
NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

D Gorvett
R Freeth
D Winter
S Wadsworth
D Lawson

Trustees

S Aspinall
R Matthews (appointed 7 September 2017)
J Mitchell
S Owen
C Sabin
E Semple
A J Turner (appointed 3 March 2018)
R Pearce
N Wells
M Walsh (resigned 7 September 2018)
S Boad (resigned 12 July 2018)
D Gorvett
R Freeth

Company registered number

09648936

Company name

North Leamington School

Principal and registered office

Sandy Lane, Blackdown, Leamington Spa, CV32 6RD

Senior management team

J Mitchell, Headteacher
M Atkins, Senior Assistant Headteacher
H Jones, Deputy Headteacher
L Kelman, Senior Assistant Headteacher
R Morey, Senior Assistant Headteacher
S Taylor, Senior Assistant Headteacher
A Woodward, Business Manager
A Hawkins, Deputy Headteacher
G Jephcote, Senior Assistant Headteacher
M Foye, Assistant Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditors

Moore Stephens LLP, 35 Calthorpe Road, Edgbaston, Birmingham, B15 1TS

Bankers

Lloyds Bank, 73 The Parade, Leamington Spa, Warwickshire, CV32 4BB

Solicitors

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

NORTH LEAMINGTON SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

North Leamington School is currently a standalone "empty" MAT. It has a pupil capacity of 1,500 students (including sixth form) and had a roll of 1,386 in the school census on 4 October 2018. The school draws students from approximately a 10 mile radius and they are admitted according to our admissions policy.

Structure, governance and management

a. CONSTITUTION

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

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Trustees of North Leamington School are also the directors of the charitable company for the purpose of company law.

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

The academy was incorporated on 20 June 2015 and commenced trading as an academy on 1 November 2016.

b. 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.

c. TRUSTEES' INDEMNITIES

From 1 November 2016 the academy opted into the risk protection arrangements with the Department for Education. The arrangement includes trustees' liability insurance and this is considered to qualify as third party indemnity insurance, as defined by section 234 of the Companies Act 2006.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Full details are set out within the Articles of Association which detail the type, number and process of appointing trustees.

- Member appointed trustees – up to 6
- Parent trustees – minimum of 2
- Co-opted trustees – no min/max stated

Member trustees are appointed by members. Under the articles, the Headteacher as CEO is also a member appointed. Parent trustees are appointed through election. Co-opted trustees are appointed by the existing trustees

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New Trustees are interviewed by either Chair or Vice-Chair and formally written to on appointment and supplied with relevant details of Governance. A meeting is held with the HR Manager and Clerk to the Governing Body who issue key documents including the Scheme of Delegation, Work Plan, Terms of Reference, strategic vision, School Improvement Plan and any other key documentation / policies. DBS checking is completed before starting and secure web access is set up. Further induction training is made available from both internal and external providers.

f. ORGANISATIONAL STRUCTURE

The Member Trustees have responsibility for North Leamington School, where duties are delegated to the following committees: Resources, Teaching and Learning and the Full Governing Body, they are identified within the Scheme of delegation and Terms of Reference which are regularly reviewed.

The Accounting Officer is also the Headteacher and is responsible for the financial operations and controls.

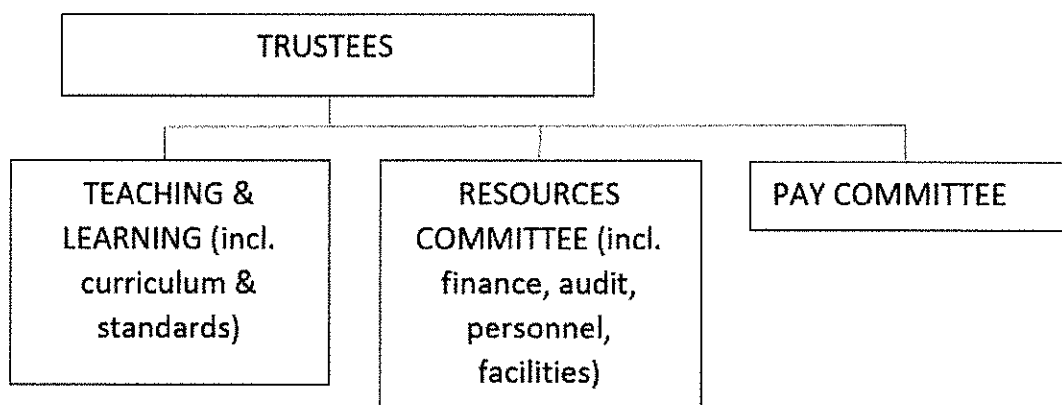
Delegation of financial responsibility is set out within the Company's Financial Regulations.

Leadership and Management across the school is delegated to the Headteacher and her Senior Leadership Team.

The Trustees maintain overall control for:

- Activities and performance of the company
- The appointment of trustees
- Headteacher, senior team appointments
- The approval of Annual Financial statements and budgets
- Ratifying policies and procedures

The Trustees, in the performance of its duties, pays due regard to the advice and information provided by the supporting committees.



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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

For the period 1st September 2017 to 31st August 2018 North Leamington School has adopted its pay policy based on the recommendations of the School Teachers' Pay and Conditions Document 2017 and the NJC national agreement on Pay & Conditions 1997.

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time **£**

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Objectives and Activities

a. OBJECTS AND AIMS

North Leamington School will continue to ensure a vibrant, ever-improving and outstanding learning community; one that offers fantastic opportunities to enthuse, engage and enrich the experiences of all its stakeholders. We will continue to engender a commitment to life-long learning in a very positive, dynamic and respectful environment; one that expects and supports personal excellence but in the context of dedication to the concept that "everyone matters equally".

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

North Leamington School is committed to continuing to:

- enhance teaching and learning which fulfils the needs of the individual
- provide high quality professional learning (CPD) that meets individual and school need
- engage all stakeholders in all aspects of school life and to celebrate achievement
- provide a stimulating, mutually respectful learning environment
- reflect upon and develop our values-driven practices in the context of a dynamic environment

....so that we can ensure outstanding teaching and learning, an outstanding learning community and the on-going provision of outstanding opportunities for all. Thus ensuring that the Trust fulfils its purpose as described in its governing document.

All of this is underpinned by our CORE and associated values:

- Commitment
- Opportunity
- Respect
- Excellence
- "It's all about the learning"
- "Everyone matters equally"
- "Believe and you will achieve"

The schools progress is regularly measured against a clear strategic, improvement plan which is regularly monitor by the Governing Body.

c. PUBLIC BENEFIT

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

In accordance with its charitable objectives, the Trust strives to advance the education of the students attending the school and provide sport and other recreational facilities for the benefit of the local community.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

Strategic Aim 1: To further enhance outstanding Teaching and Learning across the school.	Strategic Aim 2: To further enhance the development of an outstanding Learning Community.	Strategic Aim 3: To further enhance the outstanding personal development opportunities for all.
<p>1. To achieve challenging, aspirational targets for all students, including key groups.</p> <p>2. Effective stretch and challenge for all learners; visible in all lessons through flexible planning and delivery.</p> <p>3. All predictions are based on robust standardised assessments.</p> <p>4. All teachers continue to develop and embed active literacy strategies into their day to day teaching.</p> <p>5. To provide effective curriculum planning which responds to national changes and, based on identified needs, students have opportunity to follow a bespoke personalised pathway.</p> <p>6. Acute awareness of group profiles and ongoing AFL strategies (FB2FF/DTT/PLCs) to address gaps in learning through appropriate early intervention.</p>	<p>1. The school will continue to be outward facing, working closely with other schools to develop effective partnerships.</p> <p>2. To continue to develop strong shared leadership at all levels to achieve outstanding outcomes for all.</p> <p>3. Build staff resilience to achieve outstanding outcomes, both personally and for the students.</p> <p>4. Build academic and personal resilience across the student body through SBS, Learning Pit and Thinking Hard strategies.</p> <p>5. An "open door" ethos across the school which encourages sharing of best practice and celebrates success.</p>	<p>1. To continue to develop a culture and ethos for learning through World Class Basics (WCB), including attendance.</p> <p>2. All students are provided with opportunities to be challenged by the VT curriculum provision.</p> <p>3. Continue to develop leadership opportunities for students.</p>

The school has a detailed School Improvement Plan where the above priorities and key measures are broken down to key success criteria and actions for achieving the identified outcomes. The plan is reviewed by the Governing Body three times per year. This is also supported by key reports that are embedded within the Governing Body Work plan, such as budget, appraisal and results etc. We also have link governors attached to faculties, Colleges, and key areas such as Pupil premium, SEND, and safeguarding, who meet with relevant leaders to monitor and support progress and feedback where relevant through Governing Body meetings/committees throughout the school year.

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TRUSTEES' REPORT (continued)
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Key Stage 4 data:

Year 11	Attainment 8	50.2
Year 11	Progress 8	0.33
Year 11	% 9-5 Eng and Maths	48
Year 11	% 9-5 English	60
Year 11	% 9-5 Maths	58
Year 11	% EBACC	18%
Year 11	Progress 8 Lower	0.21
Year 11	Progress 8 Middle	0.38
Year 11	Progress 8 Higher	0.32

Key Stage 5 data:

Year 13	% A*-E	100%
Year 13	% A*-B	60%
Year 13	Points per entry	38.44
Year 13	Average Grade	B-

At Key Stage 4 attainment and achievement is outstanding because:

Over a 4 year period we have maintained our attainment significantly above the national average. Our progress has improved over this period and is now well above average.

At Key Stage 5 all attainment and achievement is outstanding. Attainment is above the national average with the average grade being B-. Progress is outstanding. Our LAT score of 0.31 is in the top 5% of schools nationally.

b. GOING CONCERN

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 Accounting Policies.

The trustees also recognise the current financial funding crisis affecting schools and are therefore taking active measures to reduce costs where possible including implementation of the following measures:

- External recruitment freeze for all non-essential posts
- Reviewing all posts as become vacant
- Continually reviewing services and looking for opportunities for shared services
- Investigating collaborative purchasing
- Reviewing external contracting arrangements

c. ACHIEVEMENTS AND PERFORMANCE

North Leamington School's funding is obtained from the Department for Education (DFE) via the Education and Skills Funding Agency (ESFA) in the form of Pupil Lead Funding and other recurrent grants, the use of which is in the main restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 18 and the associated expenditure are shown as restricted funds in the statement of Financial Activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

During the financial year 17/18 to 31st August 2018, there have been no major works undertaken to the premises, however there have been a number of smaller projects across the school in relation to building maintenance and ICT development.

A number of strategies have been implemented to identify areas where savings can be made with consortiums for leveraging purchasing decisions.

2018/19 is likely to be a challenging year as we face, increases in Teachers pay and pension contributions. Cost saving strategies will be ever more important as we look to the future of uncertainty regarding academy funding and future challenges with pupil numbers across our post 16 facility.

Financial review

The majority of funding is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018, and the associated expenditure, are shown as restricted funds in the statement of financial activities.

Unrestricted income comprises sports centre and other lettings revenue, music tuition income, donations and catering income.

During the year ended 31 August 2018, the trust's total expenditure was £21,183,033, including a £13,150,991 revaluation loss on the school land and building, to align the value of the assets with the ESFA valuation obtained during the year. Excluding this accounting adjustment then the costs would have been £8,032,042. The total incoming resources were £7,570,317 resulting in a net . This led to a net deficit in the year of £13,612,716; or £461,725 if the revaluation of the land and buildings is excluded.

The total expenditure in the previous year was £6,661,442 and total income was £43,552,172 including donated assets on conversion of £37,544,335; excluding this, the income is £6,007,837. The previous year's income and expenditure was for 10 months from 1 November 2016, when the school became an academy, extrapolating for 12 months, the expenditure and income for 2016/17 for comparison would be £7,209,404 and £7,993,730 respectively. Overall creditors fell from £494,497 at 31 August 2017 to £390,950 at 31 August 2018.

Cash at bank totalled £1,348,213 at the year end, which represents an increase of £29,719 compared to 31 August 2017. Debtors increased to £224,429 from £201,610 at 31 August 2017, primarily as a result of greater prepayments compared to the previous year.

The value of tangible fixed assets has decreased to £24,892,322 (2017 - £38,369,123). This reduction is primarily the result of the aforementioned £13,150,991 downward revaluation of the school land and buildings.

a. RESERVES POLICY

The trustees expect the school to hold contingency reserves from their annual GAG funding or other income awarded to or generated by the school. The policy of North Leamington School is to carry forward a prudent level of resources, designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

The trustees support the school's financial strategy to create a revenue reserve in order to fund future expenditure related to North Leamington School's long term aims and future strategic direction as a new MAT. As such, there is an annual capital expenditure plan, and a policy to transfer £50,000 annually into a contingency reserves fund. Due to our high specification facility, this is intended for future high cost expenditure, for example the resurfacing of the All Weather Pitch. Therefore, the balance on this fund at the year end was £100,000.

Under accounting standard FRS102 it is necessary to recognise projected deficits on the Local Government

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Pension Scheme, which is provided for non-teaching staff, to a specific restricted reserve. At 31 August 2018, the Local Government Pension Scheme (LGPS) liability was £2,353,000. This includes a reduction of £527,000 due to an actuarial gain. The net deficit on the pension reserve at the year end was £2,353,000. The Trust is making the standard pension contributions as required under the scheme to reduce the deficit, and would consider making additional lump sum deficit contributions.

b. MATERIAL INVESTMENTS POLICY

This is not a key priority at the moment to have a policy as we are currently investing fully in the school rather than holding money.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties identified through our risks register include the following priorities:

- National Funding formula – school cuts in real terms impact
- Failure to achieve funding targets 16-18 resulting in reduced allocation
- Exam results drop which results in loss of reputation
- Adverse media coverage which could impact on enrolment and reputation
- Failure to achieve planned pupil retention
- Increased competition from other schools resulting in 16-18 recruitment not being achieved

Fundraising

The trustees recognise the increasing need to raise additional funds to support tightening Government funding, and the need to conform to recognised regulations whilst doing so. Funds are mainly raised using the following methods:

- Ticket sales for attendance at school productions
- Voluntary contributions requested to support the cost of trips and visits

North Leamington School does not work with any commercial participators or professional fundraisers. Nor is it bound by any voluntary schemes or standards for regulating fundraising. NLS always gives due consideration to ensuring that potential donors are placed under pressure to donate; the school will not seek donations from vulnerable individuals and it does not partake in extensive fundraising activities. It did not receive any complaints in relation to its fundraising activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

a. FUTURE DEVELOPMENTS

Future Developments

Our Strategic Aim for 2018-19 is to deliver an outstanding learning community, which will be achieved by focussing on:

A – Teaching, learning and assessment development

B – A more flexible curriculum offer

C – Culture and ethos

D – Building the capacity of the school and its teams

.....so that we ensure outstanding outcomes for both students and staff.

Teaching, learning and assessment development	A more flexible curriculum offer	Culture and ethos	Building the capacity of the school and its teams
Embedding high quality first teaching for all	Curriculum offer through core, flexible, alternative, support, and entry level pathways	Consistent policy to practice	Development of middle leadership
Development of learning strategies, including: meta-cognition, SBS, Thinking Hard	Wider curriculum and enrichment	Safety and well-being of students and staff	Development of teams (Faculty and College)
Improving outcomes for key groups, including: Disadvantaged and SEND		Leadership development of staff and students	Continue to develop partnerships
Literacy and Numeracy development		Continue to develop a culture of positive engagement and high aspiration	Budget for maximum impact
Targeted intervention for maximum impact		World class basics embedded across the school	GDPR practice embedded across the school
Standardisation and moderation of assessment			Improve marketing and communication

Strategic Vision

The future of North Leamington School is secure and sustainable.

We will continue to be outward facing and not work in isolation. We will continue to look to develop strong partnerships with local schools and secure more formal partnerships where appropriate. We will continue to build on the school's culture and ethos as a strong community school.

Desired Outcomes:

- All stakeholders engage fully with the school's CORE values
- All stake holders strive to be the very best version of themselves and reach their full potential
- Whole school targets to be achieved

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Long Term Vision:

To further enhance outstanding Teaching and Learning across the school	To further enhance the development of an outstanding Learning Community	To further enhance outstanding personal development opportunities for all students
<p>Classroom environments foster creative learning and confidence & build growth mind sets & resilience</p> <p>All teaching and learning is outstanding</p> <p>Students and staff join together in lessons with a shared vision to maximise teaching and learning</p> <p>Parents/carers fully support/are actively engaged in their children's learning, school systems and principles</p> <p>Students are engaged and independent learners</p> <p>The whole community, students, staff and parents are focused on the learning journey</p> <p>Data is consistent in its format, transparent to all stakeholders and laser sharp, informing/supporting outstanding teaching, learning and outcomes</p> <p>All students are stretched and challenged so that they fulfil their potential</p> <p>Personalisation at all levels, including curriculum level</p> <p>The school is highly valued by the community</p> <p>Laser sharp provision/support to meet the needs of all learners, including those who are most vulnerable</p> <p>All teaching and learning is outstanding</p>	<p>Maximise opportunities to create and sustain effective partnerships</p> <p>The school supports and develops the highest quality staff body; a flagship school with effective succession planning</p> <p>Through the MAT process the school leads change in the local community through strong partnerships</p> <p>School systems are robust and secure</p> <p>Judged as outstanding</p> <p>The school is the school of choice in the community</p>	<p>Students at all stages are equipped with strong basics and the learning skills needed to maximise their learning potential and be life-long learners</p> <p>Students are prepared for adult life, having learned in school the values and attributes needed to make a positive contribution to society</p> <p>World class transition which supports all students' needs</p> <p>The school offers a wide range of curricular and extra-curricular opportunities, enabling all students to be well rounded individuals</p> <p>There is full engagement with all opportunities available in the community</p> <p>The school is fully inclusive and celebrates it at every opportunity</p> <p>Students are successful in reaching aspirational destinations in higher and further education and future employment</p> <p>Students are aware of how they contribute to the achievements of the whole school</p> <p>Students and staff feel happy and safe at school</p>

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDS HELD AS CUSTODIAN

The academy and its governors do not act as the Custodian trustees of any other Charity or funds.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2018 and signed on its behalf by:



R Freeth
Vice Chair of Trustees

NORTH LEAMINGTON SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between North Leamington School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Aspinall	5	5
S Boad	2	5
R Freeth	4	5
D Gorvett	3	5
R Matthews	2	4
J Mitchell	5	5
S Owen	5	5
R Pearce	4	5
C Sabin	2	5
E Semple	5	5
A J Turner	1	1
M Walsh	2	4
N Wells	3	5

During the year the board conducted a skills audit with a view to establishing areas where further expertise was needed. The aim is to use this to support with recruitment of future trustees, ensuring the most appropriate appointments are made. This will also be used to identify relevant CPD to address gaps in knowledge. All trustees complete agreed CPD units as part of the NGA online training programme each term.

The Resources Committee is a sub-committee of the main board of trustees. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
D Gorvett	0	5
R Freeth	5	5
C Sabin	1	5
E Semple	5	5
J Mitchell	5	5
S Owen	4	5
R Pearce	5	5
N Wells	5	5

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- The production of a new Financial Regulations Manual. This has been implemented creating improved robustness of internal financial controls and greater accountability for individual budget holders to manage expenditure in line with budgets.
- Undertaking a full and detailed review of the curriculum and associated staffing requirement in order to ensure the staff resource is appropriate.
- Fully reviewing the support staff structure to ensure it is fit for purpose and jobs are scaled appropriately.
- Regular review of facilities contracts to ensure suppliers are competitive and the appropriate mix of preventative vs reactive maintenance.
- Seeking additional funding opportunities and grants to maximise staff training, international opportunities, music facilities and careers education.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in North Leamington School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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 trustees has considered the need for a specific internal audit function and during the current year the resources committee has taken on this role as part of its terms of reference. The board of trustees have appointed an independent internal auditor for the 2018/19 financial year and they are due to undertake their first review in January 2019.

The resources committee's role during the year included giving advice on financial matters and performing a range of checks on the academy's financial systems.

On a termly basis, the resources committee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

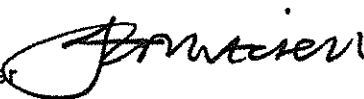
- the work of the resources committee;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 13 December 2018 and signed on their behalf, by:


R Freeth
Vice Chair of Trustees

J Mitchell
Accounting Officer



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of North Leamington School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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


J Mitchell
Accounting Officer

Date: 13 December 2018

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 13 December 2018 and signed on its behalf by:



R Freeth
Vice Chair of Trustees

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL

OPINION

We have audited the financial statements of North Leamington School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF NORTH LEAMINGTON SCHOOL

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Nicholas Simkins (Senior statutory auditor)

for and on behalf of

Moore Stephens LLP

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 19/12/2018

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTH
LEAMINGTON SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Leamington School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to North Leamington School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to North Leamington School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than North Leamington School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF NORTH LEAMINGTON SCHOOL'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of North Leamington School's funding agreement with the Secretary of State for Education dated 14 October 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

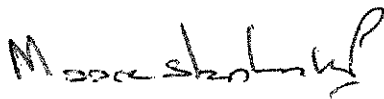
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO NORTH
LEAMINGTON SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

CONCLUSION

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



Nicholas Simkins

Moore Stephens LLP

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

Date: 19/12/2018

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	9,024	-	99,022	108,046	37,544,335
Charitable activities	3	302,088	7,014,809	-	7,316,897	5,905,410
Other trading activities	4	144,772	-	-	144,772	101,585
Investments	5	602	-	-	602	842
TOTAL INCOME		456,486	7,014,809	99,022	7,570,317	43,552,172
EXPENDITURE ON:						
Raising funds		9,072	-	-	9,072	9,695
Charitable activities		315,809	7,212,069	13,646,083	21,173,961	6,651,747
TOTAL EXPENDITURE	7	324,881	7,212,069	13,646,083	21,183,033	6,661,442
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	131,605 (70,260)	(197,260) -	(13,547,061) 70,260	(13,612,716) -	36,890,730 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		61,345	(197,260)	(13,476,801)	(13,612,716)	36,890,730
Actuarial gain/(losses) on defined benefit pension schemes	24	-	527,000	-	527,000	(84,000)
NET MOVEMENT IN FUNDS		61,345	329,740	(13,476,801)	(13,085,716)	36,806,730
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,025,607	(2,588,000)	38,369,123	36,806,730	-
TOTAL FUNDS CARRIED FORWARD		1,086,952	(2,258,260)	24,892,322	23,721,014	36,806,730

North Leamington School converted on 1 November 2016, so the income and expenditure for the year ending 31 August 2017 is for a 10 month period. Therefore, the SOFA amounts are not directly comparable.

The notes on pages 27 to 51 form part of these financial statements.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 09648936

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	2017 £
FIXED ASSETS				
Tangible assets	16		24,892,322	38,369,123
CURRENT ASSETS				
Debtors	17	224,429	201,610	
Cash at bank and in hand		1,348,213	1,318,494	
		<u>1,572,642</u>	<u>1,520,104</u>	
CREDITORS: amounts falling due within one year	18	(390,950)	(494,497)	
NET CURRENT ASSETS			<u>1,181,692</u>	<u>1,025,607</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,074,014</u>	<u>39,394,730</u>
Defined benefit pension scheme liability	24	(2,353,000)	(2,353,000)	(2,588,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>23,721,014</u></u>	<u><u>36,806,730</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	20	94,740	-	
Restricted fixed asset funds	20	24,892,322	38,369,123	
Restricted income funds excluding pension liability		24,987,062	38,369,123	
Pension reserve		<u>(2,353,000)</u>	<u>(2,588,000)</u>	
Total restricted income funds		22,634,062	35,781,123	
Unrestricted income funds	20	1,086,952	1,025,607	
TOTAL FUNDS			<u><u>23,721,014</u></u>	<u><u>36,806,730</u></u>

The financial statements on pages 24 to 51 were approved by the Trustees, and authorised for issue, on 13 December 2018 and are signed on their behalf, by:



R Freeth
Vice Chair of Trustees

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>99,377</u>	<u>1,412,511</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		602	842
Purchase of tangible fixed assets		(98,510)	(106,142)
Capital grants from DfE Group		<u>28,250</u>	<u>11,283</u>
Net cash used in investing activities		<u>(69,658)</u>	<u>(94,017)</u>
Change in cash and cash equivalents in the year		29,719	1,318,494
Cash and cash equivalents brought forward		<u>1,318,494</u>	<u>-</u>
Cash and cash equivalents carried forward	23	<u><u>1,348,213</u></u>	<u><u>1,318,494</u></u>

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

North Leamington School constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

North Leamington School is a private company limited by guarantee, registered in England and Wales (company number 09648936) and domiciled in England. The address of the registered office is Sandy Lane, Blackdown, Leamington Spa, CV32 6RD.

The members of the company are listed on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member.

The financial statements are presented for the academy as a single entity. The financial statements are presented in Sterling (£), which is the academy's functional currency, and are rounded to whole pound.

1.3 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 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 incorporating income and expenditure account 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 incorporating income and expenditure account 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.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.5 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Termination payments

Redundant employees are paid an ex-gratia lump sum in accordance with statutory requirements. Any amounts outstanding at the year end due to either the redundant employees or pension strain are included in other creditors.

Before redundancies are made, a formal process is followed to ensure that the process is fair and complies with appropriate legislation.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	Over 125 years
Leasehold property	-	Over 50 years
Furniture and fixtures	-	over 10 years

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

1.8 Operating leases

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

1.9 Debtors

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

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at fair value. The face value of cash is considered to be its fair value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 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.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

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

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

Pension costs are accounted for as restricted expenditure, in-line with salary costs. Accordingly, pension related liabilities are recognised within restricted funds

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 24.

NORTH LEAMINGTON SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.16 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy 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.

Pension Liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The depreciation rates used to determine the charge for the year have been determined based on the Trustees' estimate of the useful economic life of the academy trust's assets or the length of the long term lease arrangements that the property is held under. To assist in their estimation of useful economic lives, the Trustees have reviewed the depreciation rates utilised by other academy trusts.

Accruals

Generally accruals are based on invoices or communications received from the supplier after the year end. When no such documentation is available management estimate the liability based on prior year experience and any other information that they have available.

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	9,024	-	-	9,024	10,608
Donated fixed assets	-	-	70,772	70,772	-
Capital grants	-	-	28,250	28,250	11,283
Transfer on conversion	-	-	-	-	37,522,444
	<u>9,024</u>	<u>-</u>	<u>99,022</u>	<u>108,046</u>	<u>37,544,335</u>
<i>Total 2017</i>	<u>1,075,723</u>	<u>(2,282,000)</u>	<u>38,750,612</u>	<u>37,544,335</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant	-	6,404,483	6,404,483	5,169,246
Other DfE/ESFA grants	-	291,644	291,644	241,396
	<u>-</u>	<u>6,696,127</u>	<u>6,696,127</u>	<u>5,410,642</u>
Other government grants				
Local authority grants	-	26,155	26,155	-
Special educational projects	-	189,076	189,076	148,007
	<u>-</u>	<u>215,231</u>	<u>215,231</u>	<u>148,007</u>
Other funding				
Trip Income	-	103,451	103,451	109,134
Music Tuition	17,068	-	17,068	10,169
School meals	285,020	-	285,020	227,458
	<u>302,088</u>	<u>103,451</u>	<u>405,539</u>	<u>346,761</u>
	<u>302,088</u>	<u>7,014,809</u>	<u>7,316,897</u>	<u>5,905,410</u>
<i>Total 2017</i>	<u>237,627</u>	<u>5,667,783</u>	<u>5,905,410</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other income	6,291	-	6,291	4,792
Lettings income	131,248	-	131,248	90,755
Catering income	7,233	-	7,233	6,038
	<u>144,772</u>	<u>-</u>	<u>144,772</u>	<u>101,585</u>
<i>Total 2017</i>	<u>101,585</u>	<u>-</u>	<u>101,585</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest received	602	-	602	842
	<u>842</u>	<u>-</u>	<u>842</u>	
<i>Total 2017</i>	<u>842</u>	<u>-</u>	<u>842</u>	

6. Turnover

The whole of the turnover is attributable to the North Leamington School's educational operations.

The majority of the Trust's income relates to non-exchange transactions. The total received in non-exchange transactions during the year amounted to £7,010,450 (2017: £43,102,984). This income consisted of donations and grants from the ESFA/DfE and other government bodies. There are no unfulfilled conditions or other contingencies attaching to resources from non-exchange transactions.

All turnover arose within the United Kingdom.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	9,072	9,072	9,695
Support costs	-	-	-	-	-
Educational operations:					
Direct costs	4,377,378	-	994,540	5,371,918	4,351,326
Support costs	1,651,365	1,806,083	12,344,595	15,802,043	2,300,421
	<u>6,028,743</u>	<u>1,806,083</u>	<u>13,348,207</u>	<u>21,183,033</u>	<u>6,661,442</u>
Total 2017	<u>4,984,887</u>	<u>476,348</u>	<u>1,200,207</u>	<u>6,661,442</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	<u>5,371,918</u>	<u>15,802,043</u>	<u>21,173,961</u>	<u>6,651,747</u>
Total 2017	<u>4,351,326</u>	<u>2,300,421</u>	<u>6,651,747</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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9. SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Pension	67,000	67,000	57,000
Technology costs	53,415	53,415	39,433
Educational supplies	16,344	16,344	8,617
Staff development	28,558	28,558	20,734
Recruitment and support	26,949	26,949	19,346
Maintenance of premises and equipment	131,240	131,240	77,852
Cleaning	12,326	12,326	6,924
Rent & rates	74,045	74,045	62,737
Energy costs	144,016	144,016	118,483
Insurance	48,070	48,070	71,759
Security and transport	18,028	18,028	11,792
Catering	293,418	293,418	256,482
Other support costs	53,211	53,211	16,735
Auditors remuneration	10,000	10,000	10,000
Legal and professional fees	32,352	32,352	20,247
Fixed Asset Revaluation	13,150,991	13,150,991	-
Wages and salaries	1,100,420	1,100,420	952,562
National insurance	74,606	74,606	62,906
Pension cost	(28,038)	(28,038)	770
Depreciation	495,092	495,092	476,348
	<u>15,802,043</u>	<u>15,802,043</u>	<u>2,290,727</u>
<i>Total 2017</i>	<u>2,290,727</u>	<u>2,290,727</u>	

10. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	365	-	
Unrecoverable debts	240	-	

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	495,092	476,348
Auditors' remuneration - audit	10,000	10,000
Auditors' remuneration - other services	3,700	2,700
Operating lease rentals	16,582	23,053
	<u> </u>	<u> </u>

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,554,406	3,755,680
Social security costs	429,229	355,574
Operating costs of defined benefit pension schemes	1,025,173	818,295
	<u>6,008,808</u>	<u>4,929,549</u>
Agency staff costs	1,242	55,338
Staff restructuring costs	18,693	-
	<u><u>6,028,743</u></u>	<u><u>4,984,887</u></u>

Staff restructuring costs comprise:

Redundancy payments	<u><u>18,693</u></u>	<u><u>-</u></u>
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b. Non-statutory/non-contractual staff severance payments

The total redundancy payments in the year were £18,693. This related to a single redundancy. The ex gratia payment was made in accordance with the Trust's redundancy policy and had been fully settled at the year end.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	79	83
Administration	89	87
Management	10	8
	<u><u>178</u></u>	<u><u>178</u></u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	0	1
In the band £100,001 - £110,000	1	0

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. STAFF COSTS (continued)

e. Key management personnel

The Key management personnel of the academy comprise the governors and senior management team 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 was £665,380 (2017: £452,250).

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees 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 Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
J Mitchell (Head teacher)	Remuneration	100,000-105,000	80,000-85,000
	Pension contributions paid	15,000-20,000	10,000-15,000
S Owen (Staff trustee)	Remuneration	25,000-30,000	20,000-25,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £533 (2017 - £NIL) were reimbursed to 2 Trustees (2017 - nil).

The reimbursed out of pocket expenses related to: reimbursement for costs settled on behalf of the academy - £265, travel - £131 and International School - £137.

The articles of association permit the remuneration of Staff Trustees for the 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 Trustees.

14. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. OTHER FINANCE INCOME/(EXPENDITURE)

	2018 £	2017 £
Interest income on pension scheme assets	50,000	36,000
Interest on pension scheme liabilities	(117,000)	(93,000)
	<u>(67,000)</u>	<u>(57,000)</u>

16. TANGIBLE FIXED ASSETS

	Long leasehold property £	Plant and equipment £	Total £
Cost or valuation			
At 1 September 2017	38,739,329	106,142	38,845,471
Additions	-	169,282	169,282
Revaluation	(13,622,329)	-	(13,622,329)
At 31 August 2018	<u>25,117,000</u>	<u>275,424</u>	<u>25,392,424</u>
Depreciation			
At 1 September 2017	471,338	5,010	476,348
Charge for the year	432,860	62,232	495,092
On revalued assets	(471,338)	-	(471,338)
At 31 August 2018	<u>432,860</u>	<u>67,242</u>	<u>500,102</u>
Net book value			
At 31 August 2018	<u>24,684,140</u>	<u>208,182</u>	<u>24,892,322</u>
At 31 August 2017	<u>38,267,991</u>	<u>101,132</u>	<u>38,369,123</u>

A lease between Warwickshire County Council and North Leamington School has been prepared so that the building used by the maintained school can be used by the Academy. This lease is for 125 years.

Warwickshire County Council prepared a valuation of the land and buildings as at conversion based on a depreciated replacement cost method. This was completed by an inhouse surveyor. This valuation was used to capitalise the long term leasehold cost of land and buildings into fixed assets as assets on conversion in the accounts for the year ending 31 August 2017.

During year ending 31 August 2018, an independent third party valuation was obtained by the ESFA for the school land and buildings. The long-leasehold land and buildings has been revalued to bring the accounts into alignment with this valuation. The result of this being a £13,150,991 (2017: £nil) revaluation expense. Consequently, the overall expense recognised in relation to donated premises was £13,583,851 (2017: £471,338).

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**NOTES TO THE FINANCIAL STATEMENTS
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17. DEBTORS

	2018 £	2017 £
Trade debtors	2,056	571
VAT recoverable	14,505	77,109
Prepayments and accrued income	207,868	123,930
	<u>224,429</u>	<u>201,610</u>

18. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	34,377	306,469
Other creditors	10,276	-
Accruals and deferred income	346,297	188,028
	<u>390,950</u>	<u>494,497</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	3,000	-
Resources deferred during the year	77,827	3,000
Amounts released from previous years	(3,000)	-
Deferred income at 31 August 2018	<u>77,827</u>	<u>3,000</u>

£42,762 of the deferred income relates to rates relief, £29,150 relates to income received from students and parents for future school trips, and the remainder relates to income received in advance for PGCE Students and examination remarks .

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	1,348,213	1,318,494
Financial assets measured at amortised cost	113,395	159,387
	<u>1,461,608</u>	<u>1,477,881</u>
Financial liabilities measured at amortised cost	<u>313,124</u>	<u>491,497</u>

Financial assets measured at fair value through income and expenditure comprises of cash at bank. The value of this asset is determined with reference to the bank statements at the year end.

Financial assets measured at amortised cost comprises of trade debtors, other debtors, VAT receivable and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

20. STATEMENT OF FUNDS

	Balance at 1 Sept. 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Capital contingency fund	50,000	-	-	50,000	-	100,000
General funds						
General Funds	975,607	456,486	(324,881)	(120,260)	-	986,952
Total Unrestricted funds	<u>1,025,607</u>	<u>456,486</u>	<u>(324,881)</u>	<u>(70,260)</u>	<u>-</u>	<u>1,086,952</u>
Restricted funds						
General Annual Grant (GAG)	-	6,404,483	(6,309,743)	-	-	94,740
Other DfE/ESFA grants	-	291,644	(291,644)	-	-	-
Special education grants	-	189,076	(189,076)	-	-	-
Other income	-	129,606	(129,606)	-	-	-
Pension reserve	(2,588,000)	-	(292,000)	-	527,000	(2,353,000)
	<u>(2,588,000)</u>	<u>7,014,809</u>	<u>(7,212,069)</u>	<u>-</u>	<u>527,000</u>	<u>(2,258,260)</u>

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

Restricted fixed asset funds

Transferred on conversion	38,267,991	-	(13,583,851)	-	-	24,684,140
Capital grants	11,283	28,250	(8,807)	-	-	30,726
Funded from revenue	89,849	-	(35,668)	70,260	-	124,441
Donated fixed assets	-	70,772	(17,757)	-	-	53,015
	<u>38,369,123</u>	<u>99,022</u>	<u>(13,646,083)</u>	<u>70,260</u>	<u>-</u>	<u>24,892,322</u>
Total restricted funds	<u>35,781,123</u>	<u>7,113,831</u>	<u>(20,858,152)</u>	<u>70,260</u>	<u>527,000</u>	<u>22,634,062</u>
Total of funds	<u>36,806,730</u>	<u>7,570,317</u>	<u>(21,183,033)</u>	<u>-</u>	<u>527,000</u>	<u>23,721,014</u>

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

The capital contingency designated fund is to support the schools requirements for a high specification facility, intended for future high cost expenditure. No such expenditure in the current year, so the fund balance remains unutilised.

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy.

Other DfE/ESFA grants include further grants received from the DfE/ESFA including pupil premium and sports grants.

The special educational grants fund relates to the income received and expenditure on educating pupils with special educational needs.

Other restricted income represents the income and expenditure in relation to school trips that have been operated during the year. All of the income was fully expensed during the period.

The restricted pension reserve represents the deficit on the Academy's share of the Local Government Pension Scheme as at 31 August 2018, which amounts to £2,353,000. The value of the deficit share being determined by an independent actuarial valuation. The Trust is making the standard pension contributions as required under the scheme to reduce the deficit, and would consider making additional lump sum deficit contributions.

The restricted fixed asset funds include the tangible fixed assets owned/leased by the academy. They also include any specific capital grants received but not yet spent at the year end.

The capital additions in the year exceeded the capital grants received, so funds have been transferred from general funds to the restricted fixed asset fund to cover this.

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 2018.

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Designated funds						
Capital contingency fund	-	-	-	50,000	-	50,000
General Funds	-	1,415,777	(12,128)	(428,042)	-	975,607
Restricted funds						
General Annual Grant (GAG)	-	5,169,246	(5,452,429)	283,183	-	-
Other DfE/ESFA grants	-	241,396	(241,396)	-	-	-
Special education grants	-	148,007	(148,007)	-	-	-
Other income	-	109,134	(109,134)	-	-	-
Pension reserve	-	(2,282,000)	(222,000)	-	(84,000)	(2,588,000)
	-	3,385,783	(6,172,966)	283,183	(84,000)	(2,588,000)
Restricted fixed asset funds						
Transferred on conversion	-	38,739,329	(471,338)	-	-	38,267,991
Capital grants	-	11,283	-	-	-	11,283
Funded from revenue	-	-	(5,010)	94,859	-	89,849
	-	38,750,612	(476,348)	94,859	-	38,369,123
Total restricted funds	-	42,136,395	(6,649,314)	378,042	(84,000)	35,781,123
Total of funds	-	43,552,172	(6,661,442)	-	(84,000)	36,806,730

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Capital contingency fund	-	-	-	50,000	-	50,000
	-	-	-	50,000	-	50,000
	-	-	-	100,000	-	100,000
General funds						
General Funds	-	1,415,777	(12,128)	(428,042)	-	975,607
	-	456,486	(324,881)	(120,260)	-	11,345
Total Unrestricted funds	-	1,872,263	(337,009)	(448,302)	-	1,086,952
Restricted funds						
General Annual Grant (GAG)	-	11,573,729	(11,762,172)	283,183	-	94,740
Other DfE/ESFA grants	-	533,040	(533,040)	-	-	-
Special education grants	-	337,083	(337,083)	-	-	-
Other income	-	238,740	(238,740)	-	-	-
Pension reserve	-	(2,282,000)	(514,000)	-	443,000	(2,353,000)
	-	10,400,592	(13,385,035)	283,183	443,000	(2,258,260)
Restricted fixed asset funds						
Transferred on conversion	-	38,739,329	(14,055,189)	-	-	24,684,140
Capital grants	-	39,533	(8,807)	-	-	30,726
Funded from revenue	-	-	(40,678)	165,119	-	124,441
	-	70,772	(17,757)	-	-	53,015
	-	38,849,634	(14,122,431)	165,119	-	24,892,322
	-	49,250,226	(27,507,466)	448,302	443,000	22,634,062
Total of funds	-	51,122,489	(27,844,475)	-	443,000	23,721,014

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	24,892,322	24,892,322
Current assets	1,477,902	94,740	-	1,572,642
Creditors due within one year	(390,950)	-	-	(390,950)
Pension scheme liability	-	(2,353,000)	-	(2,353,000)
	<u>1,086,952</u>	<u>(2,258,260)</u>	<u>24,892,322</u>	<u>23,721,014</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	38,369,123	38,369,123
Current assets	1,520,103	-	-	1,520,103
Creditors due within one year	(494,496)	-	-	(494,496)
Pension scheme liability	-	(2,588,000)	-	(2,588,000)
	<u>1,025,607</u>	<u>(2,588,000)</u>	<u>38,369,123</u>	<u>36,806,730</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(13,612,716)	36,890,730
Adjustment for:		
Depreciation charges	495,092	476,348
Loss on revaluation of fixed assets	13,150,991	-
Dividends, interest and rents from investments	(602)	(842)
Increase in debtors	(22,819)	(201,610)
(Decrease)/increase in creditors	(103,547)	494,497
Capital grants from DfE and other capital income	(28,250)	(11,283)
Donated fixed assets	(70,772)	-
Defined benefit pension scheme cost less contributions payable	225,000	165,000
Defined benefit pension scheme finance cost	67,000	57,000
Net (loss) on assets and liabilities from local authority on conversion	-	(36,457,329)
Net cash provided by operating activities	<u>99,377</u>	<u>1,412,511</u>

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,348,213	1,318,494
Total	<u>1,348,213</u>	<u>1,318,494</u>

24. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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24. 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £509,497 (2017 - £420,646).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £359,000 (2017 - £293,000), of which employer's contributions totalled £282,000 (2017 - £232,000) and employees' contributions totalled £77,000 (2017 - £61,000). The agreed contribution rates for future years are 15.8% for employers and a range of 5.5% to 7.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.30 %	2.50 %
Rate of increase in salaries	2.90 %	3.00 %
Rate of increase for pensions in payment / inflation	2.80 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.5 years	22.5 years
Females	24.7 years	24.7 years
Retiring in 20 years		
Males	24.3 years	24.3 years
Females	26.7 years	26.7 years

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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,424,000	1,177,000
Bonds	497,000	398,000
Property	271,000	199,000
Cash and other liquid assets	68,000	37,000
Total market value of assets	<u>2,260,000</u>	<u>1,811,000</u>

The actual return on scheme assets was £102,000 (2017 - £197,000).

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

	2018 £	2017 £
Current service cost	(507,000)	(397,000)
Interest income	50,000	36,000
Interest cost	(117,000)	(93,000)
Total	<u>(574,000)</u>	<u>(454,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	4,399,000	-
Upon conversion	-	3,636,000
Current service cost	507,000	397,000
Interest cost	117,000	93,000
Employee contributions	77,000	61,000
Actuarial (gains)/losses	(487,000)	212,000
Closing defined benefit obligation	<u>4,613,000</u>	<u>4,399,000</u>

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

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

	2018 £	2017 £
Opening fair value of scheme assets	1,811,000	-
Upon conversion	-	1,354,000
Interest income	50,000	36,000
Actuarial losses	40,000	128,000
Employer contributions	282,000	232,000
Employee contributions	77,000	61,000
	<hr/>	<hr/>
Closing fair value of scheme assets	2,260,000	1,811,000
	<hr/> <hr/>	<hr/> <hr/>

25. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	16,582	16,582
Between 1 and 5 years	36,227	51,526
	<hr/>	<hr/>
Total	52,809	118,983
	<hr/> <hr/>	<hr/> <hr/>

26. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS
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27. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The related party transactions relating to certain trustee's remuneration and expenses are disclosed in note 11.

Browne Jacobson LLP are a related party as a result of Member Trustee and Chair of Governors Richard Freeth being a partner of the LLP. During the year, North Leamington School paid £2,649 to Browne Jacobson LLP for legal and professional services. These purchases were in accordance with the academy's financial regulations and procurement procedures.

28. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £18,209 and disbursed £7,933 from the fund. An amount of £10,276 is included in other creditors relating to undistributed funds that is repayable to ESFA.

