

Registered number: 08963659 (England & Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Members**

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

**Governors**

Dennis Barnett (appointed 24 February 2016)  
Matthew Canale-Parola (appointed 20 September 2016)  
Michael Denny  
Jeffery Glenn  
Jackie Harborne  
David Howe<sup>1</sup>  
John Hutchison (resigned 20 September 2016)  
Peter Kent, Headteacher and Accounting Officer  
Kevin Mahon  
Ian Nichol<sup>1</sup>  
Sue Peach<sup>1</sup>  
David Suddens (resigned 24 September 2015)  
Gwen Temple, Deputy Headteacher  
Anthony Thomas<sup>1</sup>  
Paula Whitfield (appointed 17 March 2016)  
Eric Wood<sup>1</sup>

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

**Company registered number**

08963659

**Company name**

Lawrence Sheriff School Academy Trust

**Principal and registered office**

Clifton Road  
Rugby  
Warwickshire  
CV21 3AG

**Company secretary**

Gillian Ann Beardshaw (temporary appointment from 1 August 2016)  
Rebecca Crowther (resigned 31 July 2016)

**Headteacher**

Peter Kent

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ GOVERNORS AND  
ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**Senior Leadership Team**

Peter Kent, Headteacher and Accounting Officer  
Gwen Temple, Deputy Headteacher  
Dennis Barnett (retired 31 December 2015)  
Tony Bedgood  
Diane Halestrap  
Mike Hickling  
Teresa Mpofu

**Independent auditor**

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

**Bankers**

Barclays Bank plc  
Snowhill Queensway  
Birmingham  
B3 2WN

**Solicitors**

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

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The Academy provides education for a total of 891 students, comprising 594 students under 16 years of age and 297 Sixth Form students. The academy can accommodate a total of 940 pupils and operates within the catchment area of Rugby.

### **CONSTITUTION**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Governors of Lawrence Sheriff School Academy Trust are also the directors of the charitable company for the purpose of company law.

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

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

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

### **MEMBERS' LIABILITY**

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

### **GOVERNORS' INDEMNITIES**

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

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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

The total number of Governors is 14.

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

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

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

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

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**ORGANISATIONAL STRUCTURE**

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

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

The Full Governing Body meets three times in each academic year – once each term.

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

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

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

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

**PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

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

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

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

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**OBJECTIVES AND ACTIVITIES**

**OBJECTS AND AIMS**

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

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The main objectives of the Charitable Company are to:

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

**PUBLIC BENEFIT**

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

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

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

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

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

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**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

2015 - 16 has been another highly successful year for the academy. Examination results remained high, with 100% of students achieving 5 or more A\* - C grades including English and Mathematics and 63% achieving A\* - A grades. In January 2016 the school was ranked tenth in the country for the proportion of students achieving the English Baccalaureate. Despite the non-selective nature of the sixth form, A level results were also encouraging with 68% of students gaining A\* - B grades and over 95% of students progressing on to higher education.

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

2015 - 16 was our fourth year as a National Teaching School – a status which was gained in recognition of the high standards of teaching within Lawrence Sheriff School. The school works closely with approximately 100 schools and universities across the West Midlands on a range of projects as diverse as training the next generation of headteachers, courses on outstanding teaching and offering advice on how to make the best use of new technologies.

**KEY PERFORMANCE INDICATORS**

The academy provides education for a total of 891 students, comprising 594 students under 16 years of age and 297 Sixth Form students. The academy can accommodate a total of 940 pupils.

Examination results for 2016 were very pleasing. At A level, DfE performance tables show the average grade achieved by students is B-. The results for students taking GCSE examinations showed that 100% of students secured 5 or more passes at A\* to C, including English and Mathematics at that level.

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

**GOING CONCERN**

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

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

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**FINANCIAL REVIEW**

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

At the end of the current financial year the Academy funds stand at £7,445,919.

**Income**

The Academy has received, in the period, total DfE/EFA and other grant funding of £4,047,530 relating to GAG funding of £3,986,940 and other DfE/EFA grant funding of £60,590.

Also included in charitable income is income from Rugby School of £385,000, school trip income of £330,010 and Leadership Live income of £174,511.

**Expenditure**

Total staffing costs are £3,890,502. Of this £113,000 relates to the LGPS pension cost calculation with the remainder relating to actual salary and on costs (accounting for 67% of total expenditure). The next largest items of expenditure, excluding depreciation, are educational supplies, examination fees and educational consultancy which total £458,104. This equates to 8% of total expenditure.

The Academy held fund balances at 31 August 2016 of £7,445,919 comprising £259,830 of restricted fixed asset funds, £533,617 of restricted general funds (excluding the pension fund deficit of 2,333,000), and a restricted endowment fund of £8,985,472.

**RESERVES POLICY**

The Governors continually monitor the reserves of the Charitable Company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and reserves. The Governors have determined that the level of reserves of £533,617 is adequate for immediate needs.

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

**INVESTMENT POLICY AND PERFORMANCE**

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

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

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

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**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

The principal risks to which the academy is exposed are:

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

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

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

The pension scheme is reviewed by qualified actuaries on behalf of the academy. There is currently a deficit on this scheme as disclosed in Note 21. The Governors consider a significant source of financial risk to be that of the funding requirements of the Local Government Pension Scheme ("LGPS"). In order to mitigate this risk, the current and foreseeable service cost is monitored and periodic actuarial valuations are reviewed to assess the impact of external factors on the scheme liability.

**FUTURE DEVELOPMENTS**

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

**FUNDS HELD AS CUSTODIAN**

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

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

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**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

This report, incorporating the Strategic Report, was approved by order of the Board of Governors as the company directors, on \_\_\_\_\_ and signed on its behalf by:

**Anthony Thomas**  
Chair of Governors

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

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
Michael Denny	3	3
Jeffery Glenn	2	3
Jackie Harborne	3	3
David Howe	3	3
John Hutchison	1	3
Peter Kent, Headteacher and Accounting Officer	3	3
Kevin Mahon	3	3
Ian Nichol	3	3
Sue Peach	2	3
Gwen Temple, Deputy Headteacher	3	3
Anthony Thomas, Chair	3	3
Eric Wood	2	3
Dennis Barnett	3	3
Paula Whitfield	2	2

**Governance reviews**

The Governing Body evaluates its effectiveness and impact as part of the Annual General Meeting each September. Whilst the continuing academic success of the school is one indicator of the success of the Governing Body, it was also recognised that new demands would be made upon governance as the organisation converted to Academy Trust status. Mr Matthew Canale-Parola recently joined the governing body so that we could draw upon his professional expertise in the area of finance. The Department for Education have approved the school's application to be an academy sponsor and as a result Lawrence Sheriff will be sponsoring a newly constructed primary school on the Rugby Gateway site, due to open in September 2018. In light of this, the Governors identified a need for recent school leadership experience to assist the Governing Body on the strategic direction of the school. They invited Mr Dennis Barnett to become a Governor, following his retirement as an Assistant Headteacher, to support them through the next stage of the school's strategic plan.

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**GOVERNANCE STATEMENT (continued)**

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

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ian Nichol, Chair	3	4
Jeffery Glenn	2	4
Jackie Harborne	2	4
John Hutchison	0	4
Peter Kent	4	4
Gwen Temple	1	4
Anthony Thomas	2	4
Dennis Barnett	1	1
Paula Whitfield	1	1

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

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

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

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

- Since our conversion to academy status, we have used the time to reassess many of the contracts which had previously been agreed during our time as a maintained school. We found that we were paying inflated prices on some contracts and as a result we have been either renegotiating existing contracts, or getting new agreements drawn up for services and maintenance. This is something that will continue to be reviewed and monitored for the foreseeable future.
- We also became aware that we were spending an ever increasing proportion of our income on staff costs. As a result of this, we have reinforced the policy of not always replacing staff who leave to try and ensure maximum efficiency in the use of human resources.
- Whilst our Sixth Form continues to offer a broad curriculum of well over 20 subjects, we continue to review the choices that we offer. From September 2016 we have offered a BTEC course in Engineering, giving a broader range of students the opportunity to develop practical skills urgently required by the economy over the coming years. The course has proved popular and over 20 students are currently enrolled.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of

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**GOVERNANCE STATEMENT (continued)**

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those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lawrence Sheriff School Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2015 to 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 Governors.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Warwickshire County Council to undertake the Responsible Officer (RO) role as an internal reviewer.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the appointee reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities. The areas covered in the last 12 months include:

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

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

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

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

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

Approved by order of the members of the Board of Governors on \_\_\_\_\_ and signed on their behalf,  
by:

**Anthony Thomas**  
Chair of Governors

**Peter Kent**  
Accounting Officer

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Lawrence Sheriff School Academy Trust I have considered my responsibility to notify the academy 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.

**Peter Kent**  
Accounting Officer

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**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Governors on \_\_\_\_\_ and signed on its behalf by:

**Anthony Thomas**  
Chair of Governors

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

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

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

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITOR**

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

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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.

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

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

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

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

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

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

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

Dave Darlaston (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

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

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

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

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In accordance with the terms of our engagement letter dated 28 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lawrence Sheriff School Academy Trust during the year 1 September 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 Lawrence Sheriff School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lawrence Sheriff School Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lawrence Sheriff School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Lawrence Sheriff School Academy Trust's funding agreement with the Secretary of State for Education dated March 2014, and the Academies Financial Handbook extant from 1 September 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 conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company and specific transactions identified from our review.

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

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 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.

**Crowe Clark Whitehill LLP**

Reporting Accountant

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

Date:

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account)  
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations & capital grants:							
Transferred on conversion	2	-	-	-	-	-	9,252,755
Other donations and capital grants	2	-	73,019	21,168	-	94,187	94,308
Charitable activities	5	756,117	4,470,208	-	-	5,226,325	5,162,750
Other trading activities	3	149,166	-	-	-	149,166	197,756
Investments	4	9,199	-	-	-	9,199	7,478
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>914,482</b>	<b>4,543,227</b>	<b>21,168</b>	<b>-</b>	<b>5,478,877</b>	<b>14,715,047</b>
<b>EXPENDITURE ON:</b>							
Raising funds:							
Voluntary income		-	-	-	-	-	64,652
Fundraising trading		149,166	-	-	-	149,166	197,756
Charitable activities		662,629	4,686,427	76,562	222,267	5,647,885	5,897,546
<b>TOTAL EXPENDITURE</b>	6	<b>811,795</b>	<b>4,686,427</b>	<b>76,562</b>	<b>222,267</b>	<b>5,797,051</b>	<b>6,159,954</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>							
Transfers between Funds	17	102,687 (119,594)	(143,200) (62,658)	(55,394) 79,843	(222,267) 102,409	(318,174) -	8,555,093 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>							
		(16,907)	(205,858)	24,449	(119,858)	(318,174)	8,555,093
Actuarial losses on defined benefit pension schemes	21	-	(769,000)	-	-	(769,000)	(22,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(16,907)</b>	<b>(974,858)</b>	<b>24,449</b>	<b>(119,858)</b>	<b>(1,087,174)</b>	<b>8,533,093</b>
<b>RECONCILIATION OF FUNDS:</b>							
Total funds brought forward		16,907	(824,525)	235,381	9,105,330	8,533,093	-
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>-</b>	<b>(1,799,383)</b>	<b>259,830</b>	<b>8,985,472</b>	<b>7,445,919</b>	<b>8,533,093</b>

The notes on pages 24 to 46 form part of these financial statements.

**LAWRENCE SHERIFF SCHOOL ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08963659**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Tangible assets	12		11,890,296		12,088,114
Investments	13		533,617		616,544
			<u>12,423,913</u>		<u>12,704,658</u>
<b>CURRENT ASSETS</b>					
Debtors	14	234,848		221,362	
Cash at bank and in hand		326,827		469,889	
		<u>561,675</u>		<u>691,251</u>	
<b>CREDITORS:</b> amounts falling due within one year	15		<u>(670,850)</u>		<u>(767,527)</u>
<b>NET CURRENT LIABILITIES</b>			<u>(109,175)</u>		<u>(76,276)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>12,314,738</u>		<u>12,628,382</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16		<u>(2,535,819)</u>		<u>(2,644,289)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>9,778,919</u>		<u>9,984,093</u>
Defined benefit pension scheme liability	21		<u>(2,333,000)</u>		<u>(1,451,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>7,445,919</u>		<u>8,533,093</u>
<b>FUNDS OF THE ACADEMY</b>					
Endowment funds	17		8,985,472		9,105,330
Restricted income funds:					
Restricted income funds	17	533,617		626,475	
Restricted fixed asset funds	17	259,830		235,381	
		<u>793,447</u>		<u>861,856</u>	
Restricted income funds excluding pension liability			793,447		861,856
Pension reserve		<u>(2,333,000)</u>		<u>(1,451,000)</u>	
Total restricted income funds			<u>(1,539,553)</u>		<u>(589,144)</u>
Unrestricted income funds	17		-		16,907
<b>TOTAL FUNDS</b>			<u>7,445,919</u>		<u>8,533,093</u>

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

**Anthony Thomas**  
Chair of Governors

The notes on 24 to 46 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	<b>(52,936)</b>	239,140
<b>Cash flows from investing activities:</b>			
Interest received		9,199	7,478
Purchase of tangible fixed assets		<b>(101,011)</b>	(275,805)
Capital grants from DfE/EFA		21,168	20,644
Cash withdrawn from/(placed in) long term investments		82,927	(616,544)
Cash transferred on conversion		-	1,198,983
<b>Net cash provided by investing activities</b>		<b>12,283</b>	334,756
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<b>(102,409)</b>	(104,007)
<b>Net cash used in financing activities</b>		<b>(102,409)</b>	(104,007)
<b>Change in cash and cash equivalents in the year</b>		<b>(143,062)</b>	469,889
Cash and cash equivalents brought forward		469,889	-
<b>Cash and cash equivalents carried forward</b>	20	<b>326,827</b>	469,889

The notes on pages 24 to 46 form part of these financial statements.

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

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

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**1. ACCOUNTING POLICIES**

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

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

**First time adoption of FRS 102**

These financial statements are the first financial statements of Lawrence Sheriff 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 Lawrence Sheriff 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

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

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

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

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

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

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

**1.3 Company status**

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

**1.4 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Department for Education.

Endowment funds represent the land and buildings and associated bank loans owned by The Lawrence Sheriff School Foundation.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Income**

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

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

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

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

Donations are recognised on a receivable basis where there is certainty of receipt 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.

**1.6 Expenditure**

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

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

Charitable activities and Governance costs 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.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Going concern**

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

**1.8 Tangible fixed assets and depreciation**

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

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

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 not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Freehold land is not depreciated

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

**1.9 Investments**

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

**1.10 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.

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Taxation**

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

**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. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation.

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

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

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**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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.16 Accounting for agency arrangements**

The academy acts as an agent in distributing bursary funds and grants from the EFA and other government bodies. Payments received and subsequent disbursements to students and other organisations are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 24.

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.17 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 21, 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**

	<b>Restricted funds 2016 £</b>	<b>Restricted fixed asset funds 2016 £</b>	<b>Total funds 2016 £</b>	<i>As restated Total funds 2015 £</i>
Transfer of LA surplus on conversion	-	-	-	61,962
Transfer of pension scheme on conversion	-	-	-	(1,309,000)
Recognition of Lawrence Sheriff School Foundation assets on conversion	-	-	-	10,499,793
<b>Transferred on conversion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,252,755</b>
Donations	<b>73,019</b>	-	<b>73,019</b>	73,664
Capital Grants	-	<b>21,168</b>	<b>21,168</b>	20,644
<b>Subtotal</b>	<b>73,019</b>	<b>21,168</b>	<b>94,187</b>	<b>94,308</b>
	<b>73,019</b>	<b>21,168</b>	<b>94,187</b>	<b>9,347,063</b>

In 2015, of the total income from donations and capital grants, £61,962 was to unrestricted funds, £9,223,590 was to endowment funds, and £61,511 was to restricted funds.

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**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Other income	72,835	72,835	48,696
Hire of facilities and lettings	33,793	33,793	39,942
Provision of services	42,538	42,538	109,118
	<u>149,166</u>	<u>149,166</u>	<u>197,756</u>

In 2015, of the total income from other trading activities, £197,756 was to unrestricted funds and £ NIL was to restricted funds.

**4. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	9,199	9,199	7,478
	<u>9,199</u>	<u>9,199</u>	<u>7,478</u>

In 2015, of the total investment income, £7,478 was to unrestricted funds and £ NIL was to restricted funds.

**5. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Funding for educational operations (over page)	756,117	4,085,208	4,841,325	4,816,397
Rugby Lower School (Transfer) Act income	-	385,000	385,000	346,353
	<u>756,117</u>	<u>4,470,208</u>	<u>5,226,325</u>	<u>5,162,750</u>

In 2015, of the total income from charitable activities, £749,033 was to unrestricted funds and £4,413,717 was to restricted funds.

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**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	<i>As restated</i> Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	3,986,940	3,986,940	3,951,013
Other DfE/EFA grants	-	60,590	60,590	76,904
	-	4,047,530	4,047,530	4,027,917
<b>Other government grants</b>				
Local authority grants	-	37,678	37,678	39,447
	-	37,678	37,678	39,447
<b>Other funding</b>				
Trip income	330,010	-	330,010	314,237
Teaching school	178,470	-	178,470	188,381
Music Tuition Fees	41,105	-	41,105	43,939
Provision of transport	32,021	-	32,021	38,309
Leadership Live	174,511	-	174,511	164,167
	756,117	-	756,117	749,033
	756,117	4,085,208	4,841,325	4,816,397

In 2015, of the total income from charitable activities, £749,033 was to unrestricted funds and £4,067,364 was to restricted funds.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	<i>Total</i> 2015 £
Expenditure on fundraising trading	42,538	-	106,628	149,166	262,408
Direct costs	2,976,449	-	717,030	3,693,479	3,766,337
Support costs	871,515	300,811	764,585	1,936,911	2,115,395
Support costs: Governance	-	-	17,495	17,495	15,814
	3,890,502	300,811	1,605,738	5,797,051	6,159,954

In 2015, of the total expenditure, £1,017,175 was to unrestricted funds, £4,880,088 was to restricted funds, £40,424 was to restricted fixed asset funds, and £222,267 was to endowment funds.

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**7. SUPPORT COSTS**

	Charitable activities £	Governance costs £	Total 2016 £	Total 2015 £
Technology costs	26,932	-	26,932	78,164
Premises costs	300,811	-	300,811	409,606
Bank loan interest and charges	121,017	-	121,017	115,226
Other support costs	317,807	-	317,807	385,868
Auditor's remuneration	-	9,800	9,800	9,500
Auditor's non audit costs	-	7,695	7,695	6,314
Wages and salaries	610,532	-	610,532	608,097
National insurance	34,470	-	34,470	28,943
Pension cost	226,513	-	226,513	226,800
Depreciation	298,829	-	298,829	262,691
	<u>1,936,911</u>	<u>17,495</u>	<u>1,954,406</u>	<u>2,131,209</u>

**8. NET INCOMING RESOURCES**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	298,829	262,691
Auditor's remuneration - audit	9,800	9,500
Auditor's remuneration - other services	7,695	6,315
Interest paid on loans	121,017	115,226
Operating lease rentals	1,235	923
	<u>                    </u>	<u>                    </u>

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**9. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,979,783</b>	3,046,988
Social security costs	<b>249,655</b>	224,759
Operating costs of defined benefit pension schemes	<b>625,409</b>	577,167
	<b>3,854,847</b>	3,848,914
Supply teacher costs	<b>24,819</b>	19,724
Staff restructuring costs - severance payments	<b>10,836</b>	3,325
	<b>3,890,502</b>	3,871,963

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>48</b>	60
Administration and support	<b>43</b>	56
Management	<b>6</b>	6
	<b>97</b>	122

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	<b>3</b>	2
In the band £70,001 - £80,000	<b>1</b>	2
In the band £90,001 - £100,000	<b>1</b>	1
In the band £120,001 - £130,000	<b>1</b>	1

Included in staff restructuring costs is one (2015 - one) non-contractual severance payment totalling £10,836 (2015 - £3,325).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £494,323 (2015: £526,767).

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

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Remuneration	<b>1,300</b>	-

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

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Dr P Kent (Headteacher and trustee)	Remuneration	<b>107,210</b>	<i>107,640</i>
	Pension contributions paid	<b>17,668</b>	<i>15,189</i>
Ms G Temple (staff trustee)	Remuneration	<b>79,163</b>	<i>81,184</i>
	Pension contributions paid	<b>13,046</b>	<i>11,448</i>

Dr P Kent and Ms G Temple received benefits in kind amounting to £1,300 in the current year (2015 - £NIL) in relation to healthcare insurance.  
During the year, no Governors received any reimbursement of expenses (2015 - £NIL).

**11. GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,805 (2015 - £1,805).

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**12. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Fixtures, fittings and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	12,182,559	17,198	151,048	12,350,805
Additions	-	5,182	95,829	101,011
At 31 August 2016	<u>12,182,559</u>	<u>22,380</u>	<u>246,877</u>	<u>12,451,816</u>
<b>Depreciation</b>				
At 1 September 2015	225,982	3,266	33,443	262,691
Charge for the year	226,442	5,733	66,654	298,829
At 31 August 2016	<u>452,424</u>	<u>8,999</u>	<u>100,097</u>	<u>561,520</u>
<b>Net book value</b>				
At 31 August 2016	<u>11,730,135</u>	<u>13,381</u>	<u>146,780</u>	<u>11,890,296</u>
<i>At 31 August 2015</i>	<u>11,956,577</u>	<u>13,932</u>	<u>117,605</u>	<u>12,088,114</u>

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

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

**13. FIXED ASSET INVESTMENTS**

During the period, £533,617 (2015: £616,544) of cash held on deposit was earmarked for long term investment by the Trustees of the Foundation and so is shown within long term investments. The cash is readily accessible, within 3 months of the request for funds.

**14. DEBTORS**

	2016 £	2015 £
Trade debtors	22,418	17,256
Other debtors	56,080	100,077
Prepayments and accrued income	156,350	104,029
	<u>234,848</u>	<u>221,362</u>

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**15. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Bank loans	109,175	103,114
Trade creditors	165,139	157,234
Other taxation and social security	156,982	135,064
Other creditors	129,842	275,765
Accruals and deferred income	109,712	96,350
	<b>670,850</b>	<b>767,527</b>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	47,022	-
Resources deferred during the period	35,562	47,022
Amounts released from previous years	(47,022)	-
Deferred income at 31 August 2016	<b>35,562</b>	<b>47,022</b>

Included in deferred income are grants and other income received in advance of the following academic year.

**16. CREDITORS:**  
**Amounts falling due after more than one year**

	2016 £	2015 £
Bank loans	<b>2,535,819</b>	<b>2,644,289</b>

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

	2016 £	2015 £
Repayable by instalments	<b>2,081,232</b>	<b>2,290,223</b>

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

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

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**17. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
Unrestricted funds	16,907	914,482	(811,795)	(119,594)	-	-
<b>Endowment funds</b>						
Freehold land and buildings	11,852,733	-	(222,267)	-	-	11,630,466
Bank loan	(2,747,403)	-	-	102,409	-	(2,644,994)
	<u>9,105,330</u>	<u>-</u>	<u>(222,267)</u>	<u>102,409</u>	<u>-</u>	<u>8,985,472</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	3,986,940	(4,017,140)	30,200	-	-
Other DfE/EFA grants	-	98,268	(98,268)	-	-	-
Donations	-	73,019	(73,019)	-	-	-
Assets transferred on conversion	626,475	-	-	(92,858)	-	533,617
Rugby School income	-	385,000	(385,000)	-	-	-
Pension reserve	(1,451,000)	-	(113,000)	-	(769,000)	(2,333,000)
	<u>(824,525)</u>	<u>4,543,227</u>	<u>(4,686,427)</u>	<u>(62,658)</u>	<u>(769,000)</u>	<u>(1,799,383)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	235,381	21,168	(76,562)	79,843	-	259,830
Total restricted funds	<u>(589,144)</u>	<u>4,564,395</u>	<u>(4,762,989)</u>	<u>17,185</u>	<u>(769,000)</u>	<u>(1,539,553)</u>
Total of funds	<u><u>8,533,093</u></u>	<u><u>5,478,877</u></u>	<u><u>(5,797,051)</u></u>	<u><u>-</u></u>	<u><u>(769,000)</u></u>	<u><u>7,445,919</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. STATEMENT OF FUNDS (continued)**

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

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

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

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

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

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

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

**Analysis of funds by entity**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Lawrence Sheriff School Foundation - Endowment	<b>8,985,472</b>	9,105,330
Lawrence Sheriff School Foundation - Restricted	<b>533,617</b>	626,475
Lawrence Sheriff School	-	16,907
Total before fixed asset fund and pension reserve	<b>9,519,089</b>	9,748,712
Restricted fixed asset fund	<b>259,830</b>	235,381
Pension reserve	<b>(2,333,000)</b>	(1,451,000)
Total	<b>7,445,919</b>	8,533,093

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Endowment funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	259,830	11,630,466	11,890,296	12,088,114
Fixed asset investments	-	533,617	-	-	533,617	616,544
Current assets	-	561,675	-	-	561,675	691,251
Creditors due within one year	-	(561,675)	-	(109,175)	(670,850)	(767,527)
Creditors due in more than one year	-	-	-	(2,535,819)	(2,535,819)	(2,644,289)
Provisions for liabilities and charges	-	(2,333,000)	-	-	(2,333,000)	(1,451,000)
	- <u>          </u>	(1,799,383) <u>          </u>	259,830 <u>          </u>	8,985,472 <u>          </u>	7,445,919 <u>          </u>	8,533,093 <u>          </u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(318,174)	8,555,093
<b>Adjustment for:</b>		
Depreciation charges	298,829	262,691
Interest from investments	(9,199)	(7,478)
Decrease/(increase) in debtors	6,121	(221,362)
(Decrease)/increase in creditors	(122,344)	664,413
Capital grants from DfE and other capital income	(21,169)	(20,644)
Defined benefit pension scheme cost less contributions payable	58,000	70,000
Defined benefit pension scheme finance cost	55,000	50,000
Net (loss) on assets and liabilities from local authority on conversion	-	(9,113,573)
<b>Net cash (used in)/provided by operating activities</b>	<u>(52,936)</u>	<u>239,140</u>

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**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	<b>326,827</b>	469,889
Total	<b>326,827</b>	469,889

**21. PENSION COMMITMENTS**

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

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

Contributions amounting to £129,292 were payable to the schemes at 31 August 2016 (2015 - 120,458) 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 (previously 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.

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**21. PENSION COMMITMENTS (continued)**

- 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 £357,112 (2015 - £310,545).

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](http://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 £199,000 (2015 - £185,000), of which employer's contributions totalled £155,000 (2015 - £142,000) and employees' contributions totalled £44,000 (2015 - £43,000). The agreed contribution rates for future years are 20.9% for employers and between 5.5 and 12.5% for employees.

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

As the scheme is in deficit, Lawrence Sheriff School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels. The contribution levels which apply are as follows:

The academy has not yet agreed upon future lump sum deficit reduction payments for 16/17 onwards.

The Academy has not yet been advised of how many years, nor at what level, this contribution will continue at in future years.

Principal actuarial assumptions:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.00 %</b>	3.70 %
Rate of increase in salaries	<b>4.10 %</b>	4.50 %
Rate of increase for pensions	<b>2.10 %</b>	2.60 %

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**21. 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:

	<b>2016</b>	<i>2015</i>
Retiring today		
Males	<b>22.4 years</b>	<i>22.4 years</i>
Females	<b>24.4 years</b>	<i>24.4 years</i>
Retiring in 20 years		
Males	<b>24.3 years</b>	<i>24.3 years</i>
Females	<b>26.6 years</b>	<i>26.6 years</i>

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

	<b>Fair value at 31 August 2016 £000</b>	<i>Fair value at 31 August 2015 £000</i>
Equities	<b>1,044</b>	<i>748</i>
Bonds	<b>369</b>	<i>269</i>
Property	<b>177</b>	<i>140</i>
Cash	<b>16</b>	<i>12</i>
Total market value of assets	<b>1,606</b>	<i>1,169</i>

The actual return on scheme assets was £238,000 (2015 - £41,000).

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

	<b>2016 £</b>	<i>2015 £</i>
Interest on obligation	<b>55,000</b>	<i>50,000</i>
Current service cost (net of employee contributions)	<b>58,000</b>	<i>70,000</i>
Total	<b>113,000</b>	<i>120,000</i>

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

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**21. PENSION COMMITMENTS (continued)**

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

	<b>2016</b>	<i>2015</i>
	£	£
Opening defined benefit obligation	<b>2,620,000</b>	<i>2,252,000</i>
Interest cost	<b>102,000</b>	<i>88,000</i>
Contributions by employees	<b>44,000</b>	<i>43,000</i>
Actuarial losses	<b>960,000</b>	<i>25,000</i>
Current service cost	<b>213,000</b>	<i>212,000</i>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,939,000</b>	<i>2,620,000</i>
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Movements in the fair value of the academy's share of scheme assets were as follows:

	<b>2016</b>	<i>2015</i>
	£	£
Opening fair value of scheme assets	<b>1,169,000</b>	<i>943,000</i>
Interest income	<b>47,000</b>	<i>38,000</i>
Actuarial gains and (losses)	<b>191,000</b>	<i>3,000</i>
Contributions by employer	<b>155,000</b>	<i>142,000</i>
Contributions by employees	<b>44,000</b>	<i>43,000</i>
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Closing fair value of scheme assets	<b>1,606,000</b>	<i>1,169,000</i>
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**22. OPERATING LEASE COMMITMENTS**

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

	<b>2016</b>	<i>2015</i>
	£	£
<b>Amounts payable:</b>		
Within 1 year	<b>1,235</b>	<i>1,235</i>
Between 1 and 5 years	<b>2,147</b>	<i>3,382</i>
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Total	<b>3,382</b>	<i>4,617</i>
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Employment of Mrs V Nichol – member of immediate family of Mr I Nichol (a Governor of the Academy Trust):

- The trust employed the services of Mrs V Nichol on a temporary contract to assist with a period of change in the Finance Department. The appointment followed the standard procedures for a temporary role and Mrs V Nichol was subject to the standard safeguarding and disclosure checks as completed for any other employee of the school.
- Mr I Nichol neither participated in, nor influenced, the decision to appoint Mrs V Nichol.

The amount paid to Mrs V Nichol to 31 August 2016 amounted to £2,689.95. Of this, £845.30 was due to Mrs Nichol at 31 August 2016.

- In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2015

**24. AGENCY ARRANGEMENTS**

The academy distributes bursary funds to students and trainee teachers as an agent for the EFA and other DfE bodies. In the accounting period ending 31 August 2016 the following distributions took place.

The Trust received £4,405 (2015: £24,397) and disbursed £2,225 (2015: £10,635) from the fund. An amount of £15,942 (2015: £13,762) is included in other creditors relating to undistributed funds. The Trust also received and disbursed £128,000 in relation to teacher training grants during the year.

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

**25. 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.

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

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**26. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework, upon which the financial statements for the year ended 31 August 2015 were prepared, are not materially different to FRS 102 and have not impacted on reserves.

The only impact from transition was to the split between the actuarial gains or losses and the additional costs incurred from the pension scheme. The 31 August 2015 actuarial loss has been decreased by £18,000 to £22,000 with a corresponding increase to pension costs for the same amount. This has no impact on the restricted pension liability fund of £1,451,000.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.