

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.

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business.

Method of Recruitment and Appointment or Election of Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and Governors for the purposes of charity legislation. The governors who were in office at 31 August 2018 and served throughout the year, except where shown, are listed on page 3.

The Members may appoint Governors but this will not be subject to any maximum. They may appoint staff Governors through such processes as they may determine. Provided that the total number of governors (including the Head Teacher), who are employees of the Academy Trust does not exceed one third of the total number of governors. The Head Teacher shall be treated for all purposes as being an ex-officio governor. There will be a minimum of 2 parent governors who shall be elected by parents of registered students at the Academy. The governors may appoint up to 3 co-opted governors.

Policies and Procedures adopted for the Induction and Training of Governors

New governors attend full governing body meetings and subsequently populate committees, often according to interests and personal expertise. Each new governor has a nominated mentor governor and training is offered each term by Governor Services and appropriate records are kept of this. Copies of policies, handbooks and literature are disseminated throughout the year.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Organisational Structure**

A unified leadership structure operates to help improve the way the Academy is run. The structure consists of Governors and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The governors are responsible for the strategic development of the Academy, adopting an annual School Improvement Plan (SIP) and budget, monitoring the Academy by the use of budgets and management accounts and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

To ensure an efficient and effective committee structure with the Academy's School Improvement Plan at its core, there are governor committees responsible for strategy and finance, pay and student discipline.

The core Senior Leadership Team is made up of the Head Teacher, Deputy Head Teacher and 4 Assistant Head Teachers. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Leaders are responsible for the authorisation of spending within agreed budgets and appointment of staff, though appointment boards for posts of the Head of Faculty and above appointments always contain a governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which the Head Teacher must countersign. The Head Teacher is the accounting officer in the academy. This is all detailed in the Financial Scheme of Delegation.

Trade union facility time**Relevant union officials**

There are no employees who were relevant union officials during the period.

Pay Policy for Key Management Personnel

Arrangements for setting the pay and remuneration of the academy's key management personnel are reviewed by the Strategy and Finance Committee and approved by the full Governing Body. The Academy has chosen to follow the pay arrangements for maintained schools in England and Wales for teachers and support staff. The Academy's teachers' pay policy is based on the nationally agreed pay scales as outlined in the School Teachers' Pay and Conditions Document. The Academy's support staff pay policy is based on the Solihull Metropolitan Borough Council pay structure which uses a nationally negotiated local government pay spine for its basis.

Connected Organisations, including Related Party Relationships

As part of its operation the Academy liaises with organisations such as the Local Authority as well as with other education providers and trainers such as local schools, further education institutions and universities and independent educational consultants. These links are maintained in the interests of supporting good practice and information sharing and consolidate well established mutually supportive associations. None of these relationships impact on the Academies operational policies.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**OBJECTIVES AND ACTIVITIES****Objects and Aims**

For the academic year 2017/18, the Academy's main objectives were encompassed in its mission statement and in the fulfilment of its motto 'The best from everyone, all of the time' which encompasses Light Hall's aspiration to be a leading, innovative academy, demonstrating excellence in all that it does.

Underpinning this are the core values of excellence, love of learning, high aspirations and expectations, sound moral compass, care and respect and active participation. Each of the leaves of the Light Hall 'tree' emblem represents one of these core values with excellence being the gold leaf, pointing to the sky.

The academy's aim is that every student leaves us, not only having achieved their full potential academically, but with a lifelong love of learning, a sound moral compass and high aspirations and expectations of themselves. Care and respect for others and our environment are the given norm at Light Hall and there is an expectation that everyone will participate actively and positively in the life of our learning community.

To this end the activities provided include:

- Tuition and learning opportunities for all students to attain the highest standard in academic qualifications
- Training opportunities for all staff, to encourage them to be effective models of learning and development
- Specialist activities in all curricular areas
- A programme of sporting and after-school extra curricular activities for all students to widen their experiences
- A system of pre and after-school clubs to allow students to develop as learners
- Community learning links that can support other learners in Shirley and surrounding areas

Objectives, Strategies and Activities

For the academic year 2017/18 the academy continued to follow the 2015/18 school improvement plan.

The main objectives for the year were stated in the School Improvement Plan 2015-18, along with actions required.

The overriding aims include:

- Students exceed expected levels of progress
- All leaders and managers are highly ambitious for pupils and lead by example
- There is a pursuit of excellence in all of the school's activities
- Learning and teaching are of the highest quality, all groups of students learn exceptionally
- Students have a real pride in the school, they demonstrate excellent conduct, well manners and punctuality. Parents, staff and pupils are reservedly positive about behaviour and safety.

Public Benefit

The governors have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this governors' annual report.

The Trust Governors have complied with the duty in the Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers and duties. In particular the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objective via a strong community role.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**STRATEGIC REPORT****Achievements and performance**

The academic year 2017/18 saw a continued trend of positive outcomes for our students.

Key Performance Indicators

72% of students achieved a grade 4 or better in English and maths, which is above the national average. 32% of all students achieved the English Baccalaureate, which is an increase on last year.

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Considerable work is undertaken in forecasting to ensure the continued financial viability of the academy. Governors play a key role in holding the Senior Leadership Team to account in key financial matters. This is demonstrated by both the Strategic and Finance Committees that operate.

	2018	2017
Pupil numbers	1,182	1,158
Staff costs as a % of revenue income received from ESFA	88%	85%
Staff costs as a % of total revenue grant income	87%	85%
Staff costs as a % of total costs	80%	78%
Capital expenditure per pupil	£388	£nil

Going Concern

After making appropriate enquiries, the Governing Body 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 its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Review of Activities

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities ("SORP 2015") such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £6,332,000 (2017: £6,327,000) was less than recurrent grant funding from the DfE together with other incoming resources. The surplus of income over expenditure before other recognised gains and losses was £261,000 (2017: £437,034 deficit).

At 31 August 2018 the net book value of fixed assets was £20,707,000 (2017: £20,589,557) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

Investments consists of short term deposits which have been classified as an investment as the academy's intention is to continue to re-invest these funds.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**FINANCIAL REVIEW****Reserves Policy**

The Governors review the reserves levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that an appropriate level of free reserves should be equivalent to 1 weeks expenditure approximately £100,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £453,000 (2017: £368,881).

The Academy's share of the Local Government Pension Scheme deficit is £1,610,000 as at 31 August 2018 (2017: £1,853,000). The Governors have agreed to fund this deficit in accordance with the recommendations of the latest actuarial valuation carried out on 31 August 2018. Further details are provided in note 27.

Investments Policy

The Governors' policy is to invest any surplus funds in low risk short term bank deposits.

Principle Risks and Uncertainties

The Governors have responsibility for assessing the strategic risks to which the Academy is exposed and have a risk register which produces a systematic analysis of all risks, placing them in priority order. It is reviewed annually and will be updated during the academic year 2018/19.

The governors are implementing a number of systems to assess the risks the Academy faces, especially in the strategic risk areas and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The Academy has an effective system of internal financial controls and this is explained in more detail in this report.

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

- Meeting requisite standards of education for students in core subjects;
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity commission and the National Curriculum;
- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and or financial commitments made without adequate authorisation; and
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.

The key controls used by the academy include:

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

Fundraising

The Academy trust does not fundraise for its core educational purpose and does not use professional fundraisers, although it does have:

- A charity policy for charity collections
- School fund that parents can make donations if they wish. No contributions have been received during 2017/18.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**PLANS FOR FUTURE PERIODS****Future Developments**

The main objectives for 2018/19 are stated in the School Improvement Plan.

Funds held as Custodian

The Academy and its Governors do not act as the Custodian Trustees of any other Charity or funds.

DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are aware of that information.

AUDITORS

UHY Hacker Young (Birmingham) LLP, were selected as the school's chosen auditors following a tendering process in 2016/17, to audit the accounts for the academic year 2017/18.

The Governors' Report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 6 December 2018 and signed on its behalf by:

.....

Christine Thomas
Chair of Governors

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

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

The board of governors has delegated the day-to-day responsibility to the Headteacher, Annette Kimblin, 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 Light Hall School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the Statement of Governors' Responsibilities. The board of governors has formally met 8 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of a Possible
Annette Kimblin	8	8
Christine Thomas, Chair	6	8
Ann Hunter	4	8
Stefan March	5	7
Jane Spicer	6	8
Joanna Tomkinson	6	8
Elizabeth Baker	7	8
Andrew Hobday	6	8
Richard Hart	8	8
Jacqueline Allen	8	8
Andrew Johnson	8	8
Jeff Hart	1	1
Janet Roberts	1	1

Governance Review

The Academy trust reviews its governance arrangements on an annual basis. A Governance review was undertaken by David Werry of National Governors Association. Key recommendations were:

- **Governors Action Plan.** This has been undertaken and shared with all Governors. Responsibilities have been allocated and a schedule of dates for visits into school collated. Governors now report back at each meeting with a meeting visit sheet logged and uploaded onto the website.
- **The Chair should undertake a 360 degree review.** This was undertaken and the findings shared with the Governing body.

The next self evaluation governance review is currently being completed and this will be presented to Governors in July 2019.

The **Pay Committee** is a sub-committee of the main governing body. Its purpose is to review the finances of the trust. Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of a Possible
Jane Spicer	1	1
Andrew Hobday	1	1
Richard Hart	1	1

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Review of Value for Money**

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

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

- We have made economic, efficient and effective use of all resources in order to produce satisfactory educational outcomes. Light Hall targeted measures, in the form of additional teaching periods and leadership support, to improve outcomes in all subjects. This practice was particularly successful in the core subjects of English and maths, where additional leadership support was used effectively with the result that attainment was good in both of these subjects.
- Our governors have strong oversight of all spending, advise on, and interrogate all major spending decisions. For example they closely monitored our spending on supply/cover staff and Sports Hall Building Improvement Works funded by the Conditional Improvement Fund this year.
- This year the trust has taken more steps to ensure better purchasing, again all service level agreements have been appraised and contracts have been renegotiated. Improved management of teaching staff and support staff absence and the continued use of an absence insurance policy have minimised the detrimental effect long term absence could have on our financial reserves. Examples of contracts tendered to new contractors this year that have resulted in improved services at reduced costs are: HR/Payroll Services contracted to Solihull Metropolitan Borough Council, External Audit, Accounting and Tax Services contracted to UHY Hacker Young LLP, Preferred Suppliers contracts with Teacher Supply Agencies.
- The trust has taken the opportunity to generate additional income through lettings.
- The trust has organised rigorous and regular controls to maximise the use of our assets. Governors are provided with an update on the management accounts at least twice a term, these are discussed in detail at each strategy and finance governors meeting. The Financial handbook is adhered to and termly scrutiny is undertaken by an external responsible officer.
- We are constantly reviewing our practice and operations in order to make our budget go further. With this in mind we are undertaking reviews (for implementation in 2018-19) of our reprographics contract, ICT support contract and have moved to the Department of Education National Framework for Teacher Supply Agencies.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Light Hall School for the year ended 31 August 2018 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

The Light Hall School 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 Resources and Premises 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 to appoint an internal auditor as responsible officer. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- payroll;
- purchasing and procurement;
- income; and
- general accounting and year end procedures.

On a regular basis, the internal auditor will visit the school to review specific areas of the systems of control and on the discharge of the board of governors financial responsibilities.

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Strategic and Finance Committee.

Approved by order of the members of the board of governors on 6 December 2018 and signed on its behalf by:



.....
Christine Thomas
Chair of Governors
6 December 2018



.....
Annette Kimblin
Accounting Officer
6 December 2018

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

.....

Annette Kimblin
Accounting Officer
6 December 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 the 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 6 December 2018 and signed on its behalf by:

.....*C Thomas*.....

Christine Thomas
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHT HALL SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of Light Hall School (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 2017 to 2018 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and 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 trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHT HALL SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

The governors are responsible for the other information. The other information comprises the information included in the governors' report, 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report (incorporating the strategic report and the governors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the governors' 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 set out on page 14, the governors (who are also the directors of the academy trust 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

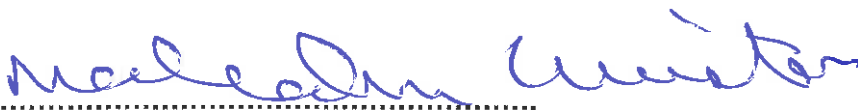
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIGHT HALL SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....
Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND
6 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LIGHT HALL SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 26 April 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017 to 2018 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Light Hall School and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 Light Hall School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Light Hall School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Light Hall School funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2017 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LIGHT HALL SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Approach (con't)**

Summary of the work undertaken was as follows:

- Analytical review of the Academy Trust's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy Trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy Trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- Formal representations obtained from the board of governors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or governors;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or governors;
- Review of income received in accordance with the activities permitted within the Academy Trust's charitable objectives.

Conclusion

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

UHY Hacker Young (Birmingham) LLP

Reporting Accountant

UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

6 December 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018
(Including Income and Expenditure Account)


		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
	Note					
Income from:						
Donations and capital grants	3	-	-	671	671	24
Charitable activities:						
- Funding for the Academy Trust's educational operations	4	-	5,824	-	5,824	5,788
Other trading activities	5	91	-	-	91	73
Investments	6	7	-	-	7	5
Total		98	5,824	671	6,593	5,890
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
- Academy Trust's educational operations	7 & 8	-	5,990	342	6,332	6,327
Other		-	-	-	-	-
Total	7	-	5,990	342	6,332	6,327
Net income/(expenditure)		98	(166)	329	261	(437)
Transfers between funds	17	(14)	5	9	-	-
Other recognised gains and losses						
Actuarial gain on defined benefit pension schemes	26	-	404	-	404	304
Net movement in funds		84	243	338	665	(133)
Reconciliation of funds:						
Total funds brought forward		369	(1,853)	20,637	19,153	19,286
Total funds carried forward	17	453	(1,610)	20,975	19,818	19,153

All of the Academy Trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>20,707</u>	<u>20,590</u>
		<u>20,707</u>	<u>20,590</u>
Current assets			
Debtors	13	268	159
Investments	14	853	500
Cash at bank and in hand		162	142
		<u>1,283</u>	<u>801</u>
Liabilities			
Creditors: Amounts falling due within one year	15	<u>(516)</u>	<u>(385)</u>
Net current assets		<u>767</u>	<u>416</u>
Total assets less current liabilities		21,474	21,006
Creditors: Amounts falling due after more than one year	16	(46)	-
Net assets excluding pension liability		<u>21,428</u>	<u>21,006</u>
Defined benefit pension scheme liability	27	(1,610)	(1,853)
Total Net Assets		<u><u>19,818</u></u>	<u><u>19,153</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	17	20,975	20,637
- Restricted income fund	17	-	-
- Pension reserve	17	(1,610)	(1,853)
Total restricted funds		<u>19,365</u>	<u>18,784</u>
Unrestricted income fund	17	<u>453</u>	<u>369</u>
Total unrestricted funds		<u>453</u>	<u>19,153</u>
Total Funds		<u><u>19,818</u></u>	<u><u>19,153</u></u>

The financial statements on pages 20 to 42 were approved by the governors and authorised for issue on 6 December 2018 and signed on their behalf by:

.....

Christine Thomas
Chair of Governors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	108	1
Cash flows from investing activities	21	(134)	20
Cash flows from financing activities	22	46	-
Change in cash and cash equivalents in the reporting period		<u>20</u>	<u>21</u>
Cash and cash equivalents at 1 September	23	142	121
Cash and cash equivalents at 31 August	23	<u>162</u>	<u>142</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Light Hall School meets the definition of a public benefit entity under FRS 102.

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 company 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

● Grants

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

● Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

● Donations

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

● Other income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

- **Donated goods, facilities and services**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

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 Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Leasehold buildings - gifted from local authority	2% - 4%
Furniture and equipment	25%
Computer equipment and software	25%

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

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

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13 and 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 instrument, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, 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 the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Pensions Benefits (cont'd)**

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the governors. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the governors have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the governors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018 (See note 17).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Devolved formula capital grant	-	24	24	24
CIF grant	-	647	647	-
	-	671	671	24

The income from donations and capital grants was £671,000 (2017: £24,000) of which £Nil (2017: £Nil) was unrestricted, £Nil (2017: £Nil) restricted and £671,000 (2017: £24,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	5,337	5,337	5,390
Pupil premium grant	-	341	341	347
Year 7 catch up grant	-	13	13	13
Other DfE/ESFA	-	40	40	38
	-	5,731	5,731	5,788
Other Government grants				
Special educational needs grant	-	36	36	-
Pupil premium grant	-	24	24	-
Other grants	-	33	33	-
	-	93	93	-
Other income from the academy trust's educational operations	-	-	-	-
	-	-	-	-
	-	5,824	5,824	5,788

The income from the Academy Trust's educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Lettings	62	-	62	49
Catering income	-	-	-	-
Trips income	-	-	-	-
Other Income	29	-	29	24
	91	-	91	73

The income from the Academy Trust's other trading activities was unrestricted for both 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest received	7	-	7	5
	<u>7</u>	<u>-</u>	<u>7</u>	<u>5</u>

The income from the Academy Trust's investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	-	-	-	-	-
Academy's educational operations					
- Direct costs	4,179	-	315	4,494	4,518
- Allocated support costs	865	656	317	1,838	1,809
	<u>5,044</u>	<u>656</u>	<u>632</u>	<u>6,332</u>	<u>6,327</u>

The expenditure was £6,332,000 (2017: £6,327,000) of which £Nil (2017: £Nil) was unrestricted, £5,990,000 (2017: £5,989,000) restricted and £342,000 (2017: £338,000) restricted fixed assets.

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Operating lease rentals	21	18
Depreciation	342	338
Fees payable to auditor for:		
- audit	8	9
- other services	2	2
	<u>2</u>	<u>2</u>

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	4,494	4,518
Support costs - educational operations	1,838	1,809
	<u>6,332</u>	<u>6,327</u>

Analysis of Support Costs

	Total 2018 £'000	Total 2017 £'000
Support staff costs	865	722
Depreciation	342	338
Technology costs	84	101
Premises costs	314	371
Other support costs	208	249
Governance	25	28
	<u>1,838</u>	<u>1,809</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

9 STAFF COSTS

	2018 £'000	2017 £'000
a Staff costs during the year were:		
Wages and salaries	3,692	3,660
Social security costs	364	362
Operating costs of defined benefit pension schemes	783	693
	<u>4,839</u>	<u>4,715</u>
Agency staff costs	184	189
Staff restructuring costs	21	-
	<u>5,044</u>	<u>4,904</u>
Staff restructuring costs comprise:		
Redundancy payments	8	-
Severance payments	13	-
Other restructuring costs	-	-
	<u>21</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,500 (2017: £Nil). There was one individual payment of £12,500 made on 31 December 2017.

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018 No	2017 No
Charitable Activities		
Teachers	74	83
Administration and support	51	50
Management	6	5
	<u>131</u>	<u>138</u>

d Higher paid staff

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

	No	No
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
	<u>4</u>	<u>4</u>

e Key management personnel

The key management of the Academy Trust comprise the governors and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £523,716 (2017: £516,009)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**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 Trust. The headteacher and other staff governors receive remuneration in respect of their contracts of employment as headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as governors. The value of trustee's remuneration and other remuneration was as follows:

	2018	2017
	£	£
Annette Kimblin		
Remuneration	85,000-90,000	85,000-90,000
Employers Pension Contributions	10,000-15,000	10,000-15,000
Jacqueline Allen		
Remuneration	25,000-30,000	25,000-30,000
Employers Pension Contributions	5,000-10,000	0-5,000
Andrew Johnson		
Remuneration	40,000-45,000	40,000-45,000
Employers Pension Contributions	5,000-10,000	5,000-10,000

During the year ended 31 August 2018 or 31 August 2017 there were no travel and subsistence expenses reimbursed to the governors in their role as governors.

Other related party transactions including governors are set out in note 28.

11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has opted into the Department of Education risk protection arrangement (RPA) scheme to protect governors' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. It is not possible to quantify the Governors and Officers indemnity from the overall cost of the RPA scheme. The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 September 2017	22,497	19	175	-	22,691
Additions	266	12	21	160	459
Disposals	-	-	-	-	-
At 31 August 2018	<u>22,763</u>	<u>31</u>	<u>196</u>	<u>160</u>	<u>23,150</u>
Depreciation					
At 1 September 2017	1,926	19	156	-	2,101
Charged in year	332	2	8	-	342
Disposals	-	-	-	-	-
At 31 August 2018	<u>2,258</u>	<u>21</u>	<u>164</u>	<u>-</u>	<u>2,443</u>
Net book value					
At 31 August 2018	<u>20,505</u>	<u>10</u>	<u>32</u>	<u>160</u>	<u>20,707</u>
At 31 August 2017	<u>20,571</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>20,590</u>

	2018 £'000	2017 £'000
13 DEBTORS		
Trade debtors	-	-
VAT recoverable	52	19
Other debtors	-	-
Prepayments and accrued income	216	140
	<u>268</u>	<u>159</u>

	2018 £'000	2017 £'000
14 CURRENT ASSET INVESTMENTS		
Investments	853	500

	2018 £'000	2017 £'000
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	297	158
Other Taxation and Social Security	91	95
Other creditors	75	75
Accruals	18	10
Deferred income	35	47
	<u>516</u>	<u>385</u>

Deferred Income

	2018 £'000	2017 £'000
Deferred income at 1 September 2017	47	31
Resources deferred in the year	35	47
Amounts released from previous years	(47)	(31)
Deferred income at 31 August 2018	<u>35</u>	<u>47</u>

Deferred income consists of £7,949 (2017: £10,666) received relating to trips occurring in 2018/2019, £10,198 (2017: £8,700) catering income received in advance and £17,242 (2017: £28,069) relating to rates relief income received in advance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
CIF loan	<u>46</u>	<u>-</u>

In 2017/18 the academy took out two ESFA approved CIF loans to support the refurbishment of the sports hall and replacement boiler. The loans are repayable over 8 years, starting September 2019, with an interest charge of 1.73% per annum.

17 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	5,337	(5,342)	5	-
Pupil premium grant (note ii)	-	365	(365)	-	-
Year 7 catch up grant (note iii)	-	13	(13)	-	-
Special needs grant (note iv)	-	36	(36)	-	-
Other DfE/ESFA grants (note v)	-	40	(40)	-	-
Other grants - (note vi)	-	33	(33)	-	-
	<u>-</u>	<u>5,824</u>	<u>(5,829)</u>	<u>5</u>	<u>-</u>
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	719	24	(34)	-	709
Fixed assets donation (note viii)	19,918	-	(302)	-	19,616
Capital expenditure from GAG (note ix)	-	-	(2)	9	7
CIF Grant (note x)	-	647	(4)	-	643
	<u>20,637</u>	<u>671</u>	<u>(342)</u>	<u>9</u>	<u>20,975</u>
Restricted pension scheme liability					
Pension reserve (note xii)	(1,853)	-	(161)	404	(1,610)
	<u>(1,853)</u>	<u>-</u>	<u>(161)</u>	<u>404</u>	<u>(1,610)</u>
Total restricted funds	18,784	6,495	(6,332)	418	19,365
Unrestricted funds					
Unrestricted funds (notes xi)	369	98	-	(14)	453
Total unrestricted funds	<u>369</u>	<u>98</u>	<u>-</u>	<u>(14)</u>	<u>453</u>
Total funds	<u>19,153</u>	<u>6,593</u>	<u>(6,332)</u>	<u>404</u>	<u>19,818</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**17 FUNDS (cont'd)****Notes**

- i) General Annual Grant must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2018 (see note 2).
- ii) Pupil Premium grant has been used to support children from low income families placed at the School.
- iii) Pupil Premium catch-up money was used for individual and small-group tuition for year 7 pupils to promote improvements with literacy and numeracy.
- iv) Special needs grant has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- v) Other DfE/ESFA grants relates wholly to rates relief.
- vi) Other grants relate to General Annual Grant income received from BCC for pupils that have transferred from another academy Trust.
- vii) Devolved formula capital and Academy capital maintenance grant has been used for a new replacement building and a new boiler.
- viii) Fixed asset donations are donated land and buildings from the local authority to the Academy on a 125 year lease at a pepper corn rent.
- ix) The gross transfer from the unrestricted general fund to the restricted fixed asset fund of £9,000 (2017: £Nil) represents the total additional capital expenditure funded from reserves.
- x) The restricted fixed asset CIF grant has been used to refurbish the sports hall roof, floor and lighting, as well as replace the schools boiler.
- xi) Unrestricted funds includes income from bank interest and lettings income. A transfer of £5,000 (2017:£126,958) has been made to cover restricted GAG expenditure.
- xii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

17 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	5,390	(5,517)	127	-
Pupil premium grant (note ii)	-	398	(398)	-	-
Other restricted income	-	-	0	-	-
	<u>-</u>	<u>5,788</u>	<u>(5,915)</u>	<u>127</u>	<u>-</u>
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	749	24	(53)	-	720
Fixed assets donation (note viii)	20,202	-	(285)	-	19,917
Capital expenditure from GAG (note ix)	-	-	-	-	-
CIF Grant (note x)	-	-	-	-	-
	<u>20,951</u>	<u>24</u>	<u>(338)</u>	<u>-</u>	<u>20,637</u>
Restricted pension scheme liability					
Pension reserve (note xii)	(2,022)	-	(135)	304	(1,853)
	<u>(2,022)</u>	<u>-</u>	<u>(135)</u>	<u>304</u>	<u>(1,853)</u>
Total restricted funds	18,929	5,812	(6,388)	431	18,784
Unrestricted funds					
Unrestricted funds (notes xi)	357	161	(22)	(127)	369
Total unrestricted funds	357	161	(22)	(127)	369
Total funds	19,286	5,973	(6,410)	304	19,153

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

17 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	10,727	(10,859)	132	-
Pupil premium grant (note ii)	-	763	(763)	-	-
Year 7 catch up grant (note iii)	-	13	(13)	-	-
Special needs grant (note iv)	-	36	(36)	-	-
Other DfE/ESFA grants (note v)	-	40	(40)	-	-
Other grants - (note vi)	-	33	(33)	-	-
	-	11,612	(11,744)	132	-
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	749	48	(88)	-	709
Fixed assets donation (note viii)	20,202	-	(586)	-	19,616
Capital expenditure from GAG (note ix)	-	-	(2)	9	7
CIF Grant (note x)	-	647	(4)	-	643
	20,951	695	(680)	9	20,975
Restricted pension scheme liability					
Pension reserve (note xii)	(2,022)	-	(296)	708	(1,610)
	(2,022)	-	(296)	708	(1,610)
Total restricted funds					
Unrestricted funds					
Unrestricted funds (notes xi)	357	259	(22)	(141)	453
Total unrestricted funds	357	259	(22)	(141)	453
Total funds	19,286	12,566	(12,742)	708	19,818

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	School Fund Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	-	20,707	20,707
Current assets	453	-	562	-	268	1,283
Current liabilities	-	-	(516)	-	-	(516)
Non current liabilities	-	-	(46)	-	-	(46)
Pension scheme liability	-	(1,610)	-	-	-	(1,610)
	453	(1,610)	0	0	20,975	19,818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Comparative information in respect of the proceeding period is as follows:
Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	20,590	20,590
Current assets	753	-	-	48	801
Current liabilities	(385)	-	-	-	(385)
Pension scheme liability	-	(1,853)	-	-	(1,853)
	368	(1,853)	0	20,638	19,153

19 CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	175	-
Authorised by governors, but not yet contracted	-	-

20 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2018 Other £'000	2017 Other £'000
Operating leases which		
- Within one year	21	21
- Within two to five years	13	37
	34	58

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

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the SOFA)	261	(437)
Adjusted for:		
Depreciation (note 12)	342	338
Capital grants from DfE and other capital income	(671)	(24)
Capital funding received from sponsors and others	-	-
Interest receivable	(7)	(5)
Interest payable	-	-
Defined benefit pension scheme cost less contributions payable (note 27)	114	91
Defined benefit pension scheme finance cost (note 27)	47	44
(Increase) in debtors	(109)	(11)
Increase in creditors	131	5
Net cash provided by operating activities	108	1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

22 CASH FLOWS FROM INVESTING ACTIVITIES

	2018	2017
	£'000	£'000
Interest received	7	5
Purchase of tangible fixed assets	(459)	-
Receipts of investment assets	(353)	(9)
Capital grants from DfE/ESFA	671	24
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(134)	20

23 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-	-
Cash inflows from new borrowing	46	-
Net cash provided by financing activities	46	-

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug	At 31 Aug
	2018	2017
	£'000	£'000
Cash in hand and at bank	162	142
Total cash and cash equivalents	162	142

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

26 MEMBERS' LIABILITY

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

27 PENSION AND SIMILAR OBLIGATIONS

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

The total pension cost to the Academy during the year ended 31 August 2018 was £783,231 (2017: £693,072) of which £432,231 (2017: £400,072) relates to the TPS and £351,000 (2017: £293,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**27 PENSION AND****Teachers' Pension Scheme****Introduction**

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employers pension costs paid to TPS in the period amounted to £432,231 (2017: £400,072).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £396,000 (2017: £338,000) of which employers contributions totalled £351,000 (2017: £293,000) and employees contributions totalled £45,000 (2017: £45,000). The agreed contributions for future years are 15.8% (2017: 15.8%) for employers and 5.5% to 7.5% (2017: 5.5% to 7.5%) for employees.

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

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2018 % per annum	At 31 August 2017 % per annum
Discount rate	2.7%	2.6%
Salary increases	3.8%	4.2%
Pension increase	2.3%	2.7%
Inflation assumption (CPI)		
Commutation of pensions to lump sums		

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2018 Approx £'000	At 31 August 2017 Approx £'000
Discount rate reduced by 0.1% per annum	97	100
Assumed pension increased by 0.1% per annum	88	84
Salary growth increased by 0.1% per annum	10	15

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.8
- Women	24.4	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.1	24.0
- Women	26.7	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	1,861	1,774
Debt instruments	321	313
Property	239	205
Cash	110	139
Other	411	372
Total market value of assets	2,942	2,803
Present value of scheme liabilities		
- Funded	(2,942)	(2,803)
- Unfunded	(1,610)	(1,853)
Total liabilities	(4,552)	(4,656)
Deficit in the scheme	1,610	1,853

The actual return on the scheme assets in the year was £33,000 (2017: £401,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	304	249
Interest income	(73)	(51)
Interest cost	120	95
Total operating charge	351	293

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (Continued)

	2018	2017
	£'000	£'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2017	1,853	2,022
Movement in year:		
- Employer service cost (net of employee contributions)	304	249
- Employer contributions	(190)	(158)
- Expected return on scheme assets	(73)	(51)
- Interest cost	120	95
- Actuarial gains	(404)	(304)
Deficit in the scheme at 31 August 2018	<u>1,610</u>	<u>1,853</u>

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

	2018	2017
	£'000	£'000
Scheme liabilities at 1 September 2017	4,656	4,288
Current service cost	304	249
Interest cost	120	95
Contributions by scheme participants	45	45
Benefits paid	(128)	(24)
Actuarial (gains)/losses	(445)	3
Scheme liabilities at 31 August 2018	<u>4,552</u>	<u>4,656</u>

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

	2018	2017
	£'000	£'000
Fair value of scheme assets at 1 September 2017	2,803	2,266
Expected return on scheme assets	73	51
Actuarial (losses)/gains	(41)	307
Contributions by employer	190	158
Benefits paid	(128)	(24)
Contributions by scheme participants	45	45
Fair value of scheme assets at 31 August 2018	<u>2,942</u>	<u>2,803</u>

The estimated value of employers contributions for the year ended 31 August 2019 is £191,000 (2018: £189,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**28 RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of accounts, other than certain governor's remuneration and expenses already discussed in note 10.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2017.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.