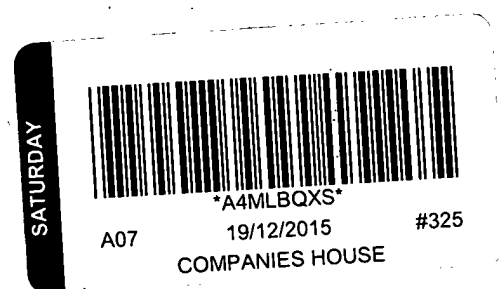


Financial Statements

THE LAURUS TRUST (formerly CHEADLE HULME EDUCATION TRUST)

(A company limited by guarantee)

For the year ended 31 August 2015



Company No 07907463

Charitable company information

Company registration number: 07907463

Registered office: Cheadle Hulme High School
Woods Lane
Cheadle Hulme
Cheshire
SK8 7JY

Governors (charity trustees and directors of the company) Charles Nevin
Pauline Benton
Anthony Graham
Len Elias
Cathy Fisher
Dave Brown (Appointed 16th October 2015)
Jane Dunkerley (Appointed 16th October 2015)

Company secretary: Jane Dunkerley (Resigned 16th October 2015)

Senior Management Team: Headteacher – Linda Magrath
Deputy Headteacher(s) – Dave Brown, Martin Vevers,
Gill Theobald
Finance Director – Jane Dunkerley

Bankers: Lloyds TSB
2 Great Underbank
Stockport
SK1 1LW

Independent Auditor: Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors: Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

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Trustees' report

Strategic Report

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of The Laurus Trust (formerly Cheadle Hulme Education Trust) ('the Company', 'Charitable Company' or 'the Academy Trust') for the year ended 31 August 2015.

The trustees

The trustees who served the trust during the year, and at the date of this report, were as follows:

Mr Charles Nevin
Mrs Pauline Benton
Mr Anthony Graham
Mr Len Elias
Mrs Cathy Fisher
Mr Dave Brown
Miss Jane Dunkerley

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee (registered number 07907463) and is an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Company was incorporated on 12 January 2012 and the fully transitioned operations of Cheadle Hulme High School ('the school') commenced on 1 February 2012 following a decision by the governing body and acceptance by the Secretary of State for Education that the School become an academy as of this date.

The trustees listed above act as the trustees for the charitable activities of Cheadle Hulme High School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company was known as Cheadle Hulme Education Trust however The Academy Trust changed its name with the effect of 30 June 2015 to The Laurus Trust.

The school has a wider board of governors which is comprised of parent governors, staff governors, other appointed governors and the trustees listed above.

Members' Liability

Every member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before he/she ceased to be a member. The Secretary of State for Education can direct the trustees of the Trust in certain circumstances where the quality of education is deemed unsatisfactory.

Trustees' report

Strategic Report

Trustees' Indemnities

The Academy Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 11 of the accounts.

Principal Activities

Cheadle Hulme High School converted to Academy status on 1 February 2012 at which point the entity's operations commenced. It is presently the only school operated by the Academy Trust. The Academy Trust's principal activities are 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.

Method of Recruitment and Appointment or Election of Governors

The Members of the Trust are responsible for the appointment of school governors except a minimum of two parent governors and three staff governors who will be appointed through an election process directed by the governing body. In the event that these positions are not filled, the members of the Trust are able to appoint to these positions.

The number of governors shall be not less than two and shall be subject to a maximum of twenty.

Policies and Procedures Adopted for the Induction and Training of Governors

School governors are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, governors receive information relating to the Trust and attend a briefing and receive an induction pack on the role and responsibilities of governors.

During the year, school governors are offered all necessary training.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education. In addition to the trustees (see above), governors are members of committees who report to the board of directors. There are four governors committees; Funding & Audit, Human Resources, Property and Accountability.

The Funding and Audit Committee reports to the full governing body on finance and related issues.

The full governing body meets on at least three occasions per year.

Terms of reference exist for each committee and will be reviewed annually.

The day to day running of the School is delegated by the trustees to management under the leadership of the Head Teacher, who is the Accounting Officer.

Trustees' report

Strategic Report

Risk Management

The governors have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process will be undertaken on an annual basis and key controls will be put in place to include:

- formal agendas for all committee activity;
- terms of reference for all governing body and delegated committees under the direction of the governing body;
- pecuniary interests of governors are reviewed annually;
- comprehensive budgeting and management reporting;
- established organisational structure and clear lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Further details of financial and risk management are included on page 8 of this report.

Connected organisations including related party relationships

The Trust works closely with the Alder Community High School, Altrincham College of Arts, Castle Hill, Cheadle Hulme School, Copley Academy, Gorsey Bank Primary, Hursthead Junior School, Manchester University, Manchester Metropolitan University, Marple Hall High School, Moat House, New Mills, Pendlebury, Reddish Vale Technology College, Stockport School and Werneth School. None of these organisations are considered to constitute formal related parties.

Objectives and activities

Objects and Aims

The trust's object is to advance for the public benefit education for children aged 11 to 18 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The governors' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. The School is recognised by Ofsted as an Outstanding School.

Trustees' report

Strategic Report

Objects and Aims (continued)

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The School fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Our Vision is for every student, regardless of background or circumstance, to achieve the grades and develop the qualities which will open the door to the future of their choice.

Our Vision is based on four 'Cornerstones': Academic Aspiration, Culture & Creativity, Competition & Physical Endeavour and Leadership & Service.

Objectives, Strategies and Activities

The School's objective for the year ending 31 August 2015 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Student roll - the total number on roll for the year 1 September 2014 to 31 August 2015 was 1,491.

Attendance - the attendance level achieved for the year was 96.0%.

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances.

Cheadle Hulme High School had two permanent exclusions during the year from 1 September 2014 to 31 August 2015.

Staffing - the average number of (full time equivalent) staff employed during the year 1 September 2014 to 31 August 2015 was 160.

Public Benefit

The Academy Trust governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The school's catchment area is designated by the Local Authority and has not changed since academy status. The governors have reviewed the pupil admission policy and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

Trustees' report

Strategic Report

Achievements and performance

The academic examination results for the School are set out in the tables below.

Results showing year on year comparison from 2013 to 2015 for GCSE (KS4) results:

Results	2015	2014	2013
5+ A* - C including Maths/English	85%	77%	77%
5+ A* - G	99%	96%	100%

The School was graded Outstanding in every category by Ofsted in December 2014.

The Fisher Family Trust is the adopted performance measure and target monitoring tool and is used for Key Stage 3 and 4. At KS5 Alps data is used to monitor performance. The targets provided by the Fisher Family Trust and Alps take into account past performance and the profile of student intake.

Standards at key stage 4 (GCSE) have improved year on year from 2006 to 2015. Examination results for 5+ A* - C, including Maths and English, have improved from 57% to 85%.

The School places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

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.

Key Financial Performance Indicators

The trustees consider the following financial key performance indicators when assessing performance:

- income (percentage derived from the GAG) – 82.5%
- staff costs as a percentage of income – 76.5%
- cash balance – £688,000

Trustees' report

Strategic Report

Financial review

The Trust's financial position demonstrates total income of £8,300,000 (2014 : £13,109,000) with a deficit at the 31 August 2015 of £357,000 (2014 : gain of £4,285,000). The deficit has been allocated to reserves.

The primary income stream for the Trust is the funding received from the EFA through the General Annual Grant (the 'GAG'). The total income recognised in the year from GAG was £6,835,000 (2014 : £6,762,000).

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the School building, its plant equipment and contents.

A strategic capital plan is prepared and reviewed each year by the governors in order that reserves can be prioritised and spent according to the needs of the Academy Trust.

The principal financial management policies adopted in the year are:

- conducting regular financial reviews of income and expenditure versus planned budgets at the Funding and Audit Committee meetings; and
- consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the Academy Trust's educational obligations.

Reserves carried forward at the end of the financial year will be utilised as part of the medium and long term plans of the Academy Trust to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the school and its facilities.

Financial and Risk Management Objectives and Policies

The Trust has developed risk management procedures as outlined above. The governors have undertaken an assessment of the major risks to which the Academy is exposed and a formal review of the Trust's risk management process will be undertaken on an annual basis.

The Trust uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Trust's operations.

Trustees' report

Strategic Report

Principal Risks and Uncertainties

The School has implemented a Risk Management Policy and is in process of creating a risk register and risk review process. The objectives will be to determine an approach, and where it is considered necessary put in place measures of control and mitigation in order to manage risk.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the School.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the Governing Body;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

The Trust's employees are members of two defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard no. 17. A deficit has been recognised at 31 August 2015. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the two pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme. The governors have given due consideration to these risks.

Reserves Policy

The level of reserves held at 31 August 2015 total £12,940,000 (2014 : £13,261,000). The reserves will be allocated and spent as part of School Improvement Plan to update, improve and maintain its facilities and resources. A capital spending plan has been completed detailing the short, medium and long term needs and plans of the School for which reserves will be allocated and determined in order of priority to meet the needs of the School.

The deficit on the Local Government Pension Scheme (£1,058,000 at 31 August 2015) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on free reserves of the Academy Trust because of recognising the deficit.

Trustees' report

Strategic Report

Investment Policy

A formal investment policy was adopted by the Governing Body in December 2012.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

The Trust acts as custodian trustee on behalf of other funds. These funds are held in separate bank accounts and are not included within the balance sheet of the Trust. At 31 August 2015, these funds totalled £78,793.

Plans for future years

The aim is to provide a structure for continuous improvement and achievement at all key stages and the results at Key Stage 3 and 4 demonstrate year on year improvements.

The School has been given approval by the DFE to open a Free school; it is proposed the new Primary School will open September 2017.

The School was awarded Teaching School status in March 2012. As such the school provides management and leadership training, continuous professional development for staff, school to school support, and initial teacher training.

Cheadle Hulme High School was accredited as a provider for Initial teacher training in July 2014 and has been allocated 40 places across a range of subjects including: Maths, English, Science, MFL, Geography, History, Drama and Art for September 2016. These Associate Teachers will help to service the succession planning needs of the Altius Alliance – a group of 21 educational institutions which Cheadle Hulme High school leads.

Whole School objectives and plans for the year include:

- Academic Aspiration;
- Competition & Physical Endeavour;
- Leadership & Service; and
- Culture & Creativity.

The school has also been approved by the DFE to sponsor two schools but there is currently no

Trustees' report

Strategic Report

proposed school to sponsor.

In terms of the site facilities of the School, a capital works programme is being developed to ensure the School is maintained and updated to the highest of standards within funding constraints.

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.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Trustees' report, incorporating a Strategic report, was approved by order of the members of the Trust on 17 December 2015 and signed on its behalf by:



Rev C Nevin
Chairman

Governance statement

Statement of internal control

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Head teacher, 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 the academy trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 body has formally met four times during the year. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings Attended	Out of a possible
Charles Nevin	3	4
Pauline Benton	2	4
Anthony Graham	3	4
Len Elias	4	4
Cathy Fisher	3	4

The Funding and Audit Committee is a sub-committee of the main governing body. Its purpose is to advise the board on all strategic financial management related issues. Attendance at meetings in the year was as follows:

Member	Meetings Attended	Out of a possible
Charles Nevin	2	3
Pauline Benton	2	3
Anthony Graham	1	3
Len Elias	3	3
Cathy Fisher	3	3

Governance statement

Review of the Value for Money Statement

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

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

- The implementation of an entirely new finance system that has delivered real transaction processing efficiencies whilst improving financial control. The system has also enabled the improvement in the timeliness and quality of financial management information which has been used to better support the financial management of both the academies and trust.
- The trust has continued to deliver cost efficiencies and has used its purchasing power to negotiate some favourable rates for supplies and services. For instance, negotiation of catering and cleaning contracts has delivered investment in school equipment. Additional reductions achieved in welfare facilities and maintenance services.
- There are many significant pockets of good practice within the school that are being shared and built upon, including aspects of teaching and management. The trust has a collaborative approach that is continuing to develop. During the year the trust also developed its governance arrangements to ensure high quality governance in a single-academy-trust structure that is focused on expansion. The finance function has also been re-shaped to ensure the function has the resource to continue providing a high level of strategic oversight and scrutiny.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 the Academy Trust for the period ended 31 August 2015 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

A Risk Management Policy has been adopted by the board of trustees and a risk register and process of review has been implemented.

Governance statement

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 yearly financial reports which are reviewed and agreed by the Funding and Audit Committee who report to the board of trustees;
- regular reviews by the Funding and Audit Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties
- identification and management of risks; and
- peer review visits take place each term on a reciprocal arrangement with Swinton High School, their Finance Director is a qualified accountant who oversees the process. To date there have been no findings or conclusions to report.

Review of Effectiveness

As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by the financial management and governance process employed by the Trust.

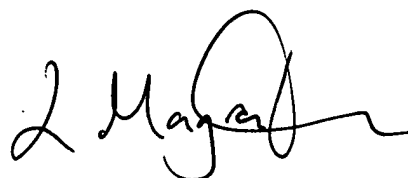
The Accounting Officer has considered of the implications of the results of reviewing the system of internal control and together with the Funding and Audit Committee will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on the 17th December 2015 and signed on its behalf by:



Rev C Nevin

Chair



Mrs L Magrath


Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Cheadle Hulme Education Trust, I have considered my responsibility to notify the Academy Trust governing body and the Education Funding Authority 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material 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 the Education Funding Agency.



Mrs L Magrath
Accounting Officer
Date: 17 December 2015

Statement of trustees' responsibilities

The trustees (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements 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 of its incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Statement of trustees' responsibilities

The trustees confirm that:

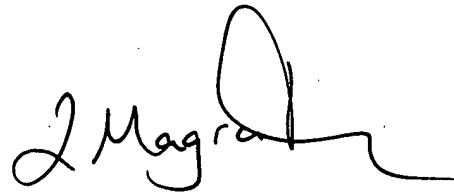
- so far as each trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees on the 17 December 2015 and signed on its behalf by:



Rev C Nevin

Chair



Mrs L Magrath

Accounting Officer



Independent auditor's report to the members of The Laurus Trust (formerly Cheadle Hulme Education Trust)

We have audited the financial statements of The Laurus Trust (formerly Cheadle Hulme Education Trust) for the year ended 31 August 2015 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Annual Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of governing body and auditor

As explained more fully in the Statement of trustees' responsibilities set out on pages 16 and 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.



Independent auditor's report to the members of The Laurus Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' 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:

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

Grant Thornton UK LLP

Christopher Martin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

18 December 2015

Independent reporting auditor's assurance report on Regularity to the trustees of The Laurus Trust (formerly Cheadle Hulme Education Trust) and the Education Funding Agency)

In accordance with the terms of our engagement letter dated 15 December 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Laurus Trust for the period 1 September 2014 to 31 August 2015 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 The Laurus Trust and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to The Laurus Trust and the EFA those matters we are required to state to them 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 The Laurus Trust and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Laurus Trust's Accounting Officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Laurus Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

Independent reporting auditor's assurance report on Regularity to the trustees of The Laurus Trust (formerly Cheadle Hulme Education Trust) and the Education Funding Agency)

Approach (continued)

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.

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- detailed testing on a sample basis of expenditure for the areas identified as high risk.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date: 18 December 2015

Statement of financial activities (including the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	2015 Total £'000	2014 Total £'000
Incoming resources						
<i>Income from generated funds</i>						
Voluntary income	2	-	84	-	84	79
Activities for generating funds	3	-	1	-	1	272
Investment income	4	3	-	-	3	7
<i>Income from charitable activities</i>						
Funding for the academy's educational operations	5	-	7,865	347	8,212	12,751
Total incoming resources		<u>3</u>	<u>7,950</u>	<u>347</u>	<u>8,300</u>	<u>13,109</u>
Resources expended						
<i>Charitable activities</i>						
Academy's educational operations	7	(3)	(7,754)	(725)	(8,482)	(8,410)
<i>Governance costs</i>	8	-	(28)	-	(28)	(30)
Total resources expended		<u>(3)</u>	<u>(7,782)</u>	<u>(725)</u>	<u>(8,510)</u>	<u>(8,441)</u>
Net incoming/(outgoing) resources before transfers						
(net income for the year)		-	168	(378)	(210)	4,668
Gross transfers between funds	15	-	(86)	86	-	-
Net income/(expenditure) resources for the year		-	82	(292)	(210)	4,668
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	(111)	-	(111)	(383)
Net movement in funds		-	(29)	(292)	(321)	4,285
Reconciliation of funds						
Funds brought forward at 1 September		334	(790)	13,717	13,261	8,976
Funds carried forward at 31 August		<u>334</u>	<u>(819)</u>	<u>13,425</u>	<u>12,940</u>	<u>13,261</u>

All the above results are derived from continuing activities in both financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

Balance sheet at 31 August 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	12	13,425	13,717
Current assets			
Debtors	13	232	1,071
Cash at bank and in hand		688	655
		<u>920</u>	<u>1,726</u>
Liabilities			
Creditors: amounts falling due within one year	14	<u>(347)</u>	<u>(1,235)</u>
Net current assets		<u>573</u>	<u>491</u>
Total assets less current liabilities and net assets excluding pension liability		13,998	14,208
Pension scheme liability	23	<u>(1,058)</u>	<u>(947)</u>
Net assets including pension liability		<u>12,940</u>	<u>13,261</u>
Funds – Restricted Funds			
Restricted fixed asset fund	15	13,425	13,717
Restricted general fund	15	239	157
Pension reserve	15	<u>(1,058)</u>	<u>(947)</u>
Total restricted funds		12,606	12,927
Unrestricted funds	15	<u>334</u>	<u>334</u>
Total funds		<u>12,940</u>	<u>13,261</u>

The financial statements were approved by the Trustees and authorised for issue on 17 December 2015 and signed on their behalf by:



Rev C Nevin

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	19	116	(277)
Returns on investments and servicing of finance			
Interest received		3	7
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(433)	(5420)
Capital grants from DfE/EFA		347	5,331
Net cash out flow from capital expenditure and financial investment		(86)	-
Increase/(decrease) in the year	20	<u>33</u>	<u>(359)</u>
Reconciliation of net cash flow to movement in net funds		2015 £'000	2014 £'000
Increase in cash in the year		33	(359)
Net funds at 1 September 2015		655	1,014
Net funds at 31 August 2015	20	<u>688</u>	<u>655</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2015

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006.

The principal accounting policies are set out below.

Going concern

The board of trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The board of trustees make this assessment in respect of a year of at least one year from the date of approval of these financial statements. No such uncertainties have been identified and accordingly have applied the basis of going concern in preparing these financial statements.

Incoming resources

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and it is 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable, where there is certainty of receipt and it is measurable.

Donations

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

Notes to the Financial Statements

For the year ended 31 August 2015

Incoming resources (continued)

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust is recognised as incoming resources at open market value in the year in which they are receivable, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under a relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the Academy Trust's policy.

Resources expended

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

Costs of generating funds

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

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements

For the year ended 31 August 2015

Tangible fixed assets

Tangible fixed assets acquired since the trust was established are included in the accounts at cost.

In the case of fixed assets transferred from the predecessor school these are treated as acquired at fair value, calculated by reference to either:

- net book value at date of transfer; or
- in the absence of reliable net book value data, an estimate of fair value calculated by reference to an assumed value of fixed assets as compared to the pupil roll.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been agreed with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over their expected useful lives. No depreciation is provided on freehold land or assets under construction.

The rates generally applicable are:

Leasehold land and buildings	50 years
Furniture and equipment	10 years
Computers	3 years

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

Leased assets

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 August 2015

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to 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 Taxes 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.

Retirement Benefits

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

Teachers' Pension Scheme

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 payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method.

The TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds 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 as part of staff costs are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year till vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount. Actuarial gains and losses are recognised immediately in other gains and losses.

Notes to the Financial Statements

For the year ended 31 August 2015

Fund accounting

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

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose. The fund includes the value of assets transferred on conversion of the school.

Restricted general funds comprise all other restricted funds received and include grants received from the Education Funding Agency and the Department for Education.

Notes to the Financial Statements

For the year ended 31 August 2015

2 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Other donations	-	84	84	79
	-	84	84	79

3 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Catering income	-	-	-	272
Hire of facilities	-	1	1	-
	-	1	1	272

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Bank interest receivable	3	-	3	7

Notes to the Financial Statements

For the year ended 31 August 2015

5 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
DfE/EFA grants				
General Annual Grant	-	6,835	6,835	6,762
Capital grants	-	347	347	5,331
Other DfE/EFA grants	-	299	299	310
	-	7,481	7,481	12,403
Other Government Grants				
Other Government grants	-	276	276	348
Other income	-	457	457	-
	-			
	-	8,212	8,212	12,751

6 Analysis of total resources expended

	Staff costs £'000	Non pay expenditure Premises costs £'000	Other Costs £'000	2015 Total £'000	2014 Total £'000
Costs of generating voluntary income					
Costs of activities for generating funds					
Academy's educational operations					
- direct costs	5,486	725	450	6,661	6,203
- allocated support costs	901	570	350	1,821	2,207
	6,387	1,295	800	8,482	8,410
Governance costs including allocated support costs	-	-	28	28	31
	6,387	1,295	828	8,511	8,441

Total resources expended include:

	2015 £'000	2014 £'000
Operating lease rentals	14	9
Auditor's remuneration	13	11
Depreciation	725	688

Notes to the Financial Statements

For the year ended 31 August 2015

7 Charitable activities – academy's educational operations

	2015	2014
	Total	Total
	£'000	£'000
Direct costs		
Teaching and educational support staff costs	5,487	4,963
Depreciation	725	688
Educational supplies	141	199
Examination fees	116	89
Staff development	40	29
Other direct costs	152	236
	<hr/>	<hr/>
	6,661	6,203
	<hr/>	<hr/>
Allocated support costs		
Support staff costs	901	933
Technology costs	79	94
Recruitment and support	17	17
Maintenance of premises and equipment	144	258
Cleaning	145	135
Rent and rates	22	18
Energy costs	185	169
Insurance	68	59
Security and transport	7	10
Catering	76	350
Other support costs	177	164
	<hr/>	<hr/>
	1,821	2,207
	<hr/>	<hr/>
	8,482	8,410
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 August 2015

8 Governance costs

	2015 Total £'000	2014 Total £'000
Legal and professional fees	12	16
Auditor's remuneration	13	11
Support staff costs	3	3
	<u>28</u>	<u>30</u>

9 Staff costs

Staff costs during the year were as follows:

	2015 £'000	2014 £'000
Wages and salaries	5,214	4,716
Social security costs	407	374
Other pension costs	727	764
	<u>6,348</u>	<u>5,854</u>
Supply teacher costs		-
Compensation payments	39	42
	<u>6,387</u>	<u>5,896</u>

Included the staff restructuring costs are non-statutory/non-contractual severance payments totalling £39,170 all relating to Compromise agreements (£15,400, £12,529 & £11,241) (2014 : £42,278 (£7,268, 7,700 & £5,062 SEN review restructure, £15,451 Compromise agreement)).

The average number of persons employed by the academy during the year, expressed as full time equivalents, was as follows:

	2015 Number	2014 Number
Teachers	96	81
Administration and support	52	47
Management	12	10
	<u>160</u>	<u>138</u>

Notes to the Financial Statements

For the year ended 31 August 2015

Staff Costs (continued)

The number of employees whose emoluments fell within the following bands was:

	2015 Number	2014 Number
£60,001 to £70,000	3	3
£70,001 to £80,000	4	3
£80,001 to £90,000	-	-
£90,001 to £130,000	1	1

During the year the following pension contributions were paid in respect of the higher paid employees as shown above:

	2015 £'000	2014 £'000
Pension contributions to Teachers Pension Scheme	78	76
Pension contributions to the Local Government Pension Scheme	10	-

During the year seven higher paid employees participated in the Teachers Pension Scheme (2014: seven) and one higher paid employee participated in the local Government Pension Scheme (2014: none)

10 Trustees' remuneration and expenses

The trustees/directors did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees/directors.

During the year ended 31 August 2015, travel and subsistence expenses totalling £388 (2014: £26) were reimbursed to one governor.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £981.

Notes to the Financial Statements

For the year ended 31 August 2015

12 Tangible fixed assets

	Assets under construction £'000	Leasehold Land & Buildings £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 September 2014	4,291	10,241	212	495	15,239
Additions	-	418	7	8	433
Transfers	(4,291)	4,291	-	-	-
At 31 August 2015	-	14,950	219	503	15,672
Depreciation					
At 1 September 2014	-	1,161	160	201	1,522
Provided in the year	-	498	59	167	724
At 31 August 2015	-	1,659	219	368	2,247
Net book value					
At August 2015	-	13,291	-	134	13,425
At August 2014	4,291	9,080	52	294	13,717

The trust has been granted the use of the site that it occupies. This is on the basis of a 125 year lease (at peppercorn rent) or such time that the Trust's funding agreement is terminated, at which point the lease site reverts back to the lessor. The trustees consider that the lease has a fair value of £nil because of the restrictions imposed within it.

Notes to the Financial Statements

For the year ended 31 August 2015

13 Debtors

	2015 £'000	2014 £'000
Trade debtors	36	40
VAT recoverable	23	394
Prepayments and accrued income	173	637
	<u>232</u>	<u>1,071</u>

14 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	143	97
Social security and other taxes	-	108
Accruals and deferred income	204	1,030
	<u>347</u>	<u>1,235</u>

Deferred income

	2015 £'000	2014 £'000
Deferred income at 1 September 2014	47	335
Resources deferred in the year	149	47
Amounts released from previous years	(47)	(335)
	<u>149</u>	<u>47</u>

Deferred Income at 31 August 2015

Notes to the Financial Statements

For the year ended 31 August 2015

15 Funds

	Balance at 1 September 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 August 2015 £'000
Restricted general funds						
General Annual Grant	157	6,832	(6,664)	(86)	-	239
Start-Up Grant	-	-	-	-	-	-
Other DfE/EFA grants	-	299	(299)	-	-	-
LEA and other grants	-	276	(276)	-	-	-
Other restricted	-	543	(543)	-	-	-
Pensions reserve	(947)	-	-	-	(111)	(1,058)
	(790)	7,950	(7,782)	(86)	(111)	(819)
Restricted fixed asset funds						
DfE/EFA capital grants	5,366	347	(725)	-	-	4,988
Capital expenditure from GAG	299	-	-	86	-	385
Donations on conversion	8,052	-	-	-	-	8,052
	13,717	347	(725)	86	-	13,425
Total restricted funds	12,927	8,297	(8,507)	-	(111)	12,606
Total unrestricted funds	334	3	(3)	-	-	334
Total funds	13,261	8,300	(8,510)	-	(111)	12,940

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

Restricted general funds

Restricted general funds comprise all other restricted funds received and include grants received from the Education Funding Agency and the Department for Education. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that could be carry forward at 31 August 2015.

Restricted fixed asset funds

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

Notes to the Financial Statements

For the year ended 31 August 2015

16 Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Tangible fixed assets	-		13,425	13,425	13,717
Current assets	334	586	-	922	1,726
Current liabilities	-	(347)	-	(347)	(1,235)
Pension scheme liability	-	(1,058)	-	(1,058)	(947)
Total	334	(819)	13,425	12,940	13,261

17 Capital commitments

There are no amounts contracted for, but not provided in the financial statements at 31 August 2015 (2014: none).

18 Operating lease commitments

At 31 August 2015, the academy trust had annual commitments under non-cancellable operating leases as follows:

	Other	
	2015 £'000	2014 £'000
Expiring within two and five years inclusive	24	1

Notes to the Financial Statements

For the year ended 31 August 2015

19 Reconciliation of net income to net cash inflow from operating activities

	2015 £'000	2014 £'000
Net income	(210)	4,668
Depreciation (note 12)	725	688
Capital grants from DfE and other capital income	(347)	(5,331)
Interest receivable (note 4)	(3)	(7)
FRS 17 pension finance cost (note 23)	(1)	(16)
FRS 17 pension costs less contributions payable (note 23)	1	119
Decrease/(Increase) in debtors	839	(812)
(Decrease)/Increase in creditors	(888)	414
Net cash inflow/(outflow) from operating activities	116	(277)

20 Analysis of changes in net funds

	At 31 August 2014 £'000	Cash flows £'000	At 31 August 2015 £'000
Cash at bank and in hand	655	33	688

21 Contingent liabilities

If a capital asset acquired by the academy trust for market value using a capital grant made available to the academy trust by the Department for Education, is disposed of during the currency of the relevant funding agreement between the charitable company and the Secretary of State, the academy trust is required to repay to the Secretary of State the same proportion of the proceeds of the disposal as equates with the proportion of the agreed costs met by the Secretary of State, unless the Secretary of State agrees to all proceeds being retained by the academy trust for its charitable purposes.

22 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.

Notes to the Financial Statements

For the year ended 31 August 2015

23 Pension commitments

The Academy Trust operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Academy Trust in an independently administered fund.

The Academy Trust'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 Local Authority. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS 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.

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.

Notes to the financial statements

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

The pension costs paid to TPS in the period amounted to £535k (2014: £482k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £6.5m, of which employer's contributions totalled £4.8m and employees' contributions totalled £1.7m. The agreed contribution rates for future years are 10.2% - 20.5% for employers and 5.5% - 7.5% for employees.

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

Notes to the financial statements

The principal actuarial assumptions used by the actuaries were as follows:

	2015	2014
	%	%
Discount rate at 31 August	3.8	3.7
Expected return on plans' assets at 31 August	3.8	5.5
Rate of increase in pensions in payment	2.7	2.7
Rate of increase in salaries	3.9	3.8
Inflation assumption	1.0	1.0

The post retirement mortality assumptions used to value the benefit obligation at 31 August 2015 and 31 August 2012 are based on the Fund's VitaCurves with improvement in line with the Medium cohort and a 1% p.a. underpin from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2015	2014
<i>Retiring today</i>		
Males	21.4	21.4
Females	24.0	24.0
<i>Retiring in 20 years</i>		
Males	24.0	24.0
Females	26.6	26.6

*Figures assume members aged 45 as at the last formal valuation date

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

The expected return on plans' assets is based on market expectations for investment returns over the life of the related obligation.

The amounts charged or (credited) in the statement of financial activities in calculating net incoming resources are as follows:

	2015 £'000	2014 £'000
Current service cost (operating charge)	310	262
Interest on obligation	124	109
Loss on Curtailments and settlements	(130)	(109)
Loss on Curtailments and settlements	5	16
Pension finance income	(1)	16

The amounts charged or credited in the statement of financial activities are included in wages and salaries charge.

The amounts recognised in the statement of financial activities after net incoming resources are as follows:

	2015 £'000	2014 £'000
Actuarial gain / (loss)	(111)	(383)

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £'000
Equities	3.8	1,821	6.3	1,580
Bonds	3.8	455	3.2	401
Property	3.8	152	4.5	134
Cash	3.8	101	3.3	111
Total market value of assets		<u>2,529</u>		<u>2,226</u>
Present value of scheme liabilities				
- funded		(3,587)		(3,173)
Deficit in the scheme		<u>(1,058)</u>		<u>(947)</u>

The actual return on plan assets during the year was £54,000 (2014 - £186,000).

Notes to the financial statements

Retirement benefits (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2015 £'000	2014 £'000
At 1 September	3,173	2,207
Current service cost	300	262
Interest cost	124	109
Actuarial loss/(gains)	(54)	531
Losses/(Gains) on curtailments	5	16
Estimated Benefits Paid	(31)	(17)
Contributions by plan participant	70	65
Closing defined benefit liabilities at 31 August	3,587	3,173

Changes in the fair value of plans' assets are as follows:

	2015 £'000	2014 £'000
At 1 September	2,226	1,746
Estimated Benefits paid	(31)	(17)
Expected return	130	109
Actuarial losses/(gain)	(77)	148
Contributions by employer	211	175
Contributions by plan participant	70	65
Closing fair value of plans' assets at 31 August	2,529	2,226

The estimated value of employer contributions for the year ended 31 August 2016 is £238,000.

Notes to the financial statements

Retirement benefits (continued) **Local Government Pension Scheme (LGPS) (continued)**

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative actuarial losses recognised in the statement of financial activities at 31 August 2015 was (£301,000) (2014: £278,000).

The three-year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000
Present value of defined benefit obligation at 31 August	(3,587)	(3,173)	(2,207)
Fair value of plans' assets at 31 August	2,529	2,226	1,746
Deficit in the schemes	(1,058)	(947)	(461)
Experience adjustments arising on the plans' assets	(77)	148	155
Experience adjustments arising on the plans' liabilities	(3)	(141)	-

Parliament has agreed, at the request of the Secretary of State of Education, to guarantee that, in the event of an 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.

24 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of governors being drawn from local public and private sectors organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No transactions material to either the Trust or the related party have been undertaken in the year ended 31 August 2015 (2014: Nil).

25 Post balance sheet event

Gorsey Bank Primary School have agreed to join the Trust and this conversion, following due diligence, will take place during 2015/16.

Currently The Trust are awaiting the outcome of a public enquiry regarding the use of land attached to the school before the full process of conversion and acceptance to the Trust will begin.