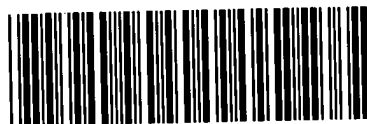

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

D Gorvett
R Freeth
D Winter (appointed 1 November 2016)
S Wadsworth (appointed 1 January 2017)
D Lawson (appointed 1 November 2016)

Trustees

S Aspinall
M Hutton
J Mitchell
S Owen
C Sabin
E Semple
C Wadsworth
R Pearce (appointed 20 October 2016)
N Wells (appointed 26 January 2017)
M Walsh
S Boad
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, Senior Assistant Headteacher
L Kelman, Senior Assistant Headteacher
R Morey, Senior Assistant Headteacher
S Taylor, Senior Assistant Headteacher
A Woodward, Business Manager
A Hawkins, Deputy Headteacher

Independent auditors

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

Bankers

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. 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. The total potential roll of the school (including sixth form) is 1500 students, at October 2017 we have 1357 students on roll. The school draws students from approximately a 10 mile radius and 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

In accordance with the normal commercial practice, the Company has purchased insurance to protect its Trustees, Academy representatives and Officers from claims arising from negligent acts, errors or omissions whilst on Company business. The insurance provider provides 3rd party public liability and professional indemnity. Details are given in note 11.

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 – appointed through election

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Co-opted trustees – appointed by the existing trustees

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.

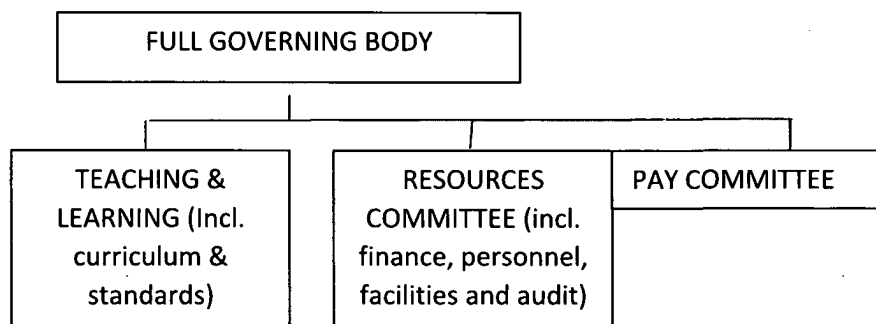
Delegation of financial responsibility is set out within the Company's Financial Regulations.

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 Full Governing Body, in the performance of its duties, pays due regard to the advice and information provided by the supporting committees.



NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

For the period 1st September to 31st August 2017 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.

Objectives and Activities

a. OBJECTS AND AIMS

VISION:

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".

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.

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

The trustees confirm that they have with the duty in section 4 of the Charities Act 2006 to have due regards to the Charity Commissioner's general guidance on public benefit in exercising their powers and duties. They have referred to this guidance when reviewing the Company's aims and objectives and in planning its future activities.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

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 workforce | Strategic Aim 3: To further enhance outstanding personal development opportunities for all students |
|--|--|--|
| <ul style="list-style-type: none"> To achieve challenging and aspirational targets for all students To further enhance the teaching profile of the school to be outstanding To make sure any underperforming subject areas are performing at least at a good standard To provide effective curriculum planning that provides personalised pathways from pre-transition to post 16 - 18 to meet the needs of national changes and to firmly embed consistently high quality provision of assessment, home learning, literacy, numeracy and ICT across the curriculum. To continue to improve attendance and punctuality To secure accuracy of assessment in line with national changes Where data highlight under performance provide highly focused and effective intervention through Y7-13: to ensure aspirational targets are met (includes 1:1 Catch up and Pupil premium) The gap between actual and targets is closed for Pupil Premium students as well as other vulnerable groups against students from similar starting points The concept of the Learning Pit (including Skills Beyond School (SBS)) is established in the School Curriculum To continue to achieve a 3 year balanced budget that provides value for money | <ul style="list-style-type: none"> To further enhance the professional capacity of all teams, middle and senior leaders as well as individuals In pursuit of excellence enrich our first class personalised CPD offer for all staff To continue to develop and embed effective partnerships To continue to recognise and value all staff through effective wellbeing strategies that allow our staff to be the very best they can be | <ul style="list-style-type: none"> The PSHE, VT and SMSC Curriculum equips students to be thoughtful, active and caring citizens within the school and wider community To continue to develop further a positive culture for learning across the school To further develop Student Voice and Leadership within the community context To further increase student awareness and involvement in Enrichment and Wider Community activities To continue to develop and develop high quality Careers information, Independent advice and guidance To continue to develop a wide range of extra-curricular opportunities that support and engage all students across the age range To continue to raise the profile of the school |

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 3 times per year. This is also supported by key reports that are embedded within the Governing Body Work plan, such as Budget, appraisal, results reports etc. We also have link governors attached to faculties, Colleges and key areas such as Pupil premium, SEND, safeguarding who meet with relevant leaders to monitor and support progress and feedback where relevant through Governing Body meetings / committees through the school year.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 Governing Body also recognises 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 17 and the associated expenditure are shown as restricted funds in the statement of Financial Activities.

During the first 10 months of operating as an Academy the MAT has primarily focussed on ensuring that all accounting policies and procedures have been put into place for early adoption across the whole school as approved by the Governors. This is the first set of accounts for North Leamington School, therefore all reserves and carry forwards from the maintained school during this initial accounting period are detailed below.

During the financial year 16/17 to 31st August 17, 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, ICT development and school minibuses.

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

The Academy budget set for 16/17 was produced with an in year deficit of £176,234 with an anticipated year-end surplus of £654,205. Prudent financial management and control during our conversion year along with cost saving strategies have had a positive impact on our final 2016/17 outturn.

2017/18 is likely to be a challenging year as we embark upon the first full year as an Academy, managing the increases in Teachers pay, pension contributions and academy transition. Cost saving strategies will be ever more important as we look to the future of uncertainty within the NFF roll out and future challenges with pupil numbers across our post 16 facility.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key Stage 4 data:

| | | |
|---------|--------------------|-------|
| Year 11 | Attainment 8 | 50.07 |
| Year 11 | Progress 8 | 0.13 |
| Year 11 | %9-5 Eng and Maths | 53 |
| Year 11 | %9-5 English | 66 |
| Year 11 | %9-5 Maths | 60 |
| Year 11 | %5+ (A* / A) | 22% |
| Year 11 | % EBACC | 21% |
| Year 11 | Progress 8 lower | -0.24 |
| Year 11 | Progress 8 middle | 0.16 |
| Year 11 | Progress 8 higher | 0.21 |

Key stage 5 data:

| | | |
|---------|------------------|--------|
| Year 13 | % A* - E | 99.70% |
| Year 13 | % A* - B | 53% |
| Year 13 | Points per entry | 35 |
| Year 13 | Average grade | B- |

At Key Stage 4 attainment and achievement is good because:

Over a 4 year period: we have improved and maintained our attainment to be significantly above the national average; improved and maintained progress significantly above the national average. Although our disadvantages and SEND students do not make progress significantly above the national average they do make progress above the national average for similar groups.

Attainment

Year 11 in 2016 had a similar profile to Year 11 in 2015. Both had a KS2 average points score of 28.2.

The high level attainment in Maths and English in 2015 has been sustained at 74% A*-C in English and Maths.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial review

These financial statements reflect the first period of operational activity for the Academy.

Most of the School's income is obtained from the DfE via the ESFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Expenditure covered by this report totalled £6,548k and is detailed in the Statement of Financial Activities.

On conversion on 1 November 2016, all of the fixed assets of the former school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in Note 1 to the Financial Statements.

The total value of net assets inherited by the Academy was £37,522k. This included a £2,282k liability that related to the Academy's share of the Local Government Pension Scheme (LGPS).

Excluding the net assets inherited on conversion, the combined Restricted Funds and Unrestricted Fund show an operating deficit, before the actuarial losses on defined benefit pension schemes, of £632k.

a. RESERVES POLICY

The Resources committee and FGB expect the school to hold contingency reserves from their annual GAG funding or other income awarded to or generated by the school.

The Directors support the schools financial strategy to create a revenue reserve in order to fund future expenditure related to the North Leamington School's long-term aims and future strategic direction as a new MAT. As such, there is annual capital expenditure plan, which supports the schools requirements, and the policy is to transfer £50,000 annual into a contingency reserves fund. Due to our high specification facility, this is intended for future high cost expenditure for example for the resurfacing of the AWP.

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.

Under Accounting Standard FRS102 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for non-teaching staff to a specific restricted reserve. As at 31 August 2017, the deficit on this reserve amounted to £2.588m. Governors are conscious that repayments required reflecting the increased deficit could have an impact on the amount of reserves held in future years.

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

NORTH LEAMINGTON SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Failure to achieve planned pupil retention
- Increased competition from other schools resulting in 16-18 recruitment not being achieved

Plans for future periods

a. FUTURE DEVELOPMENTS

Key priorities for 2017 / 18 are:

| Strategic Aim 1: To further enhance outstanding Teaching and Learning across the school | Strategic Aim 2: To further enhance the development of an outstanding workforce | Strategic Aim 3: To further enhance outstanding personal development opportunities for all students |
|---|--|--|
| <ul style="list-style-type: none"> • To achieve challenging and aspirational targets for all students including key groups • Effective stretch and challenge for all learners; visible in all lessons through flexible planning and delivery • All predictions are based on robust standardised assessments • All teachers continue to develop and embed active literacy strategies into their day to day teaching • To provide effective curriculum planning that responds to national changes, and based on identified needs students, have opportunity to follow a bespoke personalised pathway • Acute awareness of group profiles and ongoing AFL strategies (FB2FF/DTT/PLCs) to address gaps in learning through appropriate early intervention | <ul style="list-style-type: none"> • The school will continue to be outward facing, working closely with other schools to develop effective partnerships • To continue to develop strong shared leadership at all levels to achieve outstanding outcomes for all • Build staff resilience to achieve outstanding outcomes both personally and for the students • Build academic and personal resilience across the student body through SBS, Learning Pit and Thinking Hard strategies • An 'open door' ethos across the school that encourages sharing of best practice and celebrates success | <ul style="list-style-type: none"> • To continue to develop a culture and ethos for learning through World Class Basics (WCB) including attendance • All students are provided with opportunities to be challenged by the VT curriculum provision • Continue to develop leadership opportunities for students |

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 look to secure more formal partnerships where appropriate. We will continue to build on the schools culture and ethos as a strong community school.

Desired Outcomes:

- All stakeholders engage fully with the schools 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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Long Term Vision:

| Strategic Aim 1: To further enhance outstanding Teaching and Learning across the school | Strategic Aim 2: To further enhance the development of an outstanding workforce | Strategic Aim 3: To further enhance outstanding personal development opportunities for all students |
|---|---|---|
| <p>Classroom environments foster creative learning and confidence & builds 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 engage in their children's learning, school systems and principals</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 support 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> |

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 7 December 2017 and signed on its behalf by:



R Freeth
Vice Chair of Trustees

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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 |
| M Hutton | 5 | 5 |
| J Mitchell | 5 | 5 |
| S Owen | 5 | 5 |
| C Sabin | 0 | 5 |
| E Semple | 5 | 5 |
| C Wadsworth | 0 | 5 |
| R Pearce | 1 | 3 |
| N Wells | 2 | 2 |
| M Walsh | 0 | 0 |
| S Boad | 4 | 5 |
| D Gorvett | 4 | 5 |
| R Freeth | 4 | 5 |

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 | 1 | 4 |
| R Freeth | 4 | 4 |
| C Sabin | 0 | 4 |
| E Semple | 4 | 4 |
| J Mitchell | 4 | 4 |
| S Owen | 4 | 4 |
| C Wadsworth | 1 | 2 |
| R Pearce | 2 | 4 |
| N Wells | 2 | 2 |

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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:

Undertaking a detailed review of our curriculum and related staffing requirement in order to ensure the staff resource is adequate and meets the greatest need of the school.

Adopting strategies to reduce staffing costs through re-allocation of responsibilities, salary grades at point of replacement, non-replacement of staff.

A new absence policy has been adopted aimed at reducing absenteeism across the teaching staff to allow for reduced cover and agency costs.

Since becoming an Academy this year, a review of external contracts has been undertaken across all facilities management to gain improved cost savings.

A number of maintenance contracts have been switched to secure better cost savings.

Stricter internal finance procedures have been adopted across the school, as part of our finance policy, to ensure the use of Purchase Requisitions and Cheque Requisitions to manage expenditure in line with budgets.

Review of our letting costs and terms and conditions to ensure income is maximised

Additional funding opportunities and grants are sought to maximise staff training, International school, music and careers opportunities.

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 2016 to 31 August 2017 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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 Resources 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 has decided not to appoint an internal auditor. The resources committee have taken on the role of audit as part of their terms of reference.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

On a termly basis, the appointee reports to the board of trustees through the finance and general purposes committee 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:

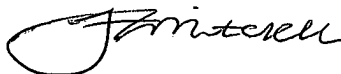
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 7 December 2017 and signed on their behalf, by:



R Freeth
Vice Chair of Trustees



J Mitchell
Accounting Officer

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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: 7 December 2017

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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

Company law requires the 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 7 December 2017 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 for the year ended 31 August 2017 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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 Auditor's report thereon. Our opinion on the financial statements does not cover the 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 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' remunerations specified by law 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's or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Nicholas Simkins (FCA) (Senior Statutory Auditor)

for and on behalf of

Moore Stephens LLP

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS
7 December 2017

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 14 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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 AND 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Moore Stephens LLP

35 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

7 December 2017

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and capital grants | 2 | 1,075,723 | (2,282,000) | 38,750,612 | 37,544,335 |
| Charitable activities | 3 | - | 5,558,649 | - | 5,558,649 |
| Other trading activities | 4 | 339,212 | 109,134 | - | 448,346 |
| Investments | 5 | 842 | - | - | 842 |
| TOTAL INCOME | | 1,415,777 | 3,385,783 | 38,750,612 | 43,552,172 |
| EXPENDITURE ON: | | | | | |
| Raising funds | | 12,128 | 101,612 | - | 113,740 |
| Charitable activities | | - | 6,071,354 | 476,348 | 6,547,702 |
| TOTAL EXPENDITURE | 6 | 12,128 | 6,172,966 | 476,348 | 6,661,442 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | |
| Transfers between Funds | 16 | 1,403,649 (378,042) | (2,787,183) 283,183 | 38,274,264 94,859 | 36,890,730 - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | |
| | | 1,025,607 | (2,504,000) | 38,369,123 | 36,890,730 |
| Actuarial losses on defined benefit pension schemes | 21 | - | (84,000) | - | (84,000) |
| NET MOVEMENT IN FUNDS | | 1,025,607 | (2,588,000) | 38,369,123 | 36,806,730 |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | - | - | - | - |
| TOTAL FUNDS CARRIED FORWARD | | 1,025,607 | (2,588,000) | 38,369,123 | 36,806,730 |

All of the academy's activities derive from acquisitions in the current financial year.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09648936

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ |
|--|------|------------------|--------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 13 | | 38,369,123 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 201,610 | |
| Cash at bank and in hand | | 1,318,494 | |
| | | <u>1,520,104</u> | |
| CREDITORS: amounts falling due within one year | 15 | (494,497) | |
| NET CURRENT ASSETS | | | <u>1,025,607</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>39,394,730</u> |
| Defined benefit pension scheme liability | 21 | | (2,588,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>36,806,730</u></u> |
| FUNDS OF THE ACADEMY | | | |
| Restricted income funds: | | | |
| Restricted income funds excluding pension liability | | 38,369,123 | |
| Pension reserve | | (2,588,000) | |
| Total restricted income funds | | | 35,781,123 |
| Unrestricted income funds | 16 | | 1,025,607 |
| TOTAL FUNDS | | | <u><u>36,806,730</u></u> |

The financial statements on pages 23 to 45 were approved by the Trustees, and authorised for issue, on 7 December 2017 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 2017

| | Note | 2017 £ |
|--|------|-------------------------|
| Cash flows from operating activities | | |
| Net cash provided by operating activities | 18 | <u>1,412,511</u> |
| Cash flows from investing activities: | | |
| Dividends, interest and rents from investments | | 842 |
| Purchase of tangible fixed assets | | (106,142) |
| Capital grants from DfE/ESFA | | <u>11,283</u> |
| Net cash used in investing activities | | <u>(94,017)</u> |
| Change in cash and cash equivalents in the year | | 1,318,494 |
| Cash and cash equivalents brought forward | | <u>-</u> |
| Cash and cash equivalents carried forward | 19 | <u><u>1,318,494</u></u> |

All of the cash flows are derived from acquisitions in the current financial year.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2016 to 2017 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, incorporated in England and Wales (company number 09648936). The address of the registered office is noted on page 1 of the financial statements.

The financial statements are presented for the academy as a single entity and are rounded to whole numbers, presented in the functional currency, sterling.

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 2017

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 2017

1. ACCOUNTING POLICIES (continued)

1.6 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 |
| Long-term leasehold property | - | Over 50 years |
| Fixtures and fittings | - | over 10 years |
| Computer equipment | - | over 3 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.

1.7 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.

1.8 Debtors

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

1.9 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.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.12 Taxation

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

1.13 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from North Leamington School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The land and buildings transferred on conversion were valued using the depreciated replacement cost method.

The local government pension scheme was valued at conversion by independent actuaries.

Further details of the transaction are set out in note 20.

1.15 Fund accounting

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

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

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

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Donations | 10,608 | - | 11,283 | 21,891 |
| Transfer on conversion | 1,065,115 | (2,282,000) | 38,739,329 | 37,522,444 |
| | <u>1,075,723</u> | <u>(2,282,000)</u> | <u>38,750,612</u> | <u>37,544,335</u> |

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|
| DfE/ESFA grants | | | |
| General annual grant | - | 5,169,246 | 5,169,246 |
| Other Dfe/ESFA grants | - | 241,396 | 241,396 |
| Special educational projects | - | 148,007 | 148,007 |
| | <u>-</u> | <u>5,558,649</u> | <u>5,558,649</u> |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|-----------------|------------------------------------|----------------------------------|-----------------------------|
| Other income | 4,792 | - | 4,792 |
| Music tuition | 10,169 | - | 10,169 |
| Trip income | - | 109,134 | 109,134 |
| Lettings income | 90,755 | - | 90,755 |
| Catering income | 233,496 | - | 233,496 |
| | <u>339,212</u> | <u>109,134</u> | <u>448,346</u> |

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|
| Interest received | <u>842</u> | <u>-</u> | <u>842</u> |

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ |
|------------------------------------|--------------------------|-----------------------|--------------------------|--------------------|
| Expenditure on fundraising trading | - | - | 113,740 | 113,740 |
| Educational operations: | | | | |
| Direct costs | 3,970,628 | - | 276,653 | 4,247,281 |
| Support costs | 1,014,259 | 476,348 | 795,135 | 2,285,742 |
| | <u>4,984,887</u> | <u>476,348</u> | <u>1,185,528</u> | <u>6,646,763</u> |

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2017 £ | Support costs 2017 £ | Total 2017 £ |
|------------------------|---|-------------------------------|--------------------|
| Educational operations | <u>4,247,281</u> | <u>2,285,742</u> | <u>6,533,023</u> |

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

| | Educational operations £ | Total 2017 £ |
|---------------------------------------|--------------------------------|--------------------|
| Staff costs | 1,012,415 | 1,012,415 |
| Depreciation | 476,348 | 476,348 |
| Technology costs | 39,433 | 39,433 |
| Educational supplies | 8,617 | 8,617 |
| Staff development | 20,734 | 20,734 |
| Recruitment and support | 19,346 | 19,346 |
| Maintenance of premises and equipment | 77,852 | 77,852 |
| Cleaning | 6,924 | 6,924 |
| Rent & rates | 62,737 | 62,737 |
| Energy costs | 118,483 | 118,483 |
| Insurance | 71,759 | 71,759 |
| Security and transport | 11,792 | 11,792 |
| Catering | 266,177 | 266,177 |
| Other support costs | 16,735 | 16,735 |
| Legal and professional fees | 17,547 | 17,547 |
| Governance costs | 16,523 | 16,523 |
| Subtotal | 2,243,422 | 2,243,422 |
| Pension costs | 42,320 | 56,999 |
| | <u>2,285,742</u> | <u>2,300,421</u> |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ |
|---|----------------|
| Depreciation of tangible fixed assets: | |
| - owned by the charity | 476,348 |
| Auditors' remuneration - audit | 10,000 |
| Auditors' remuneration - other services | 2,700 |
| Operating lease rentals | 23,053 |
| | <u>512,101</u> |

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS

Staff costs were as follows:

| | 2017 |
|--|------------------|
| | £ |
| Wages and salaries | 3,755,680 |
| Social security costs | 352,429 |
| Operating costs of defined benefit pension schemes | 818,295 |
| | <hr/> |
| | 4,926,404 |
| Apprenticeship levy | 3,145 |
| Supply teacher costs | 55,338 |
| | <hr/> |
| | 4,984,887 |

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

| | 2017 |
|----------------|-------------|
| | No. |
| Teachers | 83 |
| Administration | 87 |
| Management | 8 |
| | <hr/> |
| | 178 |

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

| | 2017 |
|-------------------------------|-------------|
| | No. |
| In the band £80,001 - £90,000 | 1 |

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 £452,250.

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The 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:

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

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2017 was included within the Risk Protection Insurance.

12. OTHER FINANCE INCOME

| | 2017 £ |
|--|-----------|
| Interest income on pension scheme assets | 36,000 |
| Interest on pension scheme liabilities | (93,000) |
| | <hr/> |
| | (57,000) |
| | <hr/> |

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £ | Computer equipment £ | Total £ |
|--------------------------|---|----------------------------|-------------------|
| Cost or valuation | | | |
| At 1 September 2016 | - | - | - |
| Additions | - | 106,142 | 106,142 |
| Transfer on conversion | 38,739,329 | - | 38,739,329 |
| | <u>38,739,329</u> | <u>106,142</u> | <u>38,845,471</u> |
| At 31 August 2017 | <u>38,739,329</u> | <u>106,142</u> | <u>38,845,471</u> |
| Depreciation | | | |
| At 1 September 2016 | - | - | - |
| Charge for the year | 471,338 | 5,010 | 476,348 |
| | <u>471,338</u> | <u>5,010</u> | <u>476,348</u> |
| At 31 August 2017 | <u>471,338</u> | <u>5,010</u> | <u>476,348</u> |
| Net book value | | | |
| 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 has been used to capitalise the long term leasehold cost of land and buildings into fixed assets.

The split of land and buildings is as follows:

| | |
|-----------|-------------|
| Land | £17,533,988 |
| Buildings | £21,205,341 |

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. DEBTORS

| | |
|--------------------------------|----------------------------|
| | 2017 |
| | £ |
| Trade debtors | 571 |
| VAT recoverable | 77,109 |
| Prepayments and accrued income | 123,930 |
| | <hr/> 201,610 <hr/> |

15. CREDITORS: Amounts falling due within one year

| | |
|------------------------------------|----------------------------|
| | 2017 |
| | £ |
| Trade creditors | 306,469 |
| Accruals and deferred income | 188,028 |
| | <hr/> 494,497 <hr/> |
| | £ |
| Deferred income | |
| Resources deferred during the year | <hr/> 3,000 <hr/> |

£3,000 of the deferred income relates to a grant received in advance for 2017/18.

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|-------------------------------------|---|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| Designated funds | | | | | | |
| Capital contingency fund | - | - | - | 50,000 | - | 50,000 |
| General funds | | | | | | |
| General Funds | - | 1,415,777 | (12,128) | (428,042) | - | 975,607 |
| Total Unrestricted funds | - | 1,415,777 | (12,128) | (378,042) | - | 1,025,607 |
| 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 |

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. This has been transferred from the general funds.

The General Annual Grant (GAG) has been provided by the DfE in order to fund the normal running costs of the Academy/ During the period, the Academy's GAG expenditure exceeded GAG income, so a transfer was undertaken from the unrestricted funds to bring the balance to £nil.

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

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. STATEMENT OF FUNDS (continued)

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 2017.

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

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 2017.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | 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> |

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

| | 2017 £ |
|---|------------------|
| Net income for the year (as per Statement of Financial Activities) | 36,890,730 |
| Adjustment for: | |
| Depreciation charges | 476,348 |
| Dividends, interest and rents from investments | (842) |
| Increase in debtors | (201,610) |
| Increase in creditors | 494,497 |
| Capital grants from DfE and other capital income | (11,283) |
| Defined benefit pension scheme cost less contributions payable | 165,000 |
| Defined benefit pension scheme finance cost | 57,000 |
| Net (loss) on assets and liabilities from local authority on conversion | (36,457,329) |
| Net cash provided by operating activities | <u>1,412,511</u> |

NORTH LEAMINGTON SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ |
|--------------|------------------|
| Cash in hand | 1,318,494 |
| Total | <u>1,318,494</u> |

20. CONVERSION TO AN ACADEMY TRUST

On 1 November 2016 North Leamington School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to North Leamington School from Warwickshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---|---------------------|
| Leasehold land and buildings | - | - | 38,739,329 | 38,739,329 |
| Budget surplus/(deficit) on LA funds | 1,022,984 | - | - | 1,022,984 |
| Budget surplus/(deficit) on other school funds | 42,131 | - | - | 42,131 |
| LGPS pension surplus/(deficit) | - | (2,822,000) | - | (2,822,000) |
| Net assets/(liabilities) | <u>1,065,115</u> | <u>(2,822,000)</u> | <u>38,739,329</u> | <u>36,982,444</u> |

The above net assets include £1,065,115 that were transferred as cash.

21. PENSION COMMITMENTS

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

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. PENSION COMMITMENTS (continued)

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

NORTH LEAMINGTON SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. PENSION COMMITMENTS (continued)

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 2017 was £293,000, of which employer's contributions totalled £232,000, and employees' contributions totalled £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:

| | 2017 |
|--|---------------|
| Discount rate for scheme liabilities | 2.50 % |
| Rate of increase in salaries | 3.00 % |
| Rate of increase for pensions in payment / inflation | 2.40 % |

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

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

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

| | Fair value at 31 August 2017 £ |
|-------------------------------------|---|
| Equities | 1,177,000 |
| Bonds | 398,000 |
| Property | 199,000 |
| Cash and other liquid assets | 37,000 |
| Total market value of assets | 1,811,000 |

The actual return on scheme assets was £197,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. PENSION COMMITMENTS (continued)

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

| | 2017 £ |
|----------------------|-----------|
| Current service cost | (397,000) |
| Interest income | 36,000 |
| Interest cost | (93,000) |
| | <hr/> |
| Total | (454,000) |
| | <hr/> |

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

| | 2017 £ |
|------------------------------------|-----------|
| Upon conversion | 3,636,000 |
| Current service cost | 397,000 |
| Interest cost | 93,000 |
| Employee contributions | 61,000 |
| Actuarial losses | 212,000 |
| | <hr/> |
| Closing defined benefit obligation | 4,399,000 |
| | <hr/> |

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

| | 2017 £ |
|-------------------------------------|-----------|
| Upon conversion | 1,354,000 |
| Interest income | 36,000 |
| Actuarial losses | 128,000 |
| Employer contributions | 232,000 |
| Employee contributions | 61,000 |
| | <hr/> |
| Closing fair value of scheme assets | 1,811,000 |
| | <hr/> |

NORTH LEAMINGTON SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £ |
|-------------------------|----------------|
| Amounts payable: | |
| Within 1 year | 30,148 |
| Between 1 and 5 years | 88,835 |
| Total | <u>118,983</u> |

23. 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.

24. RELATED PARTY TRANSACTIONS

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

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