

**Lode Heath School**  
(A company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS**

for the period ended  
31 December 2017



Company Limited by Guarantee  
Registration Number 07687663  
(England and Wales)

# LODE HEATH SCHOOL

## Contents

	<b>Page</b>
Reference and Administrative Information	3
Trustees' Report	4
Governance Statement	12
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17
Statement of Financial Activities	20
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statement Incorporating:	
- Statement of Accounting Policies	24
- Other Notes to the Financial Statements	28
Independent Reporting Accountants' Assurance Report on Regularity	42

## LODE HEATH SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY

Members/Trustees	M Allsopp* G E Sharp* J S King* E P Ryan (Chair)*
Trustees	D E Carr (Vice Chairman) J Kings (Resigned 3 November 2017) P Scrivener (Staff Trustee)+ M Wilson (Headteacher and Accounting Officer)* S Cleaver (Staff Trustee) E Burke R Gough* I Mackay* <i>*Denotes members of the Finance Committee</i>
Clerk to Governors	T Foley
Senior Management Team	
Head Teacher	M Wilson
Deputy Headteacher	L Suddon
Deputy Headteacher	S Tonks
Assistant Head Teachers	S Rodriguez-Summers N Burke G Davies A Mohammed N Choudhury
Business Manager	P Scrivener
Principal and Registered Office	Lode Lane, Solihull, B91 2HW
Company Registration Number	07687663 (England and Wales)
Independent Auditor	Moore Stephens LLP 35 Calthorpe Road, Edgbaston, Birmingham West Midlands, B15 1TS
Bankers	Lloyds Bank, 22a Great Hampton, Birmingham, B18 6AH
Solicitors	Veale Wasborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

## LODE HEATH SCHOOL

### **TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017**

The trustees/governors present their 4 month report together with the financial statements and auditors' report of the charitable company for the period ended 31 December 2017.

The company was formed 1 June 2011 and the Academy opened on 1 August 2011 for pupils aged 11 to 16 serving a catchment area in south Solihull. The strategy of Governors three years ago to increase Year 7 intake by 30 pupils has been successful and the school population per the October 2017 census is 1121. All management activities were transferred to Arden Academy Trust (AMAT) on 1 January 2018, at which time the Lode Heath School Trust board discontinued operations.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in south Solihull. Due to the popularity of the school the strategy of Governors three years ago to increase Year 7 intake by 30 pupils has been successful. The school has a capacity of 1134 per our current findings agreement. Our funded roll for 2016-17 was 1055 pupils and will be 1088 pupils for 2017-18.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The governors act as trustees for charitable activities of Lode Heath School (Academy Trust) and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lode Heath School.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 3.

#### **Members' liability**

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

#### **Trustees' Indemnities**

Lode Heath School has in place Governors and trustees' liability insurance indemnity cover to a limit of £5,000,000.

#### **Method of recruitment and appointment or election of trustees**

There are clearly defined procedures for election of new members and governors. Mr EP Ryan was appointed a member and also became Chairperson of the main board. Mr M Allsopp has retired as chair but will continue as a member and trustee and the Academy is delighted at his decision as it benefits enormously from his wealth of knowledge and his experience of School Governance. Members are aware of the need to have a diverse range of people and will be reviewing the current skills matrix of Governors and utilising training materials available to help them achieve this end.

It is anticipated that the great majority of new governors will be drawn from the local community being either parents or guardians of pupils at school or others who have shown an interest in the future and well-being of the school and its pupils. Recruitment is therefore likely to be a combination of approaches to individuals with known skills and by wider communications to those within Solihull. At the end of a four year term, retiring governors are eligible for re-election for a further term.

## **TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)**

### **Policies and procedures adopted for the induction and training of governors**

The Governing Body still purchases training for its Governors from the Local Authority and all Governors are encouraged to attend as many courses as possible to ensure that their knowledge and understanding is fully up to date, which only enhances the effectiveness of the trust; in addition all Governors will be made aware of the workshops and development programmes available on gov.uk.

### **Organisational structure**

A unified leadership structure operates to help improve the way the Academy is run. The structure consists of the Governors/Trustees, who have responsibility for agreeing general policy, staff structures and must agree the ISR Range and the salaries of the senior management team. Governors will agree the strategic plan of the Academy, adopting an annual plan and budget. In addition they will consider any major capital projects requiring the use of school reserves.

Ensuring an efficient and effective oversight of School activities with the Academy's School Development Plan at its core is of paramount importance and there are governor sub-committees each having its own chair person who reports to the Main Governing body on the activities of their committee. Sub-Committees comprise Finance and Resources, Curriculum, Pupil Discipline, General Purposes and Remuneration committees. Governors play a vital role in the recruitment process of all new staff and head any appointment board for senior staff appointments.

The Senior Management Team, comprising the Head teacher and two deputies are responsible for the day to day operation of the Academy, in particular organisation of staff, facilities and pupils; together with an extended leadership team of five Assistant Headteachers and the Business Manager they direct the Academy at an executive level, implementing policies and procedures agreed in the strategic plan.

### **Arrangements for setting Pay and Remuneration of Key Management personnel**

Lode Heath School has an annually reviewed Pay Policy that determines rates of pay and the criteria for pay progression at all levels of operation. The Pay Policy is subject to external influence through national pay and conditions and the Teachers Pay Review Body annual findings.

Pay and remuneration are overseen by the Governors' Remuneration Committee, which meets termly. All staff are subject to a robust performance management policy and procedures which govern pay and awards. There is a leadership Pay Spine for Key management personnel with minima and maxima pay points established. Pay Progression is awarded annually subject to a successful annual appraisal and a colleague not being at the maxima of the pay spine. The Key Management personnel at Lode Heath School are the Headteacher and Deputy Headteachers as they have the delegated responsibility for planning, directing and controlling the activity of the academy trust. Governors also consider pay awards to all Assistant Headteachers and Upper Pay Spine requests.

### **Related Parties and other Connected Organisations**

Lode Heath School continues to provide financial and administrative support to The Solihull Alternative Provision Academy (SAPA), as the school has not met the original deadline to open in September 2017. It is now scheduled to open in April 2018. Payroll services are provided and will continue to be provided for the one employee until the Academy is open. All costs are fully reimbursed to Lode Heath School.

The IT Manager continues as director of CCIT providing the software solution Secure Gateway which enables staff to securely access their work whilst working from home or on a number of mobile devices that are able to connect to the internet. Rolling this software out to other schools has slowed down so monies into school are now based on maintenance costs only. There is no charge to the school for this software support.

## LODE HEATH SCHOOL

### TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)

#### OBJECTIVES AND ACTIVITIES

The Academy's main objective is to provide an environment and quality of learning and teaching which enables all pupils to thrive "Success through learning". Lode Heath aspires to be a leading and innovative school demonstrating excellence in all that it does.

Underpinning this are the following tenets:

- Outstanding teaching and learning to further meet the needs of and improve progression for all groups of students
- High aspirations and participation in a range of learning opportunities
- Respecting and caring for others and ourselves
- Making a positive contribution to society and the world
- Sharing best practice and constantly improving
- Excellence in everything we do
- Encourage positive attitudes to work

#### Activities provided in support of the above include

- Support and learning opportunities for all students to attain the highest standard in academic qualifications
- Training opportunities for all staff, to encourage them to be effective models of learning and development programme of sporting and other, extra-curricular/enrichment activities for all students to widen their experiences
- A system of after-school clubs to support and enable students to develop as learners with access to facilities and resources
- Community learning links that can support other learners in the community

#### Strategies Implemented to achieve above

##### Pupil outcomes

- Improve progression for all groups of students by early intervention (at KS3) for pupils below expected progress

##### Leadership & management

- Continue to develop QA system to support, guide and focus on middle leaders and their teams

##### Quality of Teaching, learning & assessment.

- Ensure consistency and rigour of AAR practice within and across departments
- Improve the quality of teaching and learning through effective strategies that challenge and support students using planned tasks to meet individual needs particularly in basic skills
- Heightened awareness for all staff of those vulnerable group students within their classes so that their progress is tracked and monitored

##### Personal development, behaviour and welfare

- Support teachers in adopting an effective and consistent approach in tackling misbehaviour and how to promote positive behaviour
- Further embed Attitude to Learning and Behaviour for Learning principles

##### Equal Opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The trustees strive to ensure that equal opportunities exist in all areas of its activities thus ensuring that we have a working environment in which the contribution and needs of all are valued.

## LODE HEATH SCHOOL

### **TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)**

#### **Disabled Persons**

The Academy has invested in the provision of ramps, lifts, toilet facilities over the last few years in an attempt to provide a fully inclusive environment for all. The Academy has adapted the physical environment of its old buildings as sympathetically as possible whenever funds have become available and within the confines of space available.

#### **Public benefit**

In drafting the above statements, the trustees have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties.

The governing body recognises its duty to comply with the Local Authority Fair Access policy to provide fair access to the school for pupils who need a school place because they have missed or are missing education.

The Academy's Admissions Policy has clear criteria for allocating places but the main criteria is proximity to the school site.

## LODE HEATH SCHOOL

### TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)

#### STRATEGIC REPORT

##### Achievements and Performance

- The Academy has successfully increased its intake at entry level (Yr. 7) by one form of entry (approx. 30 pupils each year) for the third year in succession. The school now has 1121 pupils (Oct 17 census) with a minimal increase in teaching staff.
- The newly extended Leadership team is now embedded and they work to ensure that intervention strategies to support progress, attendance and behaviour are most effective.
- £1.2 m CIF Funding secured for crucial repairs to the buildings (replacement boilers and flat roofs) - all works currently underway and due for completion by March 2018.
- £43k grant secured to install a much needed second lift in the main building to enable access to all areas of school for all students and staff.

##### Achievement of Pupils

During the academic year 2016/17 Lode Heath continued to demand the best from our pupils and many of them achieved the best ever results in the face of reformed GCSEs in English and Maths which sees traditional A Level content now being studied as part of the GCSEs. Many departments also achieved the best ever results.

##### YEAR 11 summer 2017

- 63.2% pass at least 5 A\*-C(equivalent)including English and Maths
- English and Maths achieved 81.9% and 67.6% respectively grades 4 and above, a significant increase for both on previous year.
- Progress 8 score of - 0.23
- A positive Progress 8 score for English of 0.099
- Attainment 8 score of 45.68 this is down on last year, but the point scores used to calculate this were reduced at some grades so this is not directly comparable.

##### Key Performance Indicators

Staff and Governors strive to maintain its standards as a good and improving school with high standards for all.

Overall effectiveness:	Good
Achievement of Pupils:	Good
Behaviour and safety of pupils:	Good
Leadership and Management:	Good

##### 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 company to continue as a going concern. The only academy within the company, Lode Heath School, was transferred to a separate multi academy trust in Solihull on 1 January 2018. The net assets and liabilities of the academy were transferred into the multi academy trust at this date. The result of this transfer means the primary source of funding from the ESFA for the company has ceased and the company is no longer a going concern. The trustees have therefore decided to prepare these financial statements on a break-up basis.



## LODE HEATH SCHOOL

### TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)

#### Financial Review

##### Overview

Most of the Academy's income is obtained from the (ESFA) in the form of Pupil Lead Funding and other recurrent grants, the use of which is restricted to particular purposes. The grants received from the DFE during the period ended 31 December 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the period ended 31 December 2017, total expenditure of £1,872,572 was covered by recurrent grant funding, from the DFE together with other incoming resources. The excess of expenditure over income for the year before other recognised gains and losses (excluding surplus funds transferred on conversion, restricted fixed asset funds and restricted pension funds) was £151,229.

In addition to its Devolved Formula Capital grant the Academy were successful in obtaining CIF Funding (2017-18), for two projects, Boiler replacement and Flat roof replacement. This grant is shown in the Statement of Financial Activities as restricted income in the Restricted Fixed Asset fund. Each of the projects carries within it a loan element repayable over the next 8 Years and will be recognised as a liability within the balance sheet and fixed asset funds.

As at 31 December 2017 the net book value of fixed assets was £15,554,801 (Year to 31 August 2017: £14,982,193) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively to provide or enhance the educational experience of students of the Academy.

The FRS 102 estimated deficit at 31 December 2017 is £1,217,000 (Year to 31 August 2017: £1,226,000). The Governors have agreed to fund this deficit in accordance with the recommendations of the latest actuarial valuation carried out as at 31 December 2017. Further details are included in note 25.

##### Reserves policy

The Governors took the decision two years ago to commit some of its reserves to provide additional accommodation for its anticipated growth in numbers, this had been within the strategic planning of the Academy. At this time with unrestricted reserves c/fwd. of £Nil (Year to 31 August 2017: £14,970). Governors knew that the 2017-18 budget would be a deficit budget in excess of £100,000. Despite rising pupil numbers over the last three years, lagged funding has not supported the increase in staff and other costs required to meet the needs of the growing population. Agreement was reached with Arden Academy Trust that Lode Heath School would become part of the Arden Academy Trust. The earliest date that this could be achieved was 1 January 2018 and it is anticipated that through management of change process and economies of scale that the deficit for LHS for 2017-18 will be reduced with further reductions in the following year. It is anticipated that within three years the budget will no longer be in deficit.

##### Financial Position

The Academy held fund balances at 31 December 2017 of £14,583,658 (Year to 31 August 2017: £14,714,772) after allowing for the pension deficit of £1,217,000 (Year to 31 August 2017: £1,226,000); comprising £15,831,907 (Year to 31 August 2017: £15,925,802) of restricted fixed asset funds and £Nil (Year to 31 August 2017: £14,970) unrestricted general funds.

##### Investment policy

The Governors agreed a strategy for investment that states any monies invested should be in fixed term deposit accounts that will enable easy access to funds in the case of a building emergency requiring immediate action.

## TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)

### Principal risks and uncertainties

The Governors have considered the risks faced by the Academy in its normal operations. It has put in place appropriate governance and management arrangements, including enhancing the senior leadership team with internal appointments of staff who have embraced the challenges of leadership alongside their individual teaching commitments. Teaching and Learning remains at the core and Governors consider that arrangements and policies introduced during the period have been effective and well received by staff. Governors have also looked at a more formal Risk Management process and this is an ongoing project, which will formally document not only Governors contribution but the managerial action taking place which should enable them to identify future risks in a more systematic way.

Governors have considered that the principle risks facing the Academy are:

- **Financial risk:** not able to operate within its budget to make the savings necessary under the recovery budget already submitted and the funding agreement still being insufficient to meet basic need. Inappropriate or insufficient financial controls and systems which could result in fraudulent activity and or financial commitments made without adequate authorisation.
- **Reputation:** Maintaining the reputation of the school by meeting requisite standards of education for students in core subjects. Maintaining standards of education whilst adhering to the changing landscape of the National Curriculum and attracting staff in core areas.
- Failing to close the gap between those disadvantaged pupils and their peers.
- Complying with ever changing legislative requirements regarding employment law, discrimination, Companies House and HMRC, child protection and GDPR.
- **Operational Risks:** Mitigate against risks associated with Health and Safety, Safeguarding and Security of staff and Pupils. Where risks have been identified Governors have ensured that adequate insurance cover is in place.

### The key controls used by Governors of the academy include:

- Detailed terms of reference for all committees and formal agendas for the academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies and procedures required by law to protect the vulnerable
- Clear authorisation and approval levels
- Strong School Leadership team managing the day to day operation of the Academy

### Plans for the Future

- **Pupil Outcomes:** The Academy has a strong strategic plan which is shared with all staff who have a common goal to constantly review teaching and learning to ensure that no group of learners are disadvantaged and do not progress and that all learners achieve or exceed standards expected for their age. Most importantly learners understand how to improve as a result of useful feedback from staff.
- **Leadership and Management:** Systematically challenge senior leaders to ensure the effective deployment of resources to secure outstanding outcomes. Continue to develop the QA system to support, guide and help focus middle leaders and their teams on progression for all pupils by rigorous Departmental evaluation and improvement to ensure consistency across the school.
- **Quality of Teaching Learning and Assessment:** The quality of teaching, learning and assessment is consistent across the school. All teachers, practitioners and other staff to have consistently high expectations of what each child can achieve, from the most able to the most disadvantaged.

**TRUSTEES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)**

- **Personal development behaviour and welfare:** Further embed the principles of Attitude to Learning and Behaviour for Learning to ensure that all pupils become confident and self-assured learners. To instill in learners that excellent attitudes have a strong and positive impact on their progress. To support all pupils spiritual, moral and cultural developments to help them become thoughtful, caring and active citizens in school and in wider society.
- **Finance:** Continue to increase pupil numbers into September 2018 finding accommodation through reconfiguration of existing classrooms. Additional funding through additional pupils and fairer funding will contribute to the success of the recovery plan already in place.

**Auditors**

In so far as Governors are aware:

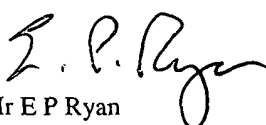
- There is no relevant audit information of which the auditor is unaware.
- All Governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Change of accounting date**

The final accounts have been prepared to 31 December 2017 as a short period of 4 months. Therefore the comparative figures in the financial statements and the notes to the financial statements are not directly comparable. The reason for this reduced accounting period is Lode Heath School joined Arden Academy Trust on 1 January 2018 after months of negotiation which saw the original date of September 2017 unachievable. Therefore this required Lode Heath School to prepare a set of accounts for the four month period September- December 2017. From January 2018 the legal entity of Lode Heath School was transferred to Arden Trust and confirmed by the EFA and Lode Heath Governing body were responsible for all activities prior to that. Lode Heath School has legal authority to do this and a Change of Accounting Reference Date has been accepted at Companies House.

The Governor's Report is approved by order of the Board of Trustees and the Strategic Report (included therein), is approved by the board of trustees in their capacity as the directors at a meeting on 13 June 2018 and signed on its behalf by:

Signed

  
Mr E P Ryan  
Chair

Date 27 June 2018

## LODE HEATH SCHOOL

### GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017

#### Scope of responsibility

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

The Board of Governors has delegated to the Headteacher, as Accounting Officer, the day-to-day responsibility for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to the Board in the Funding Agreement between Lode Heath School and the Secretary of State for Education. The Accounting Officer, together with the Finance Department, is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Governors has formally met two times during the period. Attendance during the period at meetings of the Board of Governors was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
M Allsopp	2	2
D Carr (vice-chair)	2	2
S Cleaver (staff governor)	1	2
R Gough	2	2
P Scrivener (staff governor)	1	1
JS King	2	2
J Kings (resigned 3 November 2017)	1	1
EP Ryan (chairman)	2	2
M Wilson (Headteacher)	2	2
I Mackay	1	2

#### Governance review

The Finance and Resources committee is a sub-committee of the main board of trustees. Its purpose is to oversee all budget income and expenditures, including oversight of relevant policies together with the oversight of staff structures and associated resource costs and HR related policies.

The Remuneration Committee, a three member sub-committee of Finance and Resources comprised of two designated governors (d/g) and either the chair or vice chair of Finance, exists solely to discuss pay awards in respect of performance management, regrades and setting pay for the Leadership team.

Attendance at meetings of the Finance Committee in the period is as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
**M Allsopp (d/g Remuneration)	1	2
*JS King (Committee chair)	1	2
*I Mackay (Committee vice-chair)	2	2
**EP Ryan (d/g Remuneration)	1	2
P Scrivener (business manager)	2	2
** M Wilson (accounting officer)	2	2

\*/\*\* There were two meetings of the Remuneration Committee during the period (one of which was also attended by the School Improvement Partner and was solely concerned with the Headteacher Review), each attended by three governors and the accounting officer (head teacher), as indicated.

**GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017  
(continued)**

**Review of Value for Money**

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

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

- Working closely with the Finance team monitoring the revenue budget each month and ensuring that expenditure, particularly staff costs, remain within budgets.
- Continue with the strategy to reduce staffing costs by a combination of management of change processes, restructuring of existing staff and reallocation of responsibilities, thereby saving monies on allowances and non-replacement of staff.
- Monies saved on premises and grounds related contracts have been used to supplement capital grants and specific donations for the following major projects over the summer: A driveway widening and security gates project has now addressed any potential safeguarding issues and has made the site safe and secure; the refurbishment of a large music area to create a bespoke drama room and music area with additional music practice rooms has been well received; the addition of a platform lift which means that all pupils can now access all classrooms around the site. All projects have been managed by Lode Heath School site team.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Lode Heath School academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lode Heath School for the period ended 31 December 2017 and up to the date of approval of the 4 month period report and financial statements.

**Capacity to handle risk**

**The risk and control framework**

The academy trust's system of internal financial control is based on a framework of regular management of 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 termly financial reports which are reviewed and agreed by the Governing Body
- Preparation of monthly management accounts
- Regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

LODE HEATH SCHOOL

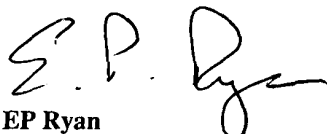
**GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017**  
(continued)

**Review of effectiveness**


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

- Monthly management reports and regular monthly meetings with finance team
- The work of the senior managers within the Academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Board of Trustees on 13 June 2018 and signed on its behalf by:

  
EP Ryan  
Chair

Date 27 June 2018

  
M Wilson  
Accounting Officer

Date 11 July 2018

LODE HEATH SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD  
ENDED 31 DECEMBER 2017**

As accounting officer of Lode Heath School I have considered my responsibility to notify the academy trust Board of Governors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregular, 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.

**Signed**



**M Wilson  
Accounting Officer**

Date 11<sup>th</sup> July 2018

## LODE HEATH SCHOOL

### STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities of Lode Heath School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

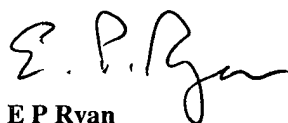
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and Academies Accounts Direction 2016-17
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

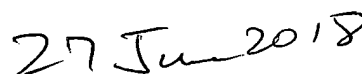
The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have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

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

Approved by order of the members of the governing body on 13 June 2018 and signed on its behalf by:



**E P Ryan**  
Chair



**Date**



## **Independent Auditor's Report to the Members of Lode Heath School**

### **Opinion**

We have audited the financial statements of Lode Heath School (the 'charitable company') for the period ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 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 for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

### **Emphasis of matter – Basis of preparation**

As stated in the accounting policies the trustees have prepared the financial statements using a break-up basis of accounting as they consider that the academy is not a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The governors 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

### **Independent Auditor's Report to the Members of Lode Heath School (continued)**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Governors Report including the Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- 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 the knowledge and understanding of the charitable school and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Strategic Report.

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

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

#### **Responsibilities of trustees**

As explained more fully in the governors' responsibilities statement, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the charitable school'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 charitable company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's Report to the Members of Lode Heath School (continued)

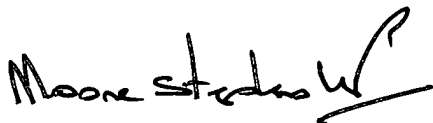
### Auditor's responsibilities for the audit of the financial statements

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 Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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



Nicholas Simkins, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP,  
35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

Date: 31/7/2018

# LODE HEATH SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account and statement of recognised gains and losses) for the period ended 31 December 2017

Income and endowments from:	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Period ended 31 December 2017 £	Year ended 31 August 2017 £
Donations and capital grants	1	3,083	-	-	3,083	1,157,157
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	4	-	1,721,343	-	1,721,343	5,011,792
Other trading activities	2	178,577	-	-	178,577	535,246
Investments	3	410	-	-	410	199
<b>Total</b>		<b>182,070</b>	<b>1,721,343</b>	<b>-</b>	<b>1,903,413</b>	<b>6,704,404</b>
<b>Expenditure on:</b>						
Raising funds:	5	117,060	-	-	117,060	453,545
<i>Charitable activities:</i>						
Academy trust's educational operations		-	1,872,572	93,895	1,966,467	5,745,036
<b>Total</b>	6	<b>117,060</b>	<b>1,872,572</b>	<b>93,895</b>	<b>2,083,527</b>	<b>6,198,581</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>65,010</b>	<b>(151,229)</b>	<b>(93,895)</b>	<b>(180,114)</b>	<b>505,823</b>
<b>TRANSFERS</b>						
Gross transfers between funds	17	(79,980)	79,980	-	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>(14,970)</b>	<b>(71,249)</b>	<b>(93,895)</b>	<b>(180,114)</b>	<b>505,823</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>						
Actuarial gains / (losses) on defined benefit pension scheme	25	-	49,000	-	49,000	446,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(14,970)</b>	<b>(22,249)</b>	<b>(93,895)</b>	<b>(131,114)</b>	<b>951,823</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward 31 August 2017		14,970	(1,226,000)	15,925,802	14,714,772	13,762,949
<b>TOTAL FUNDS CARRIED FORWARD 31 December 2017</b>	17	<b>-</b>	<b>(1,248,249)</b>	<b>15,831,907</b>	<b>14,583,658</b>	<b>14,714,772</b>

All of the academy's activities derive from continuing operations during the above financial period. A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

LODE HEATH SCHOOL

**STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account and statement of recognised gains and losses) for the year ended 31 August 17**

<b>Income and endowments from:</b>	<i>Notes</i>	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Year ended 31 August 2017
		£	£	£	£
Donations and capital grants	1	9,728	-	1,147,429	1,157,157
<i>Charitable activities:</i>					
Funding for the academy trust's educational operations	4	-	5,011,792	-	5,011,792
Other trading activities	2	535,256	-	-	535,256
Investments	3	199	-	-	199
<b>Total</b>		<b>545,183</b>	<b>5,011,792</b>	<b>1,147,429</b>	<b>6,704,404</b>
<b>Expenditure on:</b>					
Raising funds:	5	453,545	-	-	453,545
<i>Charitable activities:</i>					
Academy trust's educational operations		-	5,456,250	288,786	5,745,036
<b>Total</b>	6	<b>453,545</b>	<b>5,456,250</b>	<b>288,786</b>	<b>6,198,581</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>91,638</b>	<b>(444,458)</b>	<b>858,643</b>	<b>505,823</b>
<b>TRANSFERS</b>					
Gross transfers between funds	17	(336,458)	336,458	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>(244,820)</b>	<b>(108,000)</b>	<b>858,643</b>	<b>505,823</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
Actuarial (loss) / gain on defined benefit pension scheme	25	-	446,000	-	446,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(244,820)</b>	<b>338,000</b>	<b>858,643</b>	<b>951,823</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward for the 12 month period ended 31 August 2017		259,790	(1,564,000)	15,067,159	13,762,949
<b>TOTAL FUNDS CARRIED FORWARD FOR THE 4 MONTH PERIOD TO 31 December 2017</b>	17	<b>14,970</b>	<b>(1,226,000)</b>	<b>15,925,802</b>	<b>14,714,772</b>

# LODE HEATH SCHOOL

## BALANCE SHEET For the Period ended 31 DECEMBER 2017

	Notes	At 31 December 2017 £	At 31 December 2017 £	At 31 August 2017 £	At 31 August 2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		15,554,801		14,982,193
<b>CURRENT ASSETS</b>					
Debtors	14	404,289		1,164,549	
Cash at bank and in hand		442,489		378,458	
		<u>846,778</u>		<u>1,543,007</u>	
CREDITORS: Amounts falling due within one year	15	(490,195)		(465,794)	
NET CURRENT ASSETS			356,583		1,077,213
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,911,384</u>		<u>16,059,406</u>
CREDITORS: Amounts falling due greater than one year			(110,726)		(118,634)
NET ASSETS EXCLUDING PENSION LIABILITY			<u>15,800,658</u>		<u>15,940,772</u>
Pension scheme liability	25		(1,217,000)		(1,226,000)
NET ASSETS INCLUDING PENSION LIABILITY			<u>14,583,658</u>		<u>14,714,772</u>
<b>FUNDS OF THE ACADEMY TRUST: RESTRICTED FUNDS</b>					
Fixed asset fund	17		15,831,907		15,925,802
General fund	17		(31,249)		-
Restricted funds excluding pension reserve			<u>15,800,658</u>		<u>15,925,802</u>
Pension reserve	17		(1,217,000)		(1,226,000)
TOTAL RESTRICTED FUNDS			<u>14,583,658</u>		<u>14,699,802</u>
TOTAL UNRESTRICTED INCOME FUNDS	17		-		14,970
TOTAL FUNDS			<u>14,583,658</u>		<u>14,714,772</u>

The financial statements on pages 20 to 41 were approved by the trustees and authorised for issue on 13 June 2018 and are signed on their behalf by:

Signed  
E P Ryan  
Chair



company number 07687663

LODE HEATH SCHOOL

**CASH FLOW STATEMENT**  
**For the period ended 31 DECEMBER 2017**

	Notes	At 31 December 2017 £	At 31 August 2017 £
NET CASH FLOW FROM OPERATING ACTIVITIES	22	730,125	(1,252,778)
Cash flows from investing activities	23	(666,094)	943,811
Cash flows from financing activities	23	-	126,543
		<hr/>	<hr/>
DECREASE IN CASH IN THE YEAR	24	64,031	(182,424)
		<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
NET FUNDS AT 1 SEPTEMBER 2017		378,458	560,882
Decrease in cash		64,031	(182,424)
		<hr/>	<hr/>
NET FUNDS AT 31 DECEMBER 2017		442,489	378,458
		<hr/> <hr/>	<hr/> <hr/>

## LODE HEATH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017- (Accounting Policies)

#### Statement of Accounting Policies and Basis of Preparation

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

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the companies Act 2006.

Lode Heath School meets the definition of a public benefit entity under FRS 102.

#### Company status

The academy is a company limited by guarantee, incorporated in England and Wales (company number 07687663). The registered address and members of the academy are listed on page 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 company to continue as a going concern. The only academy within the company, Lode Heath School, was transferred to a separate multi academy trust in Solihull on 1 January 2018. The net assets and liabilities of the academy were transferred into the multi academy trust at this date. The result of this transfer means the primary source of funding from the ESFA for the company has ceased and the company is no longer a going concern. The trustees have therefore decided to prepare these financial statements on a break-up basis.

#### Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

#### Grants receivable

Grant Income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. The general annual grant ('the GAG') from the ESFA, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

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

Capital Grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.



## LODE HEATH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (Accounting Policies continued)

#### Other income

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

#### Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to each activity cost category on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred on the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

#### Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education and Skills Funding Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, where the asset acquired or created is held for a specific purpose on a continuing basis.

#### Tangible fixed assets

Tangible fixed assets costing £1,000 or more are capitalised at cost 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 the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, by transfer from the restricted fixed asset fund to restricted funds in the SOFA to offset the depreciation of the asset.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful lives, as follows:

Long leasehold land	- 0.8% straight line
Long leasehold buildings	- 2% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 20% straight line
Motor vehicles	- 20% straight line

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

## LODE HEATH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (Accounting Policies continued)

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 Impairment. Impairment losses are recognised in the statement of Financial Activities.

#### **Taxation**

The charitable company is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for United Kingdom corporation tax purposes.

Accordingly, the charitable company 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.

#### **Leased Assets and Obligation**

All leases held by the Academy during this period are "operating leases" and the annual rentals are charged to the statement of financial activities on a straight line basis over the lease term.

#### **Critical accounting estimates and areas of judgement**

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

#### **Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 December 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.

#### **Pension Contributions**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS') (until April 2016), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## LODE HEATH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (Accounting Policies continued)

#### Local Government Pension Scheme

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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

	Unrestricted Funds	Restricted Funds	Restricted Fixed Assets	Total 31 December 2017	Total 31 August 2017
	£	£	£	£	£
<b>DONATIONS AND CAPITAL GRANTS</b>					
1 Capital grants	-	-	-	-	1,147,429
Other donations	3,083	-	-	3,083	9,728
	<u>3,083</u>	<u>-</u>	<u>-</u>	<u>3,083</u>	<u>1,157,157</u>
<b>2 ACTIVITIES FOR GENERATING FUNDS</b>					
Educational trips, visits & activities	13,714	-	-	13,714	160,042
Catering income	105,936	-	-	105,936	263,556
Sale of goods/services and reimbursements	39,967	-	-	39,967	47,881
Sundry lettings and hire of facilities	18,960	-	-	18,960	63,777
	<u>178,577</u>	<u>-</u>	<u>-</u>	<u>178,577</u>	<u>535,256</u>
<b>3 INVESTMENTS</b>					
Bank interest receivable on short term cash deposits	410	-	-	410	199
	<u>410</u>	<u>-</u>	<u>-</u>	<u>410</u>	<u>199</u>
<b>4 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS</b>					
DFE/ESFA Revenue Grants:					
General Annual Grant (GAG)	-	1,609,212	-	1,609,212	4,742,909
Pupil premium	-	85,270	-	85,270	213,393
Special Educational Needs income	-	26,861	-	26,861	41,608
Other Grants	-	-	-	-	13,882
	<u>-</u>	<u>1,721,343</u>	<u>-</u>	<u>1,721,343</u>	<u>5,011,792</u>
Special Educational Needs top up received from SMBC for high cost SEN pupils. Other Grants represent additional Extended Pupils Grant received & DCSF Specific Funding.					
<b>5 COSTS FOR GENERATING FUNDS</b>					
Educational trips, visits & activities	14,081	-	-	14,081	157,709
Catering	95,089	-	-	95,089	261,134
Staff Costs	7,890	-	-	7,890	20,914
Goods for resale	-	-	-	-	13,789
	<u>117,060</u>	<u>-</u>	<u>-</u>	<u>117,060</u>	<u>453,546</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017(Continued)**

<b>6 RESOURCES EXPENDED</b>	Staff costs	Premises	Other	Total 31 December 2017	Total 31 August 2017
	£	£	£	£	£
Costs of activities for generating Funds	7,890	-	109,170	117,060	453,545
<b>Academy's educational operations</b>					
Direct Costs	1,319,165	94,044	130,809	1,544,018	4,437,382
Support Costs	231,331	116,306	74,812	422,449	1,307,629
<b>Total resources expended</b>	<u>1,558,386</u>	<u>210,350</u>	<u>314,791</u>	<u>2,083,527</u>	<u>6,198,556</u>
Outgoing resources for the year include:				31 December 2017	31 August 2017
Operating leases –equipment				4,378	7,356
				<u>4,378</u>	<u>7,356</u>

	Unrestricted Funds	Restricted Funds	Restricted Fixed Assets	Total 31 December 2017	Total 31 August 2017
	£	£	£	£	£
<b>7. ANALYSIS OF SUPPORT COSTS</b>					
Staff costs	-	195,152	-	195,152	619,171
Depreciation	-	-	93,895	93,895	281,208
Net finance expense on pension scheme	-	-	-	-	34,000
Premises – staff costs	-	36,178	-	36,178	77,335
Premises – other costs	-	22,411	-	22,411	68,939
Recruitment and training	-	9,244	-	9,244	22,479
Other costs	-	44,842	-	44,842	163,704
Governance costs	-	20,727	-	20,727	40,793
	<u>-</u>	<u>328,554</u>	<u>93,895</u>	<u>422,449</u>	<u>1,307,629</u>

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)

8. ANALYSIS OF GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds General £	Restricted Fixed Assets £	Total 31 December 2017 £	Total 31 August 2017 £
Legal and Professional fees	-	7,832	-	7,832	18,480
Auditor's remuneration	-	8,775	-	8,775	6,690
Accountancy and advisory	-	-	-	-	3,923
Responsible officer	-	-	-	-	-
Staff preparation and other costs for governor meetings	-	3,764	-	3,764	10,986
Hospitality	-	-	-	-	166
Training	-	356	-	356	548
	-	<u>20,727</u>	-	<u>20,727</u>	<u>40,793</u>

The Charitable Company strive to analyse expenditure as direct costs when transactions are being processed, but thereafter allocates support costs on the basis of estimated staff time involved and/or the nature of the cost. Included within auditor's remuneration are amounts payable to Moore Stephens LLP of £10,245 including preparation of financial statements and regularity audit; preparation of annual accounts return and certification of Accounts Return and audit of Teachers Pensions annual return. The difference between the amount actually charged and that seen in the above table is due to opening credit balances of £895 and £1,575. Governance costs for services of clerk to Governors is calculated as being 25% of PA to Headteachers salary (inc on costs).

9. STAFF COSTS

	31 December 2017 FTE	31 August 2017 FTE
The average number of persons employed by the charitable company (excluding governors) during the period, was as follows:		
Teaching	60	61
Management	5	8
Administration and support	28	38
	<u>93</u>	<u>107</u>
Staff costs for the above persons	31 December 2017 £	31 August 2017 £
Wages and salaries	1,140,776	3,317,426
Social security costs	110,767	296,888
Pension costs	<u>220,617</u>	<u>585,413</u>
	<u>1,472,160</u>	<u>4,199,727</u>
Supply Teacher and Agency costs	67,587	325,041
Settlement Payments	17,803	4,500
Apprenticeship Levy	<u>836</u>	<u>907</u>
	<u>1,558,386</u>	<u>4,530,175</u>

	31 December 2017 Number	31 August 2017 Number
The employees whose emoluments exceeded £60,000 on a per annum basis was:		
£60,001 to £70,000	-	2
£70,001 to £80,000	-	-
£80,001 to £90,000	-	1

Due to the short period, there were no employees whose emoluments exceeded £60,000 in the period.

## LODE HEATH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)

#### 10. KEY MANAGEMENT PERSONNEL

The key management personnel of the academy trust comprise the governors and the senior management team consisting of the Headteacher and Deputy Headteachers. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust were £90,432 (Year to 31<sup>st</sup> August 2017: £262,109).

#### 11. GOVERNORS' REMUNERATION AND EXPENSES

One or more governors have been paid remuneration or have received other benefits from an employment with the academy trust. Headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

M Wilson (Headteacher and governor)

Remuneration £30,000 - £35,000 (Year to 31 August 2017: £85,000 - £90,000)  
Employer's Pension Contributions <£5,000 (Year to 31<sup>st</sup> August 2017: £10,000 - £15,000)

P Scrivener (staff governor)

Remuneration £15,000 - £20,000 (Year to 31 August 2017: £45,000 - £50,000)  
Employer's Pension Contributions <£5,000 (Year to 31 August 2017: £5,000 - £10,000)

S Cleaver (staff governor)

Remuneration £15,000 - £20,000 (Year to 31 August 2017: £45,000 - £50,000)  
Employer's Pension Contributions <£5,000 (Year to 31 August 2017: £10,000 - £15,000)

There were no travel or subsistence expenses paid to trustees during the period ended 31 December 2017 (Year to 31<sup>st</sup> August 2017: nil).

#### 12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice Lode Heath School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Lode Heath School business. The Insurance provides cover of £5,000,000 on any one claim subject to a voluntary excess of £NIL per claim and the cost for the period ended 31 December 2017 was £77.70

The cost of this insurance is included in the total insurance costs.

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2017 (continued)

13. TANGIBLE FIXED ASSETS

	<i>Long Leasehold Buildings</i>	<i>Asset Under Construction</i>	<i>Long Leasehold Land</i>	<i>Fixtures &amp; Fittings</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£	£
Cost at 1 September 2017	10,032,299	113,849	6,180,270	78,645	118,532	16,523,595
Additions	-	628,315	-	1,300	6,298	635,913
Disposals	-	-	-	-	-	-
Retentions	-	30,591	-	-	-	30,591
Cost c/fwd as at 31 December 2017	10,032,299	772,755	6,180,270	79,945	124,830	17,190,099
Depreciation at 1 September 2017	1,172,837	-	247,210	39,674	81,681	1,541,402
Depreciation Charge in period	66,882	-	16,481	5,162	5,369	93,894
Depreciation on disposals	-	-	-	-	-	-
Depreciation c/fwd at 31 Dec 2017	1,239,720	-	263,691	44,836	87,050	1,635,297
NBV at 31 December 2017	<u>8,792,579</u>	<u>772,755</u>	<u>5,916,579</u>	<u>35,109</u>	<u>37,780</u>	<u>15,554,802</u>
NBV at 31 August 2017	<u>8,859,462</u>	<u>113,849</u>	<u>5,933,060</u>	<u>38,971</u>	<u>36,851</u>	<u>14,982,193</u>

14. DEBTORS

	31 December 2017	31 August 2017
	£	£
Amounts falling due within one year:		
Trade debtors	20,199	16,902
Prepayments and accrued income	271,713	1,075,582
Other taxation and social security	112,377	72,065
	<u>404,289</u>	<u>1,164,549</u>



LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2017 (continued)

15. CREDITORS	31 December 2017 £	31 August 2017 £
Trade creditors	164,054	246,425
Other tax and social security costs	168,161	91,866
Other creditors	21,217	85,667
Accruals	100,552	29,908
Deferred income	36,211	11,928
	<u>490,195</u>	<u>465,794</u>

Included within other creditors is £15,818 in relation to a Salix loan with an interest rate of 1.73% and is repayable over 8 years.

DEFERRED INCOME SUMMARY	31 December 2017 £	31 August 2017 £
Balance b/fwd	11,928	77,507
Less amount used in year	(11,928)	(77,507)
Deferred income in year	24,650	11,928
Deferred Income c/fwd	<u>24,650</u>	<u>11,928</u>

Deferred income includes £24,650 trips and visits income received in advance in relation to the following financial year.

16. CREDITORS: DUE IN MORE THAN 1 YEAR

	31 December 2017 £	31 August 2017 £
Other creditors	<u>110,726</u>	<u>118,634</u>

Other creditors relate to a Salix loan with an interest rate of 1.73% . It is repayable over 8 years as follows:

	31 December 2017 £	31 August 2017 £
Within 1 year	15,818	7,909
2-5 years	63,272	63,272
5+ years	47,454	55,363
	<u>126,544</u>	<u>126,544</u>

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017(continued)

17 FUNDS OF THE CHARITY

	At 1 September 2017	Incoming resources	Resources expended	Gains, losses and transfers	At 31 December 2017
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
General Annual Grant (GAG)	-	1,609,212	(1,720,439)	79,980	(31,247)
Pension reserve	(1,226,000)	-	(40,000)	49,000	(1,217,000)
	<u>(1,226,000)</u>	<u>1,609,212</u>	<u>(1,760,439)</u>	<u>128,980</u>	<u>(1,248,247)</u>
Pupil Premium	-	85,270	(85,270)	-	-
SEN Funding	-	26,861	(26,861)	-	-
Other DfE/ESFA grants	-	-	-	-	-
	<u>(1,226,000)</u>	<u>1,721,343</u>	<u>(1,872,570)</u>	<u>128,980</u>	<u>(1,248,247)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Inherited on Conversion	14,399,385	-	(81,942)	-	14,317,443
Transfers from other funds	167,867	-	(5,294)	-	162,573
ESFA Capital Grants	1,358,550	-	(6,658)	-	1,351,892
	<u>15,925,802</u>	<u>-</u>	<u>(93,894)</u>	<u>-</u>	<u>15,831,908</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>14,699,802</u>	<u>1,721,343</u>	<u>(1,966,464)</u>	<u>128,980</u>	<u>14,583,661</u>
<b>UNRESTRICTED FUNDS</b>					
Activities for Generating Funds	14,970	178,577	(113,567)	(79,980)	-
Investment Income	-	410	(410)	-	-
Donations	-	3,083	(3,083)	-	-
	<u>14,970</u>	<u>182,070</u>	<u>(117,060)</u>	<u>(79,980)</u>	<u>-</u>
<b>TOTAL UNRESTRICTED FUNDS</b>	<u>14,970</u>	<u>182,070</u>	<u>(117,060)</u>	<u>(79,980)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>14,714,772</u>	<u>1,903,413</u>	<u>(2,083,524)</u>	<u>49,000</u>	<u>14,583,661</u>

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2017 (continued)

17 FUNDS (continued)

A fixed asset fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represents leasehold land and buildings and all items of plant and machinery included therein. Depreciation on those inherited assets is allocated to the fund.

The Capital Grants represent project specific maintenance grants received by the Academy via the Education Funding Agency ACFM fund to complete a specific project outlined in the grant proposal document, which includes the purchase of fixed assets. Depreciation charged on those assets is allocated to the fund.

The General Annual Grant (GAG) represents the core funding for educational activities of the school that has been provided to the academy via the against project specific grants. This sum is within restricted general funds.

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status and through which all the pension scheme movements are recognised.

Under the Funding Agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 December 2017.

18 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted	Restricted	Restricted	Total funds
	funds	general	fixed asset	
	£	funds	funds	£
Tangible fixed assets	-	-	15,554,801	15,554,801
Net Current assets	-	-	356,583	356,583
Creditors due more than one year	-	-	(110,726)	(110,726)
Pension scheme liability	-	(1,217,000)	-	(1,217,000)
<b>TOTAL NET ASSETS AT 31 December 2017</b>	<b>-</b>	<b>(1,217,000)</b>	<b>15,800,658</b>	<b>14,583,658</b>

19 CAPITAL COMMITMENTS	31 December 2017	31 August 2017
	£	£
Capital committed but not yet incurred	436,499	1,095,405

20 FINANCIAL COMMITMENTS

OPERATING LEASES

At 31 December the Academy Trust had annual commitments under non-cancellable operating leases as follows:

Other:	31 December 2017	31 August 2017
	£	£
Expiring within one year	11,222	26,132
Expiring within two and five years inclusive	18,385	45,780
Expiring in over five years	-	-
	<b>29,607</b>	<b>71,912</b>

Leases are in respect of photocopiers and two new mini buses. All lease payments of £7,197 have been recognised as an expense.

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2017 (continued )

21 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 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.

22 RECONCILIATION OF NET EXPENDITURE/ INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES	31 December 2017 £	31 August 2017 £
Net income	(180,111)	505,823
Depreciation and loss on disposal	93,895	288,783
Capital grants from DfE and other capital income	-	(1,147,429)
FRS 102 pension cost less contributions payable (note 25)	30,000	74,000
FRS 102 pension finance expense (note 25)	10,000	34,000
Interest Receivable	(410)	(199)
(Increase)/decrease in debtors	760,257	(1,013,392)
Increase in creditors excluding pensions	16,494	5,636
 NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	 <u>730,125</u>	 <u>(1,252,778)</u>

23 CASH FLOW FROM INVESTING ACTIVITIES	31 December 2017 £	31 August 2017 £
Purchase of tangible fixed assets	(666,504)	(203,817)
Capital grants from DfE/ESFA	-	1,147,429
Interest received	410	199
 NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES	 <u>(666,094)</u>	 <u>943,811</u>
 CASH FLOW FROM FINANCING ACTIVITIES	 -	 126,543
Inflow from new borrowings	<u>-</u>	<u>126,543</u>

24 ANALYSIS OF CHANGES IN NET FUNDS	At 1 September 2017 £	Cash flows £	At 31 December 2017 £
Cash in hand and at bank	378,458	64,031	442,489
	<u>378,458</u>	<u>64,031</u>	<u>442,489</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)**

**25 PENSION AND SIMILAR OBLIGATIONS**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Solihull Metropolitan Borough Council. Both are defined-benefit schemes.

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

Contributions amounting to £56,784 (Year ended 31 August 2017: £72,177) were payable to the scheme at 31 December 2017 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pensions 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 in 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' Pensions Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,000 million, giving a notional past service deficit of £14,900 million; and
- 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 year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £134,257 (Year ended 31 August 2017: £403,092).

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)**

**25. Pension and Similar Obligations (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 December 2017 was £69,000, of which employer's contributions totalled £55,000 and employees' contribution totalled £14,000. The agreed contribution rates for future years is 16.4% for employers and the employee rate varies according to income band.

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<sup>th</sup> July 2013.

**Principal actuarial assumptions**

	31 December 2017 %	31 August 2017 %
Rate of increase in salaries	4.20	4.20
Rate of increase for pensions in payment	2.70	2.70
Discount rate	2.60	2.60
Inflation (CPI)	2.70	2.70

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

	31 December 2017 Years	31 August 2017 Years
Retiring today:		
Males	21.8	21.8
Females	24.3	24.3
Retiring in 20 years:		
Males	24.0	24.0
Females	26.6	26.6

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)

25. Pension and Similar Obligations (Local Government Pension Scheme continued)

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 December 2017 £'000	Fair value at 31 August 2017 £'000
Equities	1,545	1,391
Bonds	368	246
Property	268	161
Cash	53	109
Alternative assets	93	292
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>2,327</b>	<b>2,199</b>
Present value of scheme liabilities – Funded	(3,544)	(3,425)
<b>DEFICIT IN THE SCHEME</b>	<b>(1,217)</b>	<b>(1,226)</b>

The actual return on scheme assets was £68,000 (Year ended 31 August 2017: £301,000)

The expected rate of return on plan assets is based on market expectations at the beginning of the year, for investment returns over the entire life of the related obligations.

Amounts recognised in the statement of financial activities	31 December 2017 £'000	31 August 2017 £'000
Current service cost	85	229
Net interest cost	10	33
Administration expense	-	1
<b>Total operating charge</b>	<b>95</b>	<b>263</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued)**

**25. Pension and Similar Obligations (Local Government Pension Scheme continued)**

The actuarial gains and losses for the current year are recognised in the SOFA.  
Movements in the present value of defined benefit obligations were as follows:

	31 December 2017 £'000	31 August 2017 £'000
At 1 September	3,425	3,227
Current service cost	85	229
Interest cost	29	72
Employee contributions	14	43
Actuarial (gain)/loss	-	(150)
Benefits paid	(9)	4
	<hr/>	<hr/>
At 31 December	3,544	3,425
	<hr/> <hr/>	<hr/> <hr/>
Movements in the fair value of Academy Trust's share of scheme assets:		
At 1 September	2,199	1,663
Interest on assets	19	39
Actuarial (loss)/gain	49	296
Administration expenses	-	(1)
Employer contributions	55	155
Employee contributions	14	43
Benefits paid	(9)	4
	<hr/>	<hr/>
At 31 December	2,327	2,199
	<hr/> <hr/>	<hr/> <hr/>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 (continued )**

**26. RELATED PARTIES**

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is not unusual that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

*Renewal Conference Centre Ltd* – a company of which D Carr (Governor) is also a director.

- The Trust purchased services from Renewal Conference Centre Ltd totalling £1,438 (Year to 31 August 2017 - £1,528) during the year. There was £500 outstanding as a debtor at 31 December 2017 (Year to 31 August 2017 - £700).
- The Trust made the purchase at arms' length and in accordance with its financial regulations. D Carr had no involvement in the purchasing process nor influenced the decision.
- In entering into the transaction the Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

*CC IT Development Ltd* – a company of which S Cleaver (Governor) is also a director.

- The Trust received £NIL (Year to 31 August 2017 – £1,860) in commissions from software sales in the period. There were no amounts outstanding as at 31 December 2017 or 31 August 2017.
- The Trust also received a service in kind of £NIL (Year to 31 August 2017 - £500) for free annual maintenance services of the software
- The Trust made the purchase at arms' length and in accordance with its financial regulations. S Cleaver had no involvement in the purchasing process nor influenced the decision.
- In entering into the transaction the Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

*Solihull Alternative Provision Academy* – an academy of which M Wilson (Governor & Head Teacher) is also a director

- The Trust received £500 (Year to 31<sup>st</sup> August 2017 – £500) for financial administration services provided to the academy. As at 31 December there were no outstanding invoices re payroll by the Trust in conjunction with their payroll service provider Solihull Metropolitan Borough Council.
- The Trust made the purchase at arms' length and in accordance with its financial regulations.
- In entering into the transaction the Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

There were no further related party transactions during the period.

LODE HEATH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER  
2017 (continued )

27. DISSOLUTION OF ACADEMY TRUST

	Transfer out on academies leaving the trust
<b>Intangible Assets</b>	
Leasehold land and buildings	14,709,158
Assets under construction	772,755
Furniture and equipment	35,109
Computer equipment	37,779
<b>Current Financial Assets</b>	
Debtors due after one year	404,289
Cash at bank and in hand	442,492
Creditors due in less than one year	(490,198)
Creditors due in more than one year	(110,726)
Pensions	(1,217,000)
<b>Net assets/(liabilities)</b>	<b><u>14,583,658</u></b>

## LODE HEATH SCHOOL

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LODE HEATH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20<sup>th</sup> 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 Lode Heath School during the period 1 September 2017 to 31 December 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 Lode Heath School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lode Heath 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 Lode Heath School and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Lode Heath School's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Lode Heath School's funding agreement with the Secretary of State for Education dated 1<sup>st</sup> August 2011 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 period 1 September 2017 to 31 December 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 trust's income and expenditure.

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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2016 to 2017. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

## LODE HEATH SCHOOL

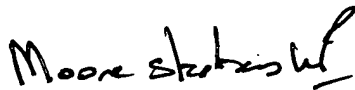
### Independent Reporting Accountant's Assurance Report on Regularity to LODE HEATH SCHOOL and the Education and Skills Funding Agency (continued)

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the School's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, review for any indication of purchase for personal use by staff, Head or Governors;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the School;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

#### Conclusion

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



Moore Stephens LLP  
Chartered Accountants  
Birmingham

Date:

31/7/2018