

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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



LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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LOWBROOK ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

Ian Harvey	(Resigned 21.03.2016)
Christine Rogers	
Dominique Du Pre	
Paul Harrison	(Appointed 22.03.2016)

Trustees / Governors

Dominique Du Pre	Chair
Paul Harrison	
Dave Rooney	Principal and Accounting Officer
Mary Gallop	Staff Trustee
Christine Rogers	(Resigned 30.01.2016)
Ian Harvey	(Resigned 23.03.2016)
Patricia Capp	(Resigned 31.08.2016)
James Spiteri	(Appointed 01.10.2016)
Guy van der Knapp	(Appointed 01.10.2016)
Bianca Iasi	Staff Trustee (Appointed 01.10.2016)
Christine Sherwood-Phelps	

Company Secretary

Kate Bailey

Senior Management Team

Dave Rooney	Principal
Bianca Iasi	Head of School
Neale Bhadye	KS1 Leader
David Morgan	KS 2 Leader
Paula West/Kay Redjeb	HLTA Representative
Pauline Reid	Business Manager
Kate Bailey	Clerk

Company Name

Lowbrook Academy Trust

Principal and registered office

Lowbrook Academy Trust, The Fairway, Cox Green, Maidenhead, Berkshire SL6 3AR

Company registered number

07533254 (England & Wales)

Independent Auditors

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

Natwest Bank Plc, 66 High Street, Maidenhead, Berkshire SL6 1QA

Solicitors

Brethertons LLP, Montague House, 2 Clifton Road, Rugby, Warwickshire, CV21 3PX

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Maidenhead. It has a pupil capacity of 300 and had a roll of 332 in the school census on 6th November 2016.

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 trustees of Lowbrook Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as Lowbrook Trading Company Limited.

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

Members Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £715.50.

Method of Recruitment and Appointment or Election of Trustees

The members may appoint up to 3 Trustees. The Members may appoint Staff Trustees through such process as they may determine, Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when she/he is elected. The community Trustee may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee, lives and or works in the community.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors. As there are not normally many new governors a year, induction tends to be done informally and is tailored specifically to the individual.

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

Organisational Structure

The organisational structure consists of two levels: the Governing Body and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage involvement in Decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team includes the Principal, two Assistant Principals, Business Manager, Office Manager/Clerk and HLTA representative. This team is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Senior Leadership team have their remuneration determined by recommendations given by the Principal to the Pay Committee based on their performance management. The guideline for these awards are listed in the Academy's Pay Policy, which is reflective of National and Local Authority pay tables.

Related Parties and other Connected Charities and Organisations.

Whilst there is no legal agreement between ourselves and Holt Trinity C of E Primary School we have forged a close connection during the period that Mr Rooney has been Executive Principal over both schools. Standards at Holy Trinity have dramatically risen by the efforts of all staff. This resulted in an OFSTED rating of 'Outstanding' at the October section 5 inspection. Moving from 'Requires Improvement' to 'Outstanding' is not only an amazing and rapid transformation but it would not have been possible without the huge amount of support from all at Lowbrook Academy. The successful partnership with Lowbrook was also highlighted in Holy Trinity's recent SIAMs inspection report that also graded the school to be 'Outstanding' in all areas. This is an excellent example of the Academy model working very well to support another school. We are currently embarking on our joint leadership model across both schools and are in the process of organising a joint session with both sets of Governors and key staff that share this responsibility.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of Lowbrook Academy to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum for pupils of different abilities between the ages of 4 and 11.

Objectives, Strategies and Activities

- To improve higher level reading standards across the school;
- To embed the new ICT vision and equipment into the curriculum;
- To ensure that 75% of teaching is Outstanding;
- To further develop the innovative curriculum, resources and grounds within the Academy;
- To obtain best value in purchasing of resources and services;
- To regularly benchmark the school's financial performance against that of other local schools and other schools of similar size, location, ethnic and deprivation indexes;
- To ensure that financial resources are maximised so that educational resources are available to raise standards of pupil achievement;
- To maintain 3 year budget planning with the aims of incorporating all priorities identified within the school's development plan;
- To budget for a rolling programme of improvement to the internal and external decoration of the school without detriment to the wider aims of raising pupils' attainments.

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

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include all statutory obligations outlined within the school's funding agreement.

STRATEGIC REPORT

Achievements and Performance

Once again we are proud to report that 2015/16 has been another very exciting year. Some of the highlights were:

- We were the highest performing school at the end of Year 6 in the RBWM securing 100% of pupils at the expected level with progress across all subjects in the top 5%. It could be reasonable argued that these are Lowbrook's best ever results.
- 100% of children passed the Year 1 Phonic Screening Test compared to 81% nationally.
- 95% of the 60 children in Early Years Foundation Stage have achieved GLD (Good Level of Development), compared to 69.3% nationally.
- Another two-form entry in Early Years Foundation Stage after much lobbying and public concern regarding school places. The decision was finally made by the Local Authority to support our vision of becoming a two-form entry school. This has been a long-standing ambition and a long-term aim that was necessary if we were to support our community.
- Another particularly successful Sports Week culminating in Sports Day and Summer Fair.
- The success of Lowbrook's Sports Week facilitated a greater variety of after-school clubs leading into 2016/17.
- The number of PE specialists working with Lowbrook increased from 19 to 23.
- 100% of children across the school took part in competitions throughout the year.
- Various Lowbrook teams managed thirteen top 3 finishes across 4 different sports.
- The Library and ICT suite was successfully developed into a classroom that is proving most popular with the students.
- Performance at assemblies continues to be of a very high standard.
- Diversity Week was a true success once again, celebrating cultures and values from around the world and highlighting British Values. The food stalls this year were amazing and were a true demonstration of the parental engagement and support that we have.

Key Financial Performance Indicators

The Academy has achieved a Good rating from the DfE for the FMGE (Financial Management and Governance Evaluation).

The staffing costs as a percentage of the GAG for the financial year 2015-16 were 82%, which is well below the national average. However, moving forwards we anticipate that, due to increased numbers on roll, staffing costs will increase to 84% of the GAG for the next financial year.

Going Concern

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

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors wish to maintain unrestricted funds at year end towards future projects.

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

FINANCIAL REVIEW

The academy met all its academic targets whilst being fully staffed and within budget. Resource management is successfully managed within the budget and the learning environment within the academy is outstanding.

Change in accountancy standards from UK to International has caused a significant increase in the pension deficit. However, this liability is long term and does not affect the day to day running of the Academy Trust.

Income for the year ended 31 August 2016 was £1,353,968 and expenditure after depreciation of £96,567 and FRS 102 pension adjustments of £22,000 was £1,416,010. The surplus for the year before depreciation and pension adjustments was £56,525.

We have been funded £1.6m for our expansion project, which we believe to be at least £600,000 short of what we will require. Our immediate challenges regarding our expansion are complex and an ongoing high priority for the school leadership team.

Reserves Policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors wish to maintain unrestricted funds at year end towards future projects.

At 31 August 2016 the total funds comprised:

Unrestricted		138,880
Restricted:	Fixed asset funds	3,477,010
	Pension reserve	(379,000)
	Other	33,608
		<u>£3,270,498</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees. The aim of the Trustees is to increase this reserve to meet future working capital requirements.

Investment Policy

If significant balances can be foreseen, the academy's Financial Procedures policy states that steps should be taken to invest the surplus funds in the academy's bank savings account.

Principal Risks and Uncertainties

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

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

The Board feel that the biggest risk and uncertainty for the forthcoming financial year is Phase 3 of the proposed expansion programme. We are still in the process of discussing funding with the Local Authority, who appreciate the potential shortfall and have agreed to take this issue back to the Cabinet for consideration when setting their budgets in February/March 2017.

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

PLANS FOR FUTURE PERIODS

Continued maintenance and development of the buildings and outdoor areas. To develop an additional classroom to marry up with the classroom already at the car park end of the school. To design and build a four block of classrooms and an additional hall. This expansion will allow the Board's long held ambition to become a two form entry school to become a reality.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Neither the Academy Trust nor its governors are acting as custodian trustee on behalf of others

AUDITOR

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2016 and signed on the board's behalf by:



.....
D Du Pre
Chair of Trustees

LOWBROOK ACADEMY TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lowbrook Academy Trust and the Secretary of State for Education. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met 12 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee		Meetings attended	Out of a possible
D Du Pre	(Chair)	7	7
P Harrison	(Vice Chair)	6	8
D Rooney	(Principal/Accounting Officer)	12	12
M Gallop	(Staff Trustee)	9	9
Bianca Iasi	(Staff trustee)(Resigned 01.10.16)	0	0
C Rogers	(Resigned 17.12.15)	4	4
I Harvey	(Resigned 21.03.16)	6	6
P Capp	(Resigned 24.02.16)	2	2
C Sherwood-Phelps	(Community trustee)	7	7

During this financial year we have had 3 trustees resign.

Due to significant changes in the structure of the Governing Body in 2015-16 and external review of governance is planned for January 2017.

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

The **Finance, Sites and Buildings Committee** is a sub-committee of the main board of trustees. Its purpose is to:

- In consultation with the Principal, to draft the first formal budget plan of the financial year
- To establish and maintain an up to date 3 year financial plan
- To consider a budget position statement including virement decisions at least termly and to report significant anomalies from the anticipated position to the Governing Body
- To ensure that the school operates within the Financial Regulations of the new Academies Handbook
- To monitor expenditure of all voluntary funds kept on behalf of the Governing Body
- To annually review charges and remissions policies and expenses policies.
- To make decisions in respect of service agreements
- To make decisions on expenditure following recommendations from other committees
- To prepare financial statements for inclusion in the governing body report to parents
- To ensure, as far as is practical, that Health and Safety issues are appropriately prioritised
- To determine whether sufficient funds are available for pay increments as recommended by the Principal.
- In the light of the Principal's Performance Management Group's recommendations, to determine whether sufficient funds are available for increments
- To monitor the progress and development of the school development plan and report back to the governing body.
- To monitor the school self-evaluation cycle and to report findings back to the governing body.
- To monitor the progress of development and review of policies.
- Collect evidence from monitoring visits by governors.
- To monitor the progress, development and review of policies.
- To ensure that Auditors are in place.
- To monitor and review Single Central Record
- Monitor the use of Pupil Premium and Sports Premium

Christine Rogers resigned as Chair the committee on the 30th January 2016, however, she has remained a Member. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
I Harvey	2	2
C Sherwood-Phelps	2	2
P Harrison	2	2
C Rogers	2	2
D Rooney	2	2
M Gallop	2	2

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

REVIEW OF VALUE FOR MONEY

I accept that as accounting officer of Lowbrook Academy I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year.

The Governing Body is accountable for the way in which the school's resources are allocated to meet the objectives set out in our School Development Plans (SDP). Governors need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in our achievements and services.

The Academy strives to obtain best value for money from all purchases. A large proportion of purchases will be paid for by public funds, therefore the Academy needs to maintain the integrity of these funds.

The allocation of funding each year is decided by the Governing Body in close consultation with the Principal. If during the year, it becomes necessary to increase or decrease the allocation, then the matter must first be discussed with the Governors, who will either make a decision or, if the matter falls outside their delegated authority, make a recommendation to the full Governing Body. Virements will only be made in accordance with the Academy's Virements Policy.

We use the principles of Best Value as they apply to securing continuous improvement in the school and will:-

- Regularly review the functions of the school, challenging how and why services are provided and setting targets and performance indicators for improvement.
- Monitor outcomes and compare performance with similar schools and within the school.
- Consult appropriate stakeholders before major decisions are made.
- Promote fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

The Governors and Senior Leadership Team apply these principles of best value when making decisions about:-

- Staffing - Teaching - Learning - Use of Premise - Use of Resources - Purchasing -
- Income Generated - Student Welfare - Health & Safety.
- Monitoring of Best Value
- The monitoring of these areas for Best Value, take place in several way:-
- In-house by the Senior Leadership Team and by other senior members of staff through classroom practice and work sampling.
- Target setting meetings between members of the Leadership Team and other senior members of staff
- Annual Review Meetings.
- Annual Budget Planning process and the preparation of Annual Accounts.
- School Development Plan
- Analysis of school pupil performance data, including exam result, and Raise online data
- Ofsted Inspection Reports
- Classroom observation
- Full Governing Body Meetings
- Information to parents via school website and weekly newsletters

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lowbrook Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Gur Van Der Knap (recently appointed Trustee)] as internal auditor
- management accounts will be reviewed by him
- monthly meeting with the school business manager
- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a quarterly basis, the finance governor will report to the board of trustees, through the Sites and Finance Committee Meetings on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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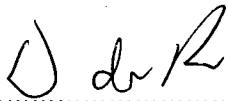
GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

REVIEW OF EFFECTIVENESS

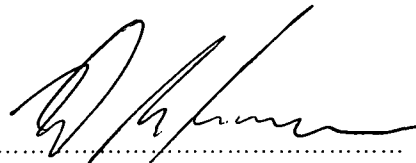
As accounting officer the Dave Rooney has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Finance Governor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive 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 **19** December 2016 and signed on its behalf by:



.....
D Du Pre
Chair of Trustees



.....
D Rooney
Accounting Officer

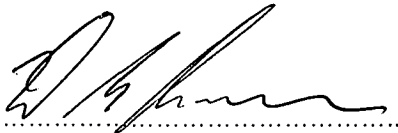
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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



D Rooney
Accounting officer

19 December 2016

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

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Group'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 **19 Dec. 16** and signed on its behalf by:



.....
D Du Pre
Chair of Trustees

LOWBROOK ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LOWBROOK ACADEMY TRUST**

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

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LOWBROOK ACADEMY TRUST**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the parent charitable Academy Trust has not kept adequate and sufficient accounting records; or
- the parent charitable Academy Trust financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MHA MacIntyre Hudson

BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24 - 28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: *20 December 2016*

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOWBROOK ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 10 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lowbrook Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF LOWBROOK ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Lowbrook Academy Trust's funding agreement with the Secretary of State for Education dated 31 March 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOWBROOK
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines; and
- making appropriate enquires of the Accounting Officer.

CONCLUSION

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

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

Abbey Place
24 - 28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: *20 December 2016*

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	3	20,665	-	6,993	27,658	86,431
Charitable activities	6	-	1,110,872	-	1,110,872	1,085,179
Other trading activities	4	215,380	-	-	215,380	216,884
Investments	5	58	-	-	58	506
TOTAL INCOME		236,103	1,110,872	6,993	1,353,968	1,389,000
EXPENDITURE ON:						
Raising funds		32,664	-	-	32,664	32,069
Charitable activities		20,526	1,266,253	96,567	1,383,346	1,230,807
TOTAL EXPENDITURE	7	53,190	1,266,253	96,567	1,416,010	1,262,876
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	182,913 (358,961)	(155,381) 107,241	(89,574) 251,720	(62,042) -	126,124 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(176,048)	(48,140)	162,146	(62,042)	126,124
Actuarial losses on defined benefit pension schemes	24	-	(197,000)	-	(197,000)	(3,000)
NET MOVEMENT IN FUNDS		(176,048)	(245,140)	162,146	(259,042)	123,124
RECONCILIATION OF FUNDS:						
Total funds brought forward		314,928	(100,252)	3,314,864	3,529,540	3,406,416
TOTAL FUNDS CARRIED FORWARD		138,880	(345,392)	3,477,010	3,270,498	3,529,540

The notes on pages 22 to 45 form part of these financial statements.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07533254

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		3,477,010		3,258,472
CURRENT ASSETS					
Debtors	17	59,121		55,391	
Cash at bank and in hand		271,222		560,692	
		<u>330,343</u>		<u>616,083</u>	
CREDITORS: amounts falling due within one year	18	(157,855)		(185,015)	
NET CURRENT ASSETS			<u>172,488</u>		<u>431,068</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,649,498</u>		<u>3,689,540</u>
Defined benefit pension scheme liability	24		(379,000)		(160,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,270,498</u></u>		<u><u>3,529,540</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	33,608		59,748	
Restricted fixed asset funds	19	3,477,010		3,314,864	
Restricted funds excluding pension liability		<u>3,510,618</u>		<u>3,374,612</u>	
Pension reserve	19	(379,000)		(160,000)	
Total restricted funds			<u>3,131,618</u>		<u>3,214,612</u>
Unrestricted funds	19		<u>138,880</u>		<u>314,928</u>
TOTAL FUNDS			<u><u>3,270,498</u></u>		<u><u>3,529,540</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on **19 December 2016** and are signed on their behalf, by:


.....
D Du Pre
Chair of Trustees


.....
D Rooney
Accounting officer

The notes on pages 22 to 45 form part of these financial statements.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07533254

ACADEMY TRUST BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		3,477,010		3,258,472
Investments	16		100		100
			<u>3,477,110</u>		<u>3,258,572</u>
CURRENT ASSETS					
Debtors	17	107,609		118,106	
Cash at bank and in hand		219,736		487,983	
		<u>327,345</u>		<u>606,089</u>	
CREDITORS: amounts falling due within one year	18	(154,957)		(175,121)	
NET CURRENT ASSETS			<u>172,388</u>		<u>430,968</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,649,498</u>		<u>3,689,540</u>
Defined benefit pension scheme liability	24		(379,000)		(160,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>3,270,498</u></u>		<u><u>3,529,540</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	19	33,608		59,748	
Restricted fixed asset funds	19	3,477,010		3,314,864	
Restricted funds excluding pension asset		<u>3,510,618</u>		<u>3,374,612</u>	
Pension reserve	19	(379,000)		(160,000)	
Total restricted funds			<u>3,131,618</u>		<u>3,214,612</u>
Unrestricted funds	19		<u>138,880</u>		<u>314,928</u>
TOTAL FUNDS			<u><u>3,270,498</u></u>		<u><u>3,529,540</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on **19 December 2016** and are signed on their behalf, by:

.....
D Du Pre
Chair of Trustees

.....
D Rooney
Accounting officer

The notes on pages 22 to 45 form part of these financial statements.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>18,584</u>	<u>290,041</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		58	506
Purchase of tangible fixed assets		(315,105)	(147,505)
Capital grants from DfE/EFA		6,993	64,416
Net cash used in investing activities		<u>(308,054)</u>	<u>(82,583)</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(34,000)
Net cash used in financing activities		<u>-</u>	<u>(34,000)</u>
Change in cash and cash equivalents in the year		(289,470)	173,458
Cash and cash equivalents brought forward		<u>560,692</u>	<u>387,234</u>
Cash and cash equivalents carried forward		<u><u>271,222</u></u>	<u><u>560,692</u></u>

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Lowbrook Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Academy Trust alone as permitted by section 408 of the Companies Act 2006.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.2 Basis of consolidation

The financial statements consolidate the accounts of Lowbrook Academy Trust and all of its subsidiary undertakings ('subsidiaries').

The Academy Trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Statement of Financial Activities incorporating income and expenditure account.

The Statement of Financial Activities incorporating income and expenditure account for the year dealt with in the accounts of the Academy Trust was a deficit of £62,042 (2015 - surplus of £128,124).

1.3 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 Trustees.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

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

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donations are recognised on a receivable basis where there are no performance related conditions and there is probability of receipt and the amount can be reliably measured.

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

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All tangible fixed assets costing more than £200 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 there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	2% per annum on cost
Furniture and equipment	-	20 - 33% per annum on cost
Computer equipment	-	33% per annum on cost

1.8 Investments

The academy's shareholding in the wholly owned subsidiary, Lowbrook Trading Limited, is included in the Balance Sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

1.9 Operating leases

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

1.10 Interest receivable

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

1.11 Taxation

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

1.12 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.13 Cash at Bank and in hand

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

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Liabilities and provisions

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

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

1.15 Financial instruments

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.16 Pensions

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 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 unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	20,665	-	-	20,665	22,015
Capital Grants	-	-	6,993	6,993	64,416
Total donations and capital grants	20,665	-	6,993	27,658	86,431

In 2015, of the total income from donations and capital grants, £22,015 was to unrestricted funds, £ NIL was to restricted funds and £ 64,416 was to restricted fixed asset funds.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering income	1,710	-	1,710	1,478
Trading subsidiary operations	70,088	-	70,088	86,357
School clubs	81,765	-	81,765	68,441
Placement students	440	-	440	1,968
Consultancy	56,295	-	56,295	48,795
Other income	5,082	-	5,082	9,845
	<u>215,380</u>	<u>-</u>	<u>215,380</u>	<u>216,884</u>

In 2015, of the total income from other trading activities, £216,884 was to unrestricted funds, £ NIL was to restricted funds and £ NIL was to restricted fixed asset funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	58	-	58	506
	<u>58</u>	<u>-</u>	<u>58</u>	<u>506</u>

In 2015, of the total investment income, £ 506 was to unrestricted funds, £ NIL was to restricted funds and £ NIL was to restricted fixed asset funds.

LOWBROOK ACADEMY TRUST
(A Company Limited by Guarantee)

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

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	985,559	985,559	969,679
Pupil premium	-	15,363	15,363	13,892
Other DfE grants	-	9,334	9,334	14,482
	-	1,010,256	1,010,256	998,053
Other government grants				
SEN funding	-	67,371	67,371	58,299
	-	67,371	67,371	58,299
Other funding				
School Trips	-	33,245	33,245	28,827
	-	33,245	33,245	28,827
	-	1,110,872	1,110,872	1,085,179

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds, £1,085,179 was to restricted funds and £ NIL was to restricted fixed asset funds.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	12,476	-	20,188	32,664	32,069
Academy's educational operations:					
Direct costs	776,751	44,387	176,150	997,288	895,702
Support costs	109,358	111,119	165,581	386,058	335,105
	898,585	155,506	361,919	1,416,010	1,262,876

In 2016, of the total expenditure, £53,190 (2015 - £98,663) was to unrestricted funds, £1,266,253 (2015 - £1,076,482) was to restricted funds and £ 96,567 (2015 - £ 87,731) was to restricted fixed asset funds.

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

8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the trust	440	-	
Unrecoverable debts	603	-	

9. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	776,751	680,570
Depreciation	96,567	86,666
Staff development	11,594	14,760
Educational supplies	79,742	65,429
School trip expenditure	25,876	36,303
Educational consultancy	-	1,000
Other direct costs	6,758	10,974
	<u>997,288</u>	<u>895,702</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	109,358	127,068
Pension finance cost	5,000	6,000
Maintenance of premises and equipment	41,033	39,783
Cleaning	19,441	2,353
Energy	27,010	22,743
Rates	8,823	8,429
Catering supplies	68,875	46,302
Legal and professional	12,415	13,253
Non staff related insurance	10,628	11,634
Technology costs	26,326	20,568
Other support costs	46,721	28,918
Bank charges	2,058	354
Governance costs	8,370	7,700
	<u>386,058</u>	<u>335,105</u>
	<u><u>1,383,346</u></u>	<u><u>1,230,807</u></u>

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

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charitable group	96,567	86,666
Auditors' remuneration - audit	6,200	5,500
Auditors' remuneration - other services	2,170	2,200
Operating lease rentals	3,946	6,125
	<u>108,883</u>	<u>100,491</u>

11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	733,944	686,792
Social security costs	47,390	39,122
Operating costs of defined benefit pension schemes	110,650	87,910
	<u>891,984</u>	<u>813,824</u>
Supply teacher costs	6,601	-
	<u>898,585</u>	<u>813,824</u>

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

	2016 No.	2015 No.
Teachers	15	16
Administration and support	24	23
Management	1	1
	<u>40</u>	<u>40</u>

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

	2016 No.	2015 No.
In the band £80,001 - £90,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for this staff member amounted to £13,213 (2015: £11,946).

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £251,811 (2015: £255,560).

LOWBROOK ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	<i>2015</i>
		£	£
David Rooney (Principal)	Remuneration	80,000-85,000	<i>80,000-85,000</i>
	Pension contributions paid	10,000-15,000	<i>10,000-15,000</i>
Mary Gallop (Staff Governor)	Remuneration	50,000-55,000	<i>45,000-50,000</i>
	Pension contributions paid	5,000-10,000	<i>5,000-10,000</i>

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

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £620 (2015 - £620).

14. PENSION FINANCE COST

	2016	<i>2015</i>
	£	£
Interest on pension scheme liabilities	(5,000)	<i>(6,000)</i>

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

15. TANGIBLE FIXED ASSETS

	Long leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Group and Academy trust				
Cost				
At 1 September 2015	3,265,164	196,650	130,612	3,592,426
Additions	184,140	72,811	58,154	315,105
At 31 August 2016	<u>3,449,304</u>	<u>269,461</u>	<u>188,766</u>	<u>3,907,531</u>
Depreciation				
At 1 September 2015	123,810	111,194	98,950	333,954
Charge for the year	34,529	39,262	22,776	96,567
At 31 August 2016	<u>158,339</u>	<u>150,456</u>	<u>121,726</u>	<u>430,521</u>
Net book value				
At 31 August 2016	<u>3,290,965</u>	<u>119,005</u>	<u>67,040</u>	<u>3,477,010</u>
At 31 August 2015	<u>3,141,354</u>	<u>85,456</u>	<u>31,662</u>	<u>3,258,472</u>

Included within long leasehold property is land at a value of £1,711,984 (2015: £1,711,984) which is not depreciated.

Long leasehold property additions comprise the construction of an additional classroom.

16. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Academy trust	
Cost	
At 1 September 2015 and 31 August 2016	<u>100</u>
Academy trust investments at cost comprise:	
	2016 £
Lowbrook Trading Company Limited	<u>100</u>
	2015 £
	<u>100</u>

All the fixed asset investments are held in the UK.

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

17. DEBTORS

	<u>Group</u>		<u>Academy trust</u>	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	1,225	12,294	458	11,411
Amounts owed by group undertakings	-	-	58,439	63,599
Other debtors	8,235	-	8,133	-
Prepayments and accrued income	23,231	17,828	14,149	17,827
VAT recoverable	26,430	25,269	26,430	25,269
	<u>59,121</u>	<u>55,391</u>	<u>107,609</u>	<u>118,106</u>

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

	<u>Group</u>		<u>Academy trust</u>	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	85,744	39,570	85,744	31,276
Taxation and social security	16,478	12,909	16,478	12,909
Accruals and deferred income	55,633	132,536	52,735	130,936
	<u>157,855</u>	<u>185,015</u>	<u>154,957</u>	<u>175,121</u>

	<u>Group</u>		<u>Academy trust</u>	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2015	32,210	25,948	32,210	25,948
Resources deferred during the year	39,013	32,210	39,013	32,210
Amounts released from previous years	(32,210)	(25,948)	(32,210)	(25,948)
Deferred income at 31 August 2016	<u>39,013</u>	<u>32,210</u>	<u>39,013</u>	<u>32,210</u>

At the balance sheet date the academy trust was holding funds received in advance for universal infant free school meals provision for September 2016 onwards.

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

19. STATEMENT OF FUNDS - GROUP

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
General Funds	314,928	166,015	(38,639)	(303,424)	-	138,880
Lowbrook trading company	-	70,088	(14,551)	(55,537)	-	-
	<u>314,928</u>	<u>236,103</u>	<u>(53,190)</u>	<u>(358,961)</u>	<u>-</u>	<u>138,880</u>
Restricted funds						
General annual grant	33,509	985,559	(1,118,940)	107,241	-	7,369
Predecessor school	26,239	-	-	-	-	26,239
Other DFE/EFA Income	-	24,697	(24,697)	-	-	-
Other restricted income	-	33,245	(33,245)	-	-	-
LA income	-	67,371	(67,371)	-	-	-
Pension reserve	(160,000)	-	(22,000)	-	(197,000)	(379,000)
	<u>(100,252)</u>	<u>1,110,872</u>	<u>(1,266,253)</u>	<u>107,241</u>	<u>(197,000)</u>	<u>(345,392)</u>
Restricted fixed asset funds						
Fixed asset fund	3,258,472	-	(96,567)	315,105	-	3,477,010
Condition improvement fund	56,392	-	-	(56,392)	-	-
Devolved formula capital	-	6,993	-	(6,993)	-	-
	<u>3,314,864</u>	<u>6,993</u>	<u>(96,567)</u>	<u>251,720</u>	<u>-</u>	<u>3,477,010</u>
Total restricted funds	<u>3,214,612</u>	<u>1,117,865</u>	<u>(1,362,820)</u>	<u>358,961</u>	<u>(197,000)</u>	<u>3,131,618</u>
Total of funds	<u><u>3,529,540</u></u>	<u><u>1,353,968</u></u>	<u><u>(1,416,010)</u></u>	<u><u>-</u></u>	<u><u>(197,000)</u></u>	<u><u>3,270,498</u></u>

LOWBROOK ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS - GROUP (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Authority by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

The pension reserve 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.

All general funds are held for the purposes of education in line with the Academy's objectives.

The restricted fixed assets fund has been set up to recognise the tangible assets transferred to the Academy on conversion and purchased by the Academy following conversion.

Transfers reflect amounts capitalised during the period.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

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

STATEMENT OF FUNDS - ACADEMY

	Brought forward £	Incoming resources £	Resources expended £	Transfers in/out £	Gains/ losses £	Carried forward £
Unrestricted funds						
General funds	314,928	221,552	(38,639)	(358,961)	-	138,880
	<u>314,928</u>	<u>221,552</u>	<u>(38,639)</u>	<u>(358,961)</u>	<u>-</u>	<u>138,880</u>
Restricted funds						
General Annual Grant (GAG)	33,509	985,559	(1,118,940)	107,241	-	7,369
Predecessor school	26,239	-	-	-	-	26,239
Other DfE/EFA grants	-	24,697	(24,697)	-	-	-
Other restricted income	-	33,245	(33,245)	-	-	-
LA income	-	67,371	(67,371)	-	-	-
Pension reserve	(160,000)	-	(22,000)	-	(197,000)	(379,000)
	<u>(100,252)</u>	<u>1,110,872</u>	<u>(1,266,253)</u>	<u>107,241</u>	<u>(197,000)</u>	<u>(345,392)</u>
Restricted fixed asset funds						
Fixed asset fund	3,258,472	-	(96,567)	315,105	-	3,477,010
Condition improvement fund	56,392	-	-	(56,392)	-	-
Devolved formula capital	-	6,993	-	(6,993)	-	-
	<u>3,314,864</u>	<u>6,993</u>	<u>(96,567)</u>	<u>251,720</u>	<u>-</u>	<u>3,477,010</u>
Total restricted funds	3,214,612	1,117,865	(1,362,820)	358,961	(197,000)	3,131,618
Total	3,529,540	1,339,417	(1,401,459)	-	(197,000)	3,270,498

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

STATEMENT OF FUNDS - ACADEMY (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education Funding Authority by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

The pension reserve 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.

All general funds are held for the purposes of education in line with the Academy's objectives.

The restricted fixed assets fund has been set up to recognise the tangible assets transferred to the Academy on conversion and purchased by the Academy following conversion.

Transfers reflect amounts capitalised during the period.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (Group and Academy Trust)

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	3,477,010	3,477,010	3,258,472
Current assets	138,880	191,463	-	330,343	616,083
Creditors due within one year	-	(157,855)	-	(157,855)	(185,015)
Pension liability	-	(379,000)	-	(379,000)	(160,000)
	<u>138,880</u>	<u>(345,392)</u>	<u>3,477,010</u>	<u>3,270,498</u>	<u>3,529,540</u>

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

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(62,042)	126,124
Adjustment for:		
Depreciation charges	96,567	86,666
Dividends, interest and rents from investments	(58)	(506)
Decrease in stocks	-	1,856
(Increase)/decrease in debtors	(3,730)	14,685
(Decrease)/increase in creditors	(27,160)	104,632
Capital grants from DfE and other capital income	(6,993)	(64,416)
Pension adjustment	22,000	21,000
Net cash provided by operating activities	18,584	290,041

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	271,222	560,692
Total	271,222	560,692

23. CAPITAL COMMITMENTS

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

	Group		Academy trust	
	2016 £	2015 £	2016 £	2015 £
Contracted for but not provided in these financial statements	-	283,975	-	283,975

24. PENSION COMMITMENTS

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

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £95,545 (2015 - £58,863).

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

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

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

24. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £48,000 (2015 - £38,000), of which employer's contributions totalled £36,000 (2015 - £28,000) and employees' contributions totalled £12,000 (2015 - £10,000). The agreed contribution rates for future years are 16.6% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
RPI increases	3.20 %	3.60 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.5	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	104,000	66,000
Bonds	29,000	18,000
Property	28,000	19,000
Gilts	3,000	2,000
Cash	9,000	7,000
Alternative assets	40,000	32,000
Total market value of assets	<u>213,000</u>	<u>144,000</u>

The actual return on scheme assets was £21,000 (2015 - £2,000).

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

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(53,000)	(43,000)
Net interest cost	(5,000)	(6,000)
Past service cost	(936)	(531)
	<u>(58,936)</u>	<u>(49,531)</u>
Total	<u>(58,936)</u>	<u>(49,531)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	304,000	240,000
Current service cost	53,000	43,000
Interest cost	12,000	11,000
Contributions by employees	12,000	10,000
Actuarial losses	211,000	-
	<u>592,000</u>	<u>304,000</u>
Closing defined benefit obligation	<u>592,000</u>	<u>304,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	144,000	104,000
Return on plan assets (excluding net interest on the net defined pension liability)	7,000	5,000
Actuarial gains and (losses)	14,000	(3,000)
Contributions by employer	36,000	28,000
Contributions by employees	12,000	10,000
	<u>213,000</u>	<u>144,000</u>
Closing fair value of scheme assets	<u>213,000</u>	<u>144,000</u>

	2016 £	2015 £
Present value of defined benefit obligation	(592,000)	(304,000)
Fair value of scheme assets	213,000	144,000
	<u>(379,000)</u>	<u>(160,000)</u>
Defined benefit pension scheme liability	<u>(379,000)</u>	<u>(160,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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25. OPERATING LEASE COMMITMENTS

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

	2016	2015
Group	£	£
Amounts payable:		
Between 1 and 5 years	3,496	6,438

26. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding
Lowbrook Trading Company	England and Wales	100

28. MEMBERS' LIABILITY

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

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

29. FIRST TIME ADOPTION OF FRS 102

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

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		3,406,416	3,529,540
Total funds reported under FRS 102		<u>3,406,416</u>	<u>3,529,540</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		128,124
Change in recognition of LGPS interest cost	A	(2,000)
Net income reported under FRS 102		<u>126,124</u>

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

- A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £2,000 and increase the debit in other recognised gains and losses in the SoFA by an equivalent amount.



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