

Registered number: 07687235
(England and Wales)

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST

(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative details of the Academy, its members, Trustees and Advisors	1 - 2
Trustees' Report	3 – 9
Governance Statement	10 – 13
Statement on Regularity, Propriety and Compliance	14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report to the Board of Trustees of Lutterworth High School Academy Trust	16 – 17
Independent Reporting Accountant's Assurance Report on Regularity to Lutterworth High School Academy Trust and the Education Funding Agency	18 – 19
Statement of Financial Activities Incorporation Income & Expenditure Account	20
Balance Sheet	21
Statement of Cash Flows	22
Notes to the Financial Statements, incorporation Statement of Accounting Policies and Other Notes to the Financial Statements	23 – 45

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Janet Jones
Danni Gill (resigned 17 May 2016)
Richard Holding
Phillipa Clare

Trustees / Governors

Janet Jones	
Stephen Bettles	
Nora Parker	(retired 31 March 16)
Julian Kirby	(appointed 11 April 2016)
Richard Holding	
Penny Walker Barber	
Philippa Clare	
Lisa Smith	(resigned 17.5.16)
Danny Gill	(resigned 10.6.16)
Claire Clarke	
Joanne Holyland	

Company Secretary

Elaine Read

Senior Management Team

Nora Parker	Headteacher	(retired 31 March 2016)
Julian Kirby	Headteacher	(appointed 11 April 2016)
Jane Nicolle	Deputy Headteacher	
Richard Salter	Assistant Headteacher	
Amy Hunter	Assistant Headteacher	
Helene Chadwick	School Business Manager	(resigned 3 January 2016)
Elaine Read	School Business Manager	(appointed 4 January 2016)
Jackie Underwood	Operations Manager	(retired 15 July 2016)
Shirley Thompson	Operations Manager	(appointed 19 May 2016)

Company Name

Lutterworth High School Academy Trust

Principal and registered office

Woodway Road
Lutterworth
Leicestershire
LE17 4QH

Company registered number

07687235

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES
AND ADVISORS (continued)**
FOR THE YEAR ENDED 31 AUGUST 2016

Independent Auditors

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditor
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Bankers

Lloyds Banking Group
4 Bell Street
Lutterworth
Leicestershire
LE17 4DW

Solicitors

Legal Services
Leicestershire County Council
County Hall
Glenfield
Leicester
LE3 8RB

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates an Academy for pupils aged 11 to 16 serving a catchment area covering Lutterworth Town and the outlying villages, including borders of Warwickshire and Northamptonshire. In 2015/2016 the Academy extended its age range to include Key Stage 4. In September 2016 we will have our first cohort of Year 11 students. It has a pupil capacity of 771 and had a roll of 864 in the school census on October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Lutterworth High School Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Lutterworth High school Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lutterworth High School.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Members Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

Insurance cover is provided by QBE Insurance (Europe) Ltd. The cost of this insurance in the year was £879.

Method of Recruitment and Appointment or Election of Trustees

Members may agree unanimously to appoint additional members as they see fit and they may unanimously in writing agree to remove members other than a member appointed by the Secretary of State. Recruitment of Trustees is outlined in the Memorandum and Articles of Association. Members may appoint up to 6 Trustees. Trustees may Co-opt up to 3 Trustees. The appointment of Staff Trustees is via a process of a staff ballot. Appointment of Parent Trustees is made via parent election

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction of Trustees will depend on the skills and experience of each individual Trustee. The Academy has a contract with the LA Governor Development Service which provides Trustee training including induction training for new Trustees. As part of a local training group, the Academy co-ordinate the training locally for the Lutterworth family of schools, GDS providing bespoke training. The Academy has delegated the responsibility for Trustee training to a nominated Trustee (Janet Jones). A full log of Trustee training is maintained by the Clerk and feedback on training is shared with the Board of Trustees.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

The Board of Trustees meet at least annually to appoint new Members and to receive the annual accounts. The Board of Trustees meet at least 3 times per year and at each meeting they receive the minutes and reports of the following sub committees:-

1. Personnel and Finance – which meets at least 3 times per year
2. Health and Safety – which meets at least 3 times per year

The Teaching and Learning Committee now forms part of the full Board of Trustees meeting as it is important that all Trustees are involved in this area during such a critical time of age range change.

The day-to-day management of the school is delegated to the Headteacher who has appointed a Leadership Team who meet weekly to discuss both strategic and day-to-day responsibilities.

The Senior Leadership Team comprises the Headteacher, Deputy Headteacher, 2 Assistant Headteachers, an Operations Manager and the School Business Manager. The Senior Leadership Team direct the Academy at an executive level implementing policies agreed by the Trustees and reporting back to them.

Heads of Department are responsible for the day-to-day operation of curriculum subject areas and organisation of their teaching staff, capitation resources, facilities and students.

All staff within the management structure have delegated budgets and are responsible for the authorisation of spending within the agreed budgets.

The school had a change of Headteacher during April 2016 when the current Headteacher retired after 8 years of dedicated service. A new Headteacher was appointed and started in post on 11 April 2016.

A scheme of delegation has been approved which provides a clear line of delegation at all levels.

Arrangements for setting pay and remuneration of key management personnel

During 2015/2016 Lutterworth High School has seen a change to the Headteacher.

The pay remuneration was set after consultation between the Trustee's and the Academy's School Improvement Partner – Mr Michael Crane. A spot salary was agreed upon based on the benchmarking Mr Crane undertook comparing similar sized schools and the context of the school before agreeing the Headteacher pay grade.

Related parties and other connected charities and organisations.

Lutterworth High School is a standalone Academy with no connections to other organisations which may affect the operating policies. During 2015/2016 the school was a member of Challenge Partners and has a review each year to evaluate and assess teaching and learning. During the April 2016 Challenge Partners Review the school's outstanding judgement of January 2012 was reaffirmed.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

Objects and Aims

Lutterworth High School is smaller than the average-sized secondary school, currently for students aged 11-16. Most students (94%) are White British and a below average proportion is from minority ethnic heritages. A few students are of Traveller heritage. The proportion of students identified with disabilities and those with special needs and the proportion with a statement of special educational needs are well below average. The proportion of students eligible for free schools meals is very small in relation to schools nationally.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The Trustees believe that the Academy's admissions policy and its achievements and performance in the year (as outlined below) provide clear evidence that the Academy is meeting its obligations as a charity to deliver public benefit.

Objectives, Strategies and Activities

The Academy strap line "Where learning comes first" encapsulates the ethos of the school and they do everything in their power to ensure the best learning experience for all students, regardless of age, gender or ability, both inside and outside of the classroom.

During 2015/2016 extensive improvements/refurbishment have taken place to provide fresh, spacious learning spaces to complement the outstanding education provided. A new external canopy has been installed during the summer holidays to ease the congestion in the dining area.

During this academic year we educated our first cohort of Year 10 students. The school has achieved a smooth transition to teaching Key Stage 4.

The Academy welcomed a new Headteacher and two new members to the Senior Leadership Team.

Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. The Trustees consider that the Academy's aims are demonstrably for the public benefit.

STRATEGIC REPORT

Achievements and Performance

Students make outstanding progress and attainment at both Key Stage 3 and Key Stage 4. Attainment is high, even allowing for the relatively high prior attainment of students. All students perform above the county averages. Although KS3 levels are based on teacher assessments, the school participates in a rigorous moderation programme to ensure consistency. In the majority of subjects, girls out perform boys, although boys still achieve above national norms. The school has taken steps to address this gender gap through curriculum design and a wider variety of modes of assessment. Some curriculum areas have involved students in determining more 'boy-friendly' teaching strategies and content. The school has invested in a number of Kindles in an effort to encourage boys to read more. The use of iPads has greatly improved performance and engagement and this together with the refurbishment of the library, now called the Learning Hub, has enabled staff and students greater use and flexibility of mobile technology to assist learning.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The school underwent an age range change in 2015 (11-16); after a previous eighteen months of planning staff have now completed the first year of teaching GCSE to Year 10 students. Predicted grades are consistently high across all curriculum areas, FFT predict:

- Attainment 8 prediction B+
- 5 A*-C including English and Maths 82.76%
- SEN students are predicted 62% 5 A*-C including English and Maths
- PP students are predicted 100% 5 A*-C including English and Maths

At Key Stage 3 attainment levels and attitude to learning are tracked three times a year and appropriate intervention is put in place, particularly mentoring. Where students do not have KS2 data, they are assessed using a number of standardised tests, the results of which are then correlated to KS2 to facilitate target setting. In years 8 and 9 the school has implemented a new grading system using 8 descriptors which link to the key skills and knowledge within each curriculum area. In Year 9 the school is assessing using GCSE grades.

At Key Stage 4 attainment levels and attitude to learning are tracked six times a year and appropriate intervention is put in place by both the Progress Leader and subject staff.

Key Performance Indicators – Year 9 August 2015 GCSE Scores

		English				
Number	%	en4	en5	Yr6	Yr7	Yr8
188	All	29.79%	17.55%	14.89%	3.19%	0.53%
95	Female	26.32%	24.21%	22.11%	6.32%	1.05%
93	Male	33.33%	10.75%	7.53%	0%	0%

		Maths				
Number	%	ma4	ma5	ma6	ma7	ma8
188	All	18.62%	28.19%	13.30%	0.53%	0%
95	Female	16.84%	34.74%	16.84%	1.05%	0%
93	Male	20.43%	21.51%	9.68%	0%	0%

		Science				
Number	%	sc4	sc5	sc6	sc7	sc8
188	All	13.30%	25.53%	7.98%	6.91%	0%
95	Female	18.95%	23.16%	9.47%	9.47%	0%
93	Male	7.53%	27.96%	6.45%	4.30%	0%

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

The majority of the Academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the Statement of Financial Activities for the year ended 31 August 2016.

The Academy also receives grants for fixed assets from the DfE, and such grants when spent are shown in the Statement of Financial Activities in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in note 24 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and the Finance Regulations which lay out the framework for financial management, including financial responsibilities of the Board of Trustees, the Headteacher, School Business Manager, budget holders and staff, as well as delegated authority for spending.

Other policies include Charges and Lettings, Asset Management, Whistle Blowing and Risk Management policy.

Trustees have adopted the Internal Audit Systems Check carried out by the Responsible Officer.

A visit took place during April 2016, to ensure the necessary policies and procedures are in place as specified in the Academies Financial Handbook. A report was received by Board of Trustees.

During the year to 31 August 2016 total expenditure of £3,811,000 was more than covered by grant funding together with reserves.

This set of accounts shows the financial performance of the Academy Trust for the year ended 31 August 2016. The Statement of Financial Activities shows the Academy reported a deficit of £243,000 in this 12 month period.

Reserves Policy

The Personnel and Finance Committee have established a reserves policy to consider the maintenance of a minimum working reserve in order to minimise any financial risks facing the Academy, such as delays between spending and receipt of grants or unexpected emergencies. It aims to regularly review the nature of income and expenditure streams and the need to match income with commitments, to have regard to the potential liabilities which may arise in the event of a school merger or closure, to identify and maintain an appropriate level of free reserves, to consider and set aside funds for significant projects that cannot be met by future income alone.

At 31 August 2016 the total funds comprised:

Unrestricted		146,000
Restricted:	Fixed asset funds	7,053,000
	GAG	136,000
	Pension reserve	(943,000)
	Other	12,000
		<u>6,404,000</u>

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 24. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees, and represent 2 weeks' worth of Academy expenditure. The aim of the Trustees is to increase this reserve to finance the turbulence in funding through the transition of age range change.

Investment Policy

The investment policy can be found in the Financial Management Manual and ensures that the Academy monitor cash flow on a regular basis and ensure that surplus funds are deposited so as to maximise the interest, with a consideration to only invest in risk free and immediately accessible deposit accounts.

Principal Risks and Uncertainties

A thorough Risk Management Assessment has been conducted using guidelines provided by the EFA and has been assessed and approved via the Personnel and Finance Committee along with the Statement of Internal Control. The assessment identifies the types of risk the Academy faces, prioritising them into operational and financial impacts, assessing the likelihood of the occurrence and the impact that the occurrence will have on the Academy, putting in place controls to mitigate such risks. Whilst reviewed via the Personnel and Finance Committee on an annual basis the Risk Register is a live document which is reviewed regularly with Trustees and Management.

There continues to be 3 key risks for the Academy:-

1. LA Transport Policy changing with effect from September 2015, withdrawing some free transport for pupils who traditionally have received free transport.
2. Changes in funding with the introduction of the National Fair Funding Formula.
3. Lack of EFA funding in 2017/2018 due to transitional arrangements agreed by Leicestershire Schools Forum.

All risks have been identified within the risk register and action plans implemented to manage these risks. The Academy Trust practices through its Board, namely the Board of Trustees and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers

PLANS FOR FUTURE PERIODS

The Academy is still in its transitional phase of changing its age range to provide 11-16 education. This started with the first group of Year 10 students in September 2015. These Year 10 students will stay with us and continue into Year 11 from September 2016. The plans to increase the student numbers in the future have included created new teaching and learning spaces around the school site, installing an external canopy area, increasing the number of teachers and providing additional resources so that Lutterworth High school can provide an excellent KS3 and KS4 curriculum and learning environment.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Academy will strive to continue to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work in partnership with local schools to encourage a smooth transition for students through the key stages and improve the educational opportunities for students in the wider community.

The Academy is a member of the SCIT in Teaching Alliance and Thomas Estley Learning Alliance (TELA). The Academy is considering how it will move from being a single Academy Trust to becoming part of a Multi Academy Trust.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There were no funds held as Custodian Trustee on behalf of others.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company

directors, on 1 December 2016 and signed on the Board's behalf by:

.....
Janet Jones
Chair of Trustees

.....
Julian Kirby
Accounting Officer

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lutterworth High School Academy Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Janet Jones (Chair)	6	7
Stephen Bettles	5	7
Nora Parker	3	4
Julian Kirby	4	4
Richard Holding	5	7
Penny Walker Barber	5	7
Philippa Clare (Vice-chair)	6	7
Lisa Smith	0	7
Danny Gill	0	7
Claire Clarke	6	7
Joanne Holyland	6	7

During the year 2 Trustees resigned, 1 staff Trustee was appointed and 1 Trustee retired. A review of Governance is anticipated during 2016/17.

The Personnel and Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- support, decide and determine all matters concerning budgeting, finance, personnel and premises, including grounds and security, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity;
- to make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis; and
- major issues will be referred to the full Board of Trustees for ratification.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Janet Jones	3	3
Richard Holding	2	3
Philippa Clare	3	3
Nora Parker	2	3
Danni Gill	0	3
Stephen Bettles	2	3
Joanne Holyland	2	3
Julian Kirby	2	2

The Audit Committee is a function of the Personnel and Finance Committee. Its purpose is:

1. to review the Academy's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
2. to review management's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
3. to monitor the integrity of the Academy's internal financial control;
4. to monitor compliance with the Academy's financial policies, regulations and procedures;
5. to review the statement in the annual report and accounts on the Academy's internal controls and risk management framework; and
6. to assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks.

REVIEW OF VALUE FOR MONEY

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

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

- obtaining competitive quotations for all resources and improvements to the school;
- examining all Service Level Agreements to ensure that they offer Value for Money; and
- changing suppliers and negotiating better prices for some contracts eg. grounds maintenance.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Ensuring that the Trust gains good value for money, and effective and efficient use of resources

The Trustees and Senior Leadership Team apply the principles of best value when making decisions about:

- The allocation of resources to best promote the aims of the school;
- The targeting of resources to best improve standards and the quality of provision; and
- The use of resources to best support the various educational needs of students.

The Trust has developed procedures for assessing need and obtaining goods and services which provide "Best Value" in terms of suitability, efficiency, time, and cost.

Measures in place include:

- Competitive quotations / tendering procedures;
- Procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g suitability for purpose and quality workmanship);
- Purchases over £5,000 to £30,000 require three written quotations;
- For building works expected to cost in excess of £5,000, three quotations will be obtained; and
- All purchases including building works estimated to exceed £100,000 are put out to formal tender.

The Academy payroll is maintained by Leicestershire County Council, and detailed monthly reconciliations of payroll ensure that payments to staff are correct.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lutterworth High School Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA MacIntyre Hudson, the external auditor, to perform additional checks as part of the Responsible Officer Function.

The Responsible Officer's role includes giving advice on financial matters and agreeing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems; and
- testing of control account/bank reconciliations.

During April 2016 MHA MacIntyre Hudson visited the school and reported to the Board of Trustees, on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities, including the results of the above mentioned testing. No areas of significant weaknesses were identified.

REVIEW OF EFFECTIVENESS

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

- the internal audit work of the MHA MacIntyre Hudson;
- the work of the external auditor; and
- 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 Personnel and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 1 December 2016 and signed on its behalf by:

Janet Jones
Chair of Trustees

Julian Kirby
Accounting Officer

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Lutterworth High School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

.....
Julian Kirby
Accounting Officer

1 December 2016

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Lutterworth High School Academy Trust 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 Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:

.....
Janet Jones
Chair of Trustees

1 December 2016

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

We have audited the financial statements of Lutterworth High School Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Robert Nelson BA FCA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

11 Merus Court
Meridian Business
parkLeicester
LE19 1RJ

15 December 2016

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LUTTERWORTH HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lutterworth High School Academy Trust during the year 1 September 2015 to 31 August 2016 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 Lutterworth High School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lutterworth High School Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lutterworth High School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF LUTTERWORTH HIGH SCHOOL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANTS

The Accounting Officer is responsible, under the requirements of Lutterworth High School Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LUTTERWORTH
HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

- evaluating the internal control procedures and reporting lines, and testing as appropriate;
- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

11 Merus Court
Meridian Business
park Leicester
LE19 1RJ

15 December 2016

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
INCOME FROM:						
Donations and capital grants	2	-	-	-	-	14
Funding for the Academy Trusts educational operations	3	-	3,323	15	3,338	3,288
Other trading activities	4	215	12	-	227	188
Investments	5	3	-	-	3	5
TOTAL INCOME		218	3,335	15	3,568	3,495
EXPENDITURE ON:						
Raising funds	6	187	-	-	187	157
Academy Trust educational operations	7	-	3,403	221	3,624	3,380
TOTAL EXPENDITURE	8	187	3,403	221	3,811	3,537
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	31	(68)	(206)	(243)	(42)
		-	(208)	208	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		31	(276)	2	(243)	(42)
Actuarial losses on defined benefit pension schemes	24	-	(223)	-	(223)	(6)
NET MOVEMENT IN FUNDS		31	(499)	2	(466)	(48)
RECONCILIATION OF FUNDS:						
Total funds brought forward (as restated)	18	115	(296)	7,051	6,870	6,918
TOTAL FUNDS BROUGHT FORWARD (AS RESTATED)		146	(795)	7,053	6,404	6,870

The notes on pages 23 to 45 form part of these financial statements.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07687235

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	£000	2015 £000
FIXED ASSETS					
Tangible assets	14		7,053		7,051
CURRENT ASSETS					
Stocks	15	-		7	
Debtors	16	129		97	
Cash at bank and in hand		401		613	
		<u>530</u>		<u>717</u>	
CREDITORS: amounts falling due within one year	17	(236)		(235)	
NET CURRENT ASSETS			294		482
TOTAL ASSETS LESS CURRENT LIABILITIES			7,347		7,533
Defined benefit pension scheme liability	24		(943)		(663)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>6,404</u>		<u>6,870</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	148		367	
Restricted fixed asset funds	19	7,053		7,051	
Restricted income funds excluding pension liability		<u>7,201</u>		<u>7,418</u>	
Pension reserve	19	(943)		(663)	
Total restricted income funds			6,258		6,755
Unrestricted income funds	19		146		115
TOTAL FUNDS			<u>6,404</u>		<u>6,870</u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2016 and are signed on their behalf, by:

.....
Janet Jones
Chair of Trustees

.....
Julian Kirby
Accounting Officer

The notes on pages 23 to 45 form part of these financial statements.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>8</u>	<u>156</u>
Cash flows from investing activities:			
Interest from investments		3	5
Purchase of tangible fixed assets		<u>(223)</u>	<u>(190)</u>
Net cash used in investing activities		<u>(220)</u>	<u>(185)</u>
Change in cash and cash equivalents in the year		(212)	(29)
Cash and cash equivalents brought forward		<u>613</u>	<u>642</u>
Cash and cash equivalents carried forward	22	<u><u>401</u></u>	<u><u>613</u></u>

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The company's functional and presentational currency is British Pound Sterling (£).

The company is incorporated in the UK.

The registered office is Woodway Road, Lutterworth, Leicestershire, LE17 4QH.

First time adoption of FRS 102

These financial statements are the first financial statements of Lutterworth High School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Lutterworth High School Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Education Funding Agency.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

1.4 Expenditure

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

Expenditure on raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future 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.

1.6 Tangible fixed assets and depreciation

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

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

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	2% straight line per annum
Long leasehold land	-	Over the term of the lease
Property improvements	-	2% straight line per annum
Equipment	-	10% straight line per annum
Computer equipment	-	33% straight line per annum

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the bank.

1.10 Taxation

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

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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

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

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

1.14 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.16 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 annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 14 for the carrying amount of tangible fixed assets and note 1.6 for the useful economic lives for each class of assets.

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
Private charity donations	-	-	-	-	14

In 2015, the total income from donations and capital grants of, £14,000 was unrestricted income.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	2,944	2,944	2,852
Pupil Premium	-	77	77	79
Devolved formula capital	-	15	15	17
	-	3,036	3,036	2,948
Other government grants				
Other EFA/DfE grants	-	25	25	31
Local Authority grants	-	46	46	32
Other government grants	-	-	-	3
	-	71	71	66
Other funding				
School trip income	-	220	220	268
Other income	-	11	11	6
	-	231	231	274
	-	3,338	3,338	3,288

In 2015, the total income from charitable activities of £3,288,000 was restricted income.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
Rental income	9	-	9	7
School uniform sales	1	-	1	3
Catering income	186	-	186	154
Teacher placement income	4	-	4	2
Other income	15	12	27	22
	215	12	227	188

In 2015, the total income from other trading activities of, £185,000 was unrestricted income and £3,000 restricted income.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
Bank interest receivable	3	-	3	5
	<u>3</u>	<u>-</u>	<u>3</u>	<u>5</u>

In 2015, the total income from investments of £5,000 was unrestricted income.

6. COSTS OF OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
School uniform purchases	1	-	1	3
Catering expenditure	108	-	108	86
Catering staff costs	78	-	78	68
	<u>187</u>	<u>-</u>	<u>187</u>	<u>157</u>

In 2015, the total income from other trading activities, £157,000 was unrestricted income.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. CHARITABLE ACTIVITIES

	Total funds 2016 £000	Total funds restated 2015 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,742	1,600
National insurance	148	116
Pension cost	307	256
Depreciation	221	213
Educational supplies	66	43
Other direct costs	206	267
	2,690	2,495
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	376	330
National insurance	22	18
Pension cost	71	52
Pension finance costs (note 13)	25	23
Staff training	14	10
Recruitment and support	12	4
Maintenance of premises and equipment	98	116
Cleaning	4	3
Rates and water	22	32
Energy costs	43	50
Insurance	31	40
Security and transport	14	9
Catering	20	24
Legal and professional	32	40
Other support costs	130	117
Bank charges and interest	4	4
Governance costs	16	13
	934	885
	3,624	3,380

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. TOTAL RESOURCES EXPENDED

	Staff costs	Premises	Other costs	Total	Total
	2016	2016	2016	2016	2015
	£000	£000	£000	£000	£000
Expenditure on raising voluntary income	78	-	109	187	157
Activities:					
Direct costs	2,197	151	342	2,690	2,495
Support costs	494	181	259	934	885
	<u>2,769</u>	<u>332</u>	<u>710</u>	<u>3,811</u>	<u>3,537</u>

In 2016, of the total expenditure, £187,000 (2015 - £157,000) was from unrestricted funds and £3,609,000 (2015 - £3,380,000) was from restricted funds.

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	2015
	£000	£000
Depreciation charge		
Tangible fixed assets	221	213
Auditors remuneration	14	10
Operating lease rentals	1	1
	<u>236</u>	<u>224</u>

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	2,178	1,982
Social security costs	173	136
Operating costs of defined benefit pension schemes	389	317
	<u>2,740</u>	<u>2,435</u>
Supply teacher costs	4	5
Pension finance costs (note 13)	25	23
	<u>2,769</u>	<u>2,463</u>

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

	2016 No.	2015 No.
Teachers	40	36
Administration and support	42	48
Management	6	6
	<u>88</u>	<u>90</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	33	31
Administration and support	31	27
Management	6	6
	<u>70</u>	<u>64</u>

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

2016 2015

This information is confidential. To view the full set of accounts please visit the Companies House website www.companieshouse.gov.uk

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. STAFF COSTS (continued)

The Key Management Personnel of the Academy Trust comprise the Staff Trustees and the Senior Management Team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £237,958 (2015: £231,439).

11. TRUSTEES' REMUNERATION AND EXPENSES

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

2016	2015
£000	£000

This information is confidential. To view the full set of accounts please visit the Companies House website www.companieshouse.gov.uk

During the year, no Trustees received any reimbursement of expenses (2015 - nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £879 (2015 - £1,242).

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

13. PENSION FINANCE COSTS

	2016 £000	2015 £000
Interest income on pension scheme assets	35	29
Interest on pension scheme liabilities	(60)	(52)
	<u>(25)</u>	<u>(23)</u>

14. TANGIBLE FIXED ASSETS

	Long leasehold property £000	Long leasehold property improvements £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost					
At 1 September 2015	5,849	1,459	158	292	7,758
Additions	-	146	71	6	223
Disposals	-	-	-	(11)	(11)
At 31 August 2016	<u>5,849</u>	<u>1,605</u>	<u>229</u>	<u>287</u>	<u>7,970</u>
Depreciation					
At 1 September 2015 (as previously stated)	374	51	56	182	663
Prior year adjustment	44	-	-	-	44
At 1 September 2015 (as restated)	418	51	56	182	707
Charge for the year	101	30	20	70	221
On disposals	-	-	-	(11)	(11)
At 31 August 2016	<u>519</u>	<u>81</u>	<u>76</u>	<u>241</u>	<u>917</u>
Net book value					
At 31 August 2016	<u>5,330</u>	<u>1,524</u>	<u>153</u>	<u>46</u>	<u>7,053</u>
At 31 August 2015 (as restated)	<u>5,431</u>	<u>1,408</u>	<u>102</u>	<u>110</u>	<u>7,051</u>

15. STOCKS

	2016 £000	2015 £000
Goods for resale	<u>-</u>	<u>7</u>

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

16. DEBTORS

	2016 £000	2015 £000
Trade debtors	3	1
Other debtors	43	44
Prepayments	83	52
	<u>129</u>	<u>97</u>

17. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	18	79
Taxation and social security	56	41
Other creditors	43	42
Accruals and deferred income	119	73
	<u>236</u>	<u>235</u>

	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September 2015	32	44
Resources deferred during the year	97	32
Amounts released from previous years	(32)	(44)
Deferred income at 31 August 2016	<u>97</u>	<u>32</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips and various income in relation to the next academic year.

18. PRIOR YEAR ADJUSTMENT

The prior period adjustment reflects depreciation of long leasehold land from the date of conversion until 31 August 2015. The cumulative depreciation charge for the year ended 31 August 2015 amounted to £44,000. This adjustment has been made to align the Academy's accounting policy in this area with now generally accepted best practice in the sector. Total funds were previously stated at 31 August 2015 as £3,511,000.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS

	Brought Forward As restated £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General funds	115	218	(187)	-	-	146
Restricted funds						
General Annual Grant (GAG)	354	2,944	(2,954)	(208)	-	136
Other DfE/EFA grants	-	25	(25)	-	-	-
Pupil Premium	13	77	(78)	-	-	12
Other grants	-	46	(46)	-	-	-
Other income	-	243	(243)	-	-	-
Pension reserve	(663)	-	(57)	-	(223)	(943)
	(296)	3,335	(3,403)	(208)	(223)	(795)
Restricted fixed asset funds						
Restricted Fixed Asset Funds	7,051	15	(221)	208	-	7,053
Total restricted funds	6,755	3,350	(3,624)	-	(223)	6,258
Total of funds	6,870	3,568	(3,811)	-	(223)	6,404

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

General Annual Grant (GAG)

Funds from the Education Funding Agency for the provision of education, in line with the funding agreement.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Transfers of £208,000 from GAG funding to restricted fixed asset fund represents contributions towards the outdoor canopy and refurbishment to classrooms.

Other DfE/EFA Grants

Other funds provided by the DfE/EFA for particular purposes within the Academy's educational operations.

Pupil Premium

Additional funds from the Education Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS (continued)

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other grants

These are funds and grants received from the Local Authority and other institutions for use on specific educational projects.

Other income

These consist of income from all other sources to be used primarily for the Academy's educational operations.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

Restricted fixed asset fund

The restricted fixed asset fund was funded predominately by the funds inherited on conversion to an Academy Trust from the Local Authority following the transfer of assets. It includes further amounts invested in fixed assets.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds restated 2015 £000
Tangible fixed assets	-	-	7,053	7,053	7,095
Current assets	146	384	-	530	717
Creditors due within one year	-	(236)	-	(236)	(235)
Pension reserve	-	(943)	-	(943)	(663)
	<u>146</u>	<u>(795)</u>	<u>7,053</u>	<u>6,404</u>	<u>6,870</u>

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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

	2016 £000	2015 £000
Net expenditure for the year (as per Statement of financial activities)	(243)	(42)
Adjustment for:		
Depreciation charges	221	213
Returns on investments and servicing of finance	(3)	(5)
Decrease in stocks	7	2
(Increase)/decrease in debtors	(32)	28
Increase/(decrease) in creditors	1	(93)
Defined benefit pension scheme cost less contributions payable	32	30
Defined benefit pension scheme finance cost	25	23
Net cash provided by operating activities	8	156

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash in hand	401	613
Total	401	613

23. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	25	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £46,000 were payable to the schemes at 31 August 2016 (2015 - £37,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £246,000 (2015 - £196,000).

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £146,000 (2015 - £121,000), of which employer's contributions totalled £115,000 (2015 - £94,000) and employees' contributions totalled £31,000 (2015 - £27,000). The agreed contribution rates for future years are 21.8% for employers and 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate	2.00 %	3.70 %
Expected return on scheme assets	2.10 %	3.70 %
Rate of increase in salaries	3.10 %	4.50 %
Rate of increase for pensions in payment	2.10 %	2.60 %

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	269
1 year increase in member life expectancy	3%	64
0.5% increase in the Salary Increase Rate	4%	91
0.5% increase in the Pension Increase Rate	8%	171

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	866	580
Debt instruments	216	185
Property	108	97
Cash	12	18
Total market value of assets	1,202	880

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016	2015
	£000	£000
Net interest cost	(25)	(23)
Current service cost (net of employee contributions)	(147)	(124)
Total	(172)	(147)
Actual return on scheme assets	201	32

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

	2016	2015
	£000	£000
Opening defined benefit obligation	1,543	1,351
Interest cost	60	52
Contributions by employees	31	27
Actuarial losses	389	9
Current service cost	147	124
Benefits paid	(25)	(20)
Closing defined benefit obligation	2,145	1,543

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

	2016	2015
	£000	£000
Opening fair value of scheme assets	880	747
Interest income	35	29
Actuarial gains and (losses)	166	3
Contributions by employer	115	94
Contributions by employees	31	27
Benefits paid	(25)	(20)
Closing fair value of scheme assets	1,202	880

The Academy expects to contribute £123,000 to its Defined Benefit Pension Scheme in 2017.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts payable:		
Within 1 year	7	1
Between 2 and 5 years	13	-
Total	20	1

26. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the year of account.

27. ULTIMATE CONTROLLING PARTY

The Academy is ultimately controlled by the Board of Trustees, which includes the Headteacher.

28. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

29. 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 member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

30. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		6,951	6,870
Total funds reported under FRS 102		<u>6,951</u>	<u>6,870</u>

Reconciliation of net income (expenditure)	Notes	31 August 2015 £000
Net income previously reported under UK GAAP		3,522
Defined benefit pension scheme finance cost	A	15
Other item - user input		-
Net expenditure in funds reported under FRS 102		<u>3,537</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the Academy Trust accounted for an expected return on plan assets. FRS102 requires the expected return on scheme assets to be analysed between two components; interest income on plan assets and other actuarial gains on plan assets.

Under FRS102 the latter component of the expected return on scheme assets, other actuarial gains, is reported within actuarial gains and losses in the Statement of Financial Activities rather than being accounted for in arriving at net income or expenditure for the year, as it was under previous UK GAAP.

The effect of the change has been to reduce reported net income for the year. Actuarial losses for the year have decreased correspondingly. Net movement in funds reported in the year is unchanged.