

REGISTERED COMPANY NUMBER: 08289583 (England and Wales)

**Report of the Trustees and
Financial Statements for the Year Ended
31 August 2014
for**

The Lilac Sky Schools Trust

WEDNESDAY



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COMPANIES HOUSE

Tile & Co
Warden House
37 Manor Road
Colchester
Essex
CO3 3LX

The Lilac Sky Schools Trust
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for the year ended 31 August 2014

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The Lilac Sky Schools Trust
Reference and Administrative Details
for the Year Ended 31 August 2014

MEMBERS

V Rezaie
J Fielding
T Averre-Beeson

TRUSTEES

T Averre-Beeson (Chief Executive)
C Bowler (Director Of Schools)
S T Clark (Academy Principal) (resigned 27/8/2014)
R H Cochrane (Principal) (resigned 27/8/2014)
J Fielding (Principal Leader)
V Rezaie (resigned 27/8/2014)
A H Van Helfteren (Managing Director) (resigned 18/11/2013)
C L Antoniou (solicitor) (appointed 27/8/2014)
K E Cooper (Personal Assistant) (appointed 27/8/2014)
A M Gartland (Consultant Headteacher) (appointed 27/8/2014)

COMPANY SECRETARY

K E Cooper
Michelmores Secretaries Limited

SENIOR MANAGEMENT TEAM

A Donaldson
A Rawdin
C Bowler
S Clark
T Averre-Beeson

REGISTERED OFFICE

Lilac Sky House
Hill Farm
Church Lane
Ford End, Chelmsford
Essex
CM3 1LH

REGISTERED COMPANY NUMBER

08289583 (England and Wales)

AUDITORS

Tile & Co
Warden House
37 Manor Road
Colchester
Essex
CO3 3LX

SOLICITORS

Michelmores
48 Chancery Lane
London
WC2A 1JF

The Lilac Sky Schools Trust

Report of the Trustees for the year ended 31 August 2014

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

The trust operates three primary academies and one secondary academy across Essex and Kent. Its academies have a combined pupil capacity of 2130 pupils and had a roll of 2047 in the school census of January 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The academy trust is a company limited by guarantee and an exempt charity, incorporated on 1st January 2013. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of the Lilac Sky Academy Trust Limited are also the directors of the charitable company for the purpose of company law. The charitable company is known as the Lilac Sky Academy Trust and currently operates four academies:

Tabor Academy
Richmond Academy (joined 1st April 2014)
Morehall Academy (joined 1st April 2014)
Knockhall Academy (joined 1st August 2014)

Marshlands Academy and White House Academy joined 1st September 2014.

Details of governors and members of the trust board who served throughout the year are included in the Reference and Administrative Details page.

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.

Trustees' Indemnities

Qualifying third party indemnity provisions are in place in respect of the Trustees.

Recruitment and appointment of new trustees

The Trustees are the directors of the charitable company for the purposes of the Companies Act 2006. They are also trustees for the purposes of charity legislation.

The Secretary of State for Education may appoint trustees in certain circumstances, however no such appointments were made in the year under review.

The trustees in office during the year to 31st August 2014 are named in the Reference and Administrative Details page.

Trustees are appointed through a recruitment search for appropriately skilled, experienced and qualified individuals who have a professional knowledge and understanding of education or related areas. Individuals are invited for interview, evaluated and then appointed.

Induction and training of new trustees

Trustees are provided with copies of all essential documentation needed to undertake their role. They are fully briefed by the Chief Executive as to the position of the academy trust, along with its vision and development plan. In-house training is organised as and when required and trustees are informed of external training opportunities.

The Lilac Sky Schools Trust

Report of the Trustees for the year ended 31 August 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The governance structure of the trust is on two levels: the Trust Board and the Local Governing Body. The Trust Board of the Lilac Sky Academy Trust is responsible for ensuring that high standards of corporate governance are maintained.

The Trust Board are responsible for the strategic direction of the Academy, setting policy and agreeing the annual budget and the Trust's development plan. The Local Governing Body is responsible for monitoring the work of the Academy and ensuring that the objectives of the Trust are met by:

- Providing strategic direction of the Trust, including the addition of further new academies
- Providing strategic vision and support for school improvement
- Monitoring the effectiveness of the Trusts' support programmes and to ensure that individual academies are satisfied that they are receiving value for money
- Receiving and interrogating reports from the Principal on the effectiveness of their provision for the students in their care

At academy level, the Local Governing Body (LGB) has 7 members consisting of 3 appointed by the sponsors, 2 staff governors (including the Principal) and 2 parent governors.

Regional Directors support the structure on a county-wide remit.

The Trust's CEO is the Accounting Officer.

The Trust sought to recruit a Finance Director and Principal Finance Officer during the year to 31 August 2014. A Finance Director was appointed on 1 September 2014.

Related parties

Lilac Sky Schools Ltd is a national school improvement company owned and controlled by Mr T Avere-Beeson and Ms J Fielding. During the year Lilac Sky Schools Ltd provided central services to the Trust and support and leadership to the Academies. These connected party transactions are required to be at cost and the contracts for services must have been properly procured in line with the Academies Financial Handbook. Lilac Sky Ltd provide a unique service to schools, as a consequence a tendering process was not required. The contracts are in the process of being revised to make transparent compliance with the at cost requirements stipulated in the Academies Financial Handbook 2014.

Risk management

The trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the charitable company is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, developing and managing academies that offer a broad and balanced curriculum. The Trust aims to deliver an 'outstanding' education on a fully inclusive basis to the communities it serves.

Significant activities

- Oversee conversion of Richmond, Morehall and Knockhall academies and seek further opportunities for expansion of the Trust's network of schools
- Training and development opportunities for all staff
- Provide opportunities for all students to gain appropriate academic qualifications through consistently good and outstanding teaching and other support.
- Provide a programme of enrichment activities for all students

Public benefit

The Trustees of the Trust confirm that they have referred to the guidance on public benefit published by the Charity Commission when reviewing the Trust's objectives, strategies and activities. The Academy Trust makes available its sporting facilities to the wider community for education purposes through negotiated use and by hosting inter-school sporting events.

Partnerships with local schools have also been formed, allowing for sharing of resources and expertise.

The Lilac Sky Schools Trust
Report of the Trustees
for the year ended 31 August 2014

STRATEGIC REPORT

Achievement and performance

Charitable activities

During the course of the year, the Trust has successfully opened three primary academies. The number of students on roll in the year ended 31st August 2014 was 2047 as at the January 2014 census.

Going concern

After making appropriate enquiries, the Academy Trust has a reasonable expectation that the 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' regularly review the Trust's actual income and expenditure against the agreed annual budget. Any changes that are made to the budget in terms of income or expenditure are approved in line with the authorisation limits set within the Trust's procedural documents. The Trust complies with all terms and conditions of its Funding Agreement.

Staff costs as a % of total grant income	85%
Staff costs as a % of GAG income	96%
Payroll % split between teaching / non-teaching	83:17

Financial review

Reserves policy

The Trustee's will review reserves of the Trust annually. The Trust acknowledges that reserves are necessary in order to provide sufficient working capital to cover delays between spending and the receipt of grants and to provide a buffer to deal with unexpected emergencies such as urgent maintenance.

Principal funding sources

The majority of the Trust's income is obtained directly from the Education Funding Agency (EFA), an agent of the Department for Education (DfE), in the form of recurrent grants, the use of which is limited to specific purposes. The grants received from the EFA during the year ending 31st August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Investment policy and objectives

The Trustees agree all investments made by the Trust and the Academy and will ensure that these are in line with the Charity Commission guidance. Investments are currently restricted to deposit accounts held in UK banks.

Principal risks and uncertainties

Over the course of the year, the Trust has opened three further academies. These were opened in existing buildings, the leases of which were transferred to the Trust. The Trust inherited the full staff team of the predecessor schools.

Knockhall academy converted on 1 August 2014. Prior to conversion the school entered into a loan agreement with Kent County Council to clear their deficit position. The loan is payable over 36 months at an interest rate of 1%.

The quality of staff is crucial in sustaining the high achievements of the academies in the Trust. The recruitment of potentially good and outstanding teachers in shortage subjects remains a challenge, especially from the local area. The Trust is currently undertaking recruitment of teachers from Australia which is proving successful.

The principal risks impacting the Trust surround possible funding reductions due to a reducing roll at Tabor Academy. This is a demographic challenge resulting from a lower birth rate which will be reversed in subsequent years. The Trust and Academy are actively undertaking promotional activities to raise student recruitment in those years where spaces exist.

The Trust is unable to fully realise potential income through the rental of its facilities at Tabor Academy due to an inherited arrangement between the LA and local District Council to use school facilities as a public leisure centre.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Trust is recognising a pension fund deficit of £2,971,146. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

The Lilac Sky Schools Trust

**Report of the Trustees
for the year ended 31 August 2014**

STRATEGIC REPORT

Principal risks and uncertainties

The Chief Executive Officer is currently employed through a consultancy arrangement and fee.

The Trust is aware that financial statements and statutory records need to be published on the Trust website and is currently in the process of ensuring their publication is required.

Financial and risk management objectives and policies

During the year ended 31st August 2014 total expenditure of £9,086,492 was covered by the funding from the EFA and other income. This resulted in net incoming resources before transfers of £15,656,177.

During the year the Trust undertook a programme of review of all systems and controls. This resulted in new financial regulations and scheme of delegation being adopted by the Trust and its Academies on 8 October 2014.

A process for independent checking of financial controls, systems, transactions and risks is currently being established. A finance committee, which also undertakes the role of an audit committee, was established in June this year and a Responsible Officer has also now been appointed.

Future developments

The Lilac Sky Academy Trust is currently undertaking to expand, and discussing the expansion of, its network of academies over the coming years. The Trust has been approved to open five new academies as a result of Local Authority Targeted Basic Need proposals. These new academies will open in September 2015.

Additionally, Knockhall Academy will undertake building work to cater for planned expansion to a 3FE academy.

FUNDS HELD AS CUSTODIAN FOR OTHERS

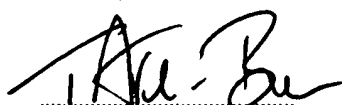
John Tabor Trust of which S Clark is a Trustee.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Insofar 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

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 31/12/2014 and signed on the board's behalf by:



T Averre-Beeson - Chief Executive

The Lilac Sky Schools Trust

Governance Statement for the Year Ended 31 August 2014

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that the Lilac Sky 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 Chief Executive, 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 Lilac Sky Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meeting of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
T Averre-Beeson (Chief Executive)	6	6
J Fielding (Principal Leader)	6	6
V Rezaie (resigned 27/8/2014)	6	6
C Bowler (Director Of Schools)	5	6
S T Clark (Academy Principal) (resigned 27/8/2014)	4	6
A H Van Helfteren (Managing Director) (resigned 18/11/2013)	-	1
R H Cochrane (Principal) (resigned 27/8/2014)	5	6
C L Antoniou (solicitor) (appointed 27/8/2014)	-	1
K E Cooper (Personal Assistant) (appointed 27/8/2014)	1	1
A M Gartland (Consultant Headteacher) (appointed 27/8/2014)	-	1

There have been changes to the Board of Trustees over the course of the year. This has resulted in a more balanced set of competencies and independence.

A self-evaluation of governance will be undertaken in December 2014 and an external review will start in January 2015.

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 the Lilac Sky Academy Trust for the period 1st September 2013 to 31st August 2014 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 1st September 2013 to 31st August 2014 and up to the date of approval of the annual report and financial statements. This process is reviewed regularly by the Board of Trustees.

The Risk and Control Framework

The Academy Trust's system of internal 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 Board of Trustees and Local Governing Body of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

The Lilac Sky Schools Trust
Governance Statement
for the Year Ended 31 August 2014

The Risk and Control Framework

- Setting targets to measure financial and other performance;
- Clearly defining 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 audit function and has decided not to appoint an internal auditor.

Review of Effectiveness

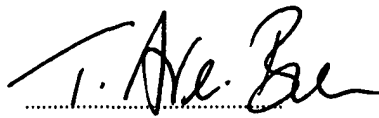
As Accounting Officer the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the external 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.

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

Approved by order of the members of the board of trustees on31/12/2014..... and signed on its behalf by:


J Fielding - Principal Leader


T Averre-Beeson - Accounting Officer


The Lilac Sky Schools Trust

**Statement on Regularity, Propriety and Compliance
for the year ended 31 August 2014**

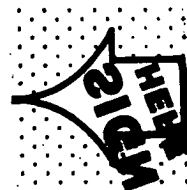
As accounting officer of The Lilac Sky Schools Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place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

I confirm that I and the academy trust board of 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.

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.


T Averre-Beeson - Accounting Officer

Date: 31/12/2014



The Lilac Sky Schools Trust

Statement of Trustees Responsibilities for the year ended 31 August 2014

The trustees (who act as governors of The Lilac Sky Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees 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 academy trust and of the incoming resources and application of resources, including the income and expenditure, of the academy trust for that period. In preparing those financial statements, the trustees are required to

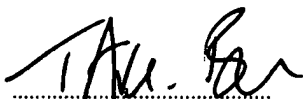
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust 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 academy trust 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.

Approved by order of the board of trustees on31/12/2014..... and signed on it's behalf by:



T Averre-Beeson - Chief Executive

**Report of the Independent Auditors to the Members of
The Lilac Sky Schools Trust**

We have audited the financial statements of The Lilac Sky Schools Trust for the year ended 31 August 2014 on pages fifteen to thirty eight. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 to 2014 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page ten, 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 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 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 Report of the Trustees 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 academy trust's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

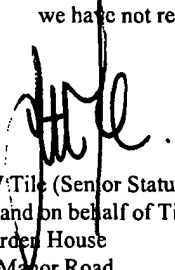
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
The Lilac Sky Schools Trust**

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.


J W Tile (Senior Statutory Auditor)
for and on behalf of Tile & Co
Warden House
37 Manor Road
Colchester
Essex
CO3 3LX

Date: 31/12/2014

**Independent Reporting Accountant's Assurance Report on Regularity to
The Lilac Sky Schools Trust and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lilac Sky Schools Trust during the period 1 September 2013 to 31 August 2014 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 Lilac Sky Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Lilac Sky Schools 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 The Lilac Sky Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Lilac Sky Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Lilac Sky Schools Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2012, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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 matter 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.

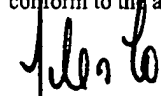
The work undertaken to draw to our conclusion includes:

1. Assessment of compliance with the Funding Agreement and Academies Financial Handbook.
2. Evaluation and assessment of the operating effectiveness of the general control environment.
3. Assessment of the adequacy of policies and procedures to ensure compliance with the framework of authorities.
4. Discussions with and representations from the Accounting Officer and key management personnel.
5. Review of transactions susceptible to a greater risk of impropriety and irregularity and checking these items were appropriately authorised and appropriate.
6. Representations from the accounting officer acknowledging their responsibilities disclosing all non-compliance with laws and regulations specific to the authorising framework.

**Independent Reporting Accountant's Assurance Report on Regularity to
The Lilac Sky Schools Trust and the Education Funding Agency**

Conclusion

In the course of our work, except for matters detailed in the trustees report, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1st September 2013 to 31st August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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Date:

The Lilac Sky Schools Trust
Statement of Financial Activities
for the year ended 31 August 2014

					Year ended 31.8.14	Period 12.11.12 to 31.8.13
		Unrestricted funds		Restricted fixed asset funds	Restricted funds	Total funds
	Notes	£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary income	2	37,079	-	-	37,079	189,416
Voluntary income - Transfer from Local Authority on conversion		1,471	17,080,449	(715,026)	16,366,894	11,753,555
Activities for generating funds	3	263,191	-	295,676	558,867	160,774
Investment income	4	90	-	154	244	182
Incoming resources from charitable activities						
Academy's educational operations	5	149	189,891	7,589,545	7,779,585	4,142,700
Total incoming resources		301,980	17,270,340	7,170,349	24,742,669	16,246,627
RESOURCES EXPENDED						
Costs of generating funds						
Costs of generating voluntary income	7	69,482	-	-	69,482	68,782
Charitable activities						
Academy's educational operations		146,134	631,773	8,197,700	8,975,607	4,777,925
Governance costs	9	-	-	32,000	32,000	22,155
Other resources expended		-	-	9,403	9,403	-
Total resources expended	6	215,616	631,773	8,239,103	9,086,492	4,868,862
NET INCOMING RESOURCES		86,364	16,638,567	(1,068,754)	15,656,177	11,377,765
Gross transfers between funds	24	-	36,399	(36,399)	-	-
Net incoming resources before other recognised gains and losses		86,364	16,674,966	(1,105,153)	15,656,177	11,377,765
Other recognised gains/losses						
Actuarial gains/losses on defined benefit schemes		-	-	(290,000)	(290,000)	(248,000)
Net movement in funds		86,364	16,674,966	(1,395,153)	15,366,177	11,129,765

The notes form part of these financial statements

The Lilac Sky Schools Trust
Statement of Financial Activities - continued
for the Year Ended 31 August 2014

				Year ended 31.8.14	Period 12.11.12 to 31.8.13
	Unrestricted funds	Restricted fixed asset funds	Restricted funds	Total funds	Total funds
Notes	£	£	£	£	£
RECONCILIATION OF FUNDS					
Total funds brought forward	187,680	12,434,414	(1,492,329)	11,129,765	-
TOTAL FUNDS CARRIED FORWARD	<u>274,044</u>	<u>29,109,380</u>	<u>(2,887,482)</u>	<u>26,495,942</u>	<u>11,129,765</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.


The notes form part of these financial statements

The Lilac Sky Schools Trust

Balance Sheet
At 31 August 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	15	29,086,010	12,431,175
CURRENT ASSETS			
Stocks	16	1,660	3,000
Debtors	17	523,842	207,593
Cash at bank		730,649	608,114
		<u>1,256,151</u>	<u>818,707</u>
CREDITORS			
Amounts falling due within one year	18	(805,373)	(343,797)
NET CURRENT ASSETS		<u>450,778</u>	<u>474,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,536,788	12,906,085
CREDITORS			
Amounts falling due after more than one year	19	(69,700)	-
PENSION LIABILITY	25	(2,971,146)	(1,776,320)
NET ASSETS		<u>26,495,942</u>	<u>11,129,765</u>
FUNDS	24		
Unrestricted funds		274,044	187,680
Restricted funds		26,221,898	10,942,085
TOTAL FUNDS		<u>26,495,942</u>	<u>11,129,765</u>

The financial statements were approved by the Board of Trustees on 31/12/2014 and were signed on its behalf by:



T Avere-Beeson - Chief Executive

The notes form part of these financial statements

The Lilac Sky Schools Trust
Cash Flow Statement
for the year ended 31 August 2014

		Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Net cash (outflow)/inflow from operating activities	Notes 1	(20,450)	42,578
Cash transferred on conversion to an academy		196,446	562,115
Returns on investments and servicing of finance	2	244	182
Capital expenditure and financial investment	2	(53,705)	3,239
Increase in cash in the period		<u>122,535</u>	<u>608,114</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		122,535	608,114
Cash inflow from increase in debt and lease financing		(100,000)	-
Change in net debt resulting from cash flows		<u>22,535</u>	<u>608,114</u>
Movement in net debt in the period		22,535	608,114
Net debt at 1 September		608,114	-
Net debt at 31 August		<u>630,649</u>	<u>608,114</u>

The notes form part of these financial statements

The Lilac Sky Schools Trust

**Notes to the Cash Flow Statement
for the year ended 31 August 2014**

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Net incoming resources	15,656,177	11,377,765
Depreciation charges	619,212	332,594
Capital grants from DfE/EFA	(139,891)	(61,568)
Transfer from Local Authority on conversion	(16,366,894)	(11,753,555)
Interest received	(244)	(182)
Decrease/(increase) in stocks	1,340	(3,000)
Increase in debtors	(317,854)	(207,593)
Increase in creditors	431,276	343,797
Difference between pension charge and cash contributions	96,428	14,320
Net cash (outflow)/inflow from operating activities	(20,450)	42,578

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Returns on investments and servicing of finance		
Interest received	244	182
Net cash inflow for returns on investments and servicing of finance	244	182
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17,274,045)	(12,763,769)
Capital grants from DfE/EFA	139,891	61,568
Transfer from Local Authority conversion	17,080,449	12,705,440
Net cash (outflow)/inflow for capital expenditure and financial investment	(53,705)	3,239

The Lilac Sky Schools Trust

**Notes to the Cash Flow Statement
for the year ended 31 August 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.13 £	Cash flow £	At 31.8.14 £
Net cash:			
Cash at bank	608,114	122,535	730,649
Debt:			
Debts falling due within one year	-	(30,300)	(30,300)
Debts falling due after one year	-	(69,700)	(69,700)
	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total	<u>608,114</u>	<u>22,535</u>	<u>630,649</u>

The Lilac Sky Schools Trust

notes to the financial statements for the year ended 31 August 2014

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the academy trust is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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 period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general 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 period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period 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 are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the 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 the useful economic life in accordance with academy trust's policies.

On conversion of a new Academy into the Trust, the Trust receive a transfer of leasehold buildings and all equipment, furniture, fixtures and fittings on the site of the School for no consideration from the local County Council. This is valued at insurance replacement cost.

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

1. ACCOUNTING POLICIES - continued

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Cost 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 trustees' meetings and reimbursed expenses.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Assets costing £1,000 or more are capitalised as tangible fixed assets 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. 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.

Leasehold buildings are depreciated over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The Trustees have adopted a policy of only valuing catering stock held at the year end.

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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the academy trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued for the year ended 31 August 2014

1. ACCOUNTING POLICIES - continued

Leased assets

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

Pension costs and other post-retirement benefits

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 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. VOLUNTARY INCOME

	Year ended	Period 12.11.12 to 31.8.13
	31.8.14	31.8.13
	£	£
Donations	34,100	56,523
Funds inherited on conversion	2,979	132,893
	<u>37,079</u>	<u>189,416</u>

3. ACTIVITIES FOR GENERATING FUNDS

	Year ended	Period 12.11.12 to 31.8.13
	31.8.14	31.8.13
	£	£
Other	318,267	5,199
Hire of facilities	53,381	48,843
Catering income	187,219	106,732
	<u>558,867</u>	<u>160,774</u>

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

4. INVESTMENT INCOME

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Deposit account interest	244	182

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Year ended 31.8.14 Total funds £	Period 12.11.12 to 31.8.13 Total funds £
Grants	-	7,779,436	7,779,436	4,142,700
Music tuition	149	-	149	-
	<u>149</u>	<u>7,779,436</u>	<u>7,779,585</u>	<u>4,142,700</u>

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	Year ended 31.8.14 Total funds £	Period 12.11.12 to 31.8.13 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	6,551,032	6,551,032	3,615,444
Other DfE/EFA Grants	-	521,168	521,168	244,713
Set-Up Grant	-	261,500	261,500	25,000
	<u>-</u>	<u>7,333,700</u>	<u>7,333,700</u>	<u>3,885,157</u>
DfE/EFA capital grant				
DfE/EFA Capital Grants	-	139,891	139,891	61,568
Other government grant				
LEA & Other Grants	-	255,845	255,845	195,975
LEA & Other Capital Grants	-	50,000	50,000	-
	<u>-</u>	<u>305,845</u>	<u>305,845</u>	<u>195,975</u>
	<u>-</u>	<u>7,779,436</u>	<u>7,779,436</u>	<u>4,142,700</u>

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued
for the year ended 31 August 2014

6. RESOURCES EXPENDED

				Year ended 31.8.14	Period 12.11.12 to 31.8.13
	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total £	Total £
Costs of generating funds					
Costs of generating voluntary income	-	-	69,482	69,482	68,782
Charitable activities					
Academies educational operations					
Direct costs	5,272,886	-	464,109	5,736,995	3,146,878
Allocated support costs	1,047,511	705,000	1,486,101	3,238,612	1,631,047
	<u>6,320,397</u>	<u>705,000</u>	<u>2,019,692</u>	<u>9,045,089</u>	<u>4,846,707</u>
Governance costs including allocated support costs	-	-	32,000	32,000	22,155
Other resources expended	9,403	-	-	9,403	-
	<u>6,329,800</u>	<u>705,000</u>	<u>2,051,692</u>	<u>9,086,492</u>	<u>4,868,862</u>

Net resources are stated after charging/(crediting):

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Auditors' remuneration	20,000	15,000
Auditors' remuneration for non-audit work	12,000	6,175
Depreciation - owned assets	619,210	332,594
Other operating leases	10,992	10,184
	<u>69,482</u>	<u>68,782</u>

7. COSTS OF GENERATING VOLUNTARY INCOME

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Music fees	4,620	-
Trips and event costs	64,862	68,782
	<u>69,482</u>	<u>68,782</u>

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued
for the year ended 31 August 2014

8. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Direct costs - academy's educational operations		
Teaching and educational support staff	5,272,886	2,775,335
Technology costs	65,627	90,198
Rewards & CAP	2,346	155
Examination fees	94,625	81,711
Staff development	43,342	17,462
Educational costs	85,686	24,852
Goods and services	172,483	157,165
	<u>5,736,995</u>	<u>3,146,878</u>
Allocated support costs - academy's educational operations		
Support staff costs	1,047,511	489,603
Depreciation	619,212	332,594
Technology costs	890,016	218,661
Recruitment and support	33,520	19,387
Maintenance of premises and equipment	26,500	261,197
Cleaning	18,344	7,448
Rent and rates	56,947	33,098
Energy costs	229,810	84,907
Insurance	61,876	33,379
Security and transport	12,447	680
Catering	145,437	93,909
Other support costs	96,992	56,184
	<u>3,238,612</u>	<u>1,631,047</u>
	<u>8,975,607</u>	<u>4,777,925</u>

9. GOVERNANCE COSTS

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Trustees' expenses	-	980
Auditors' remuneration	20,000	15,000
Auditors' remuneration for non-audit work	12,000	6,175
	<u>32,000</u>	<u>22,155</u>

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

10. TRUSTEES' REMUNERATION AND BENEFITS

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustees other than those disclosed in the related party note. The value of trustees' remuneration was as follows:

S Clark (principal and trustee): £95,000 - £100,000 (2013: £90,001 - £100,000)

J Fielding (staff trustee): £105,000 - £110,000

R Cochrane (staff trustee): £75,000 - £80,000

Trustees' expenses

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Trustees' expenses	-	980

There were no trustees' expenses paid for the year ended 31 August 2014.

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

11. STAFF COSTS

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Wages and salaries	4,966,208	2,745,358
Social security costs	361,163	187,277
Other pension costs	711,145	332,303
	<u>6,038,516</u>	<u>3,264,938</u>
Supply teacher costs	215,898	-
Staff restructuring costs	65,984	-
	<u>6,320,398</u>	<u>3,264,938</u>

The average number of persons (including senior management team) employed by the academy trust during the year expressed as full time equivalents was as follows:

	Year ended 31.8.14	Period 12.11.12 to 31.8.13
Teachers	96	153
Administration and Support	132	44
Management	16	13
	<u>244</u>	<u>210</u>

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

	Year ended 31.8.14	Period 12.11.12 to 31.8.13
£60,001 - £70,000	5	-
£70,001 - £80,000	1	3
£90,001 - £100,000	3	1
	<u>9</u>	<u>4</u>

The above employees all participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for these staff amounted to £97,150.

During the period ended 31 August 2013, pension contributions for the 3 higher paid staff amounted to £29,345.

12. EX GRATIA PAYMENTS

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £65,984. Five of the non-statutory / non-contractual severance payments exceeded £5,000 individually, and these were for £24,190, £15,000, £12,366, £6,400 and £6,028.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 with defence costs and expenses included. The cost of this policy for the year ended 31 August 2014 was £2,650. The cost of this insurance is included in the total insurance cost.

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

13. TRUSTEES' AND OFFICERS' INSURANCE

14. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- human resources
- financial services
- marketing services
- legal services
- educational support services

The trust charges for these services on the following basis:

- 5% of General Annual Grant
- 100% of Start Up Grant

The actual charged during the year were as follows:

	2014 £
Tabor Academy	262,662
Richmond Academy	100,000
Morchall Academy	81,000
Knockhall Academy	76,750
Marshlands Academy	90,000
White House Academy	70,000
	<hr/>
	680,412
	<hr/>

15. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 September 2013	11,366,940	250,584	1,129,489	16,756	12,763,769
Additions	17,181,492	26,978	10,011	55,564	17,274,045
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	28,548,432	277,562	1,139,500	72,320	30,037,814
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION					
At 1 September 2013	151,355	30,278	150,500	461	332,594
Charge for year	326,036	51,116	227,463	14,595	619,210
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2014	477,391	81,394	377,963	15,056	951,804
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE					
At 31 August 2014	28,071,041	196,168	761,537	57,264	29,086,010
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2013	11,215,585	220,306	978,989	16,295	12,431,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in cost or valuation of land and buildings is freehold land of £15,300

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

16. STOCKS

	2014	2013
	£	£
Stocks	1,660	3,000
	<u>1,660</u>	<u>3,000</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	128,828	35,046
Other debtors	68,201	-
VAT	219,724	136,652
Accrued income	-	14,541
Prepayments	107,089	21,354
	<u>523,842</u>	<u>207,593</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Other loans (see note 20)	30,300	-
Trade creditors	165,700	(1,686)
Social security and other taxes	144,354	-
Other creditors	107,698	45,889
Pension control	39,392	-
Other deductions	738	-
Other creditors	604	-
Accrued expenses	97,102	299,594
Deferred government grants	219,485	-
	<u>805,373</u>	<u>343,797</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Other loans (see note 20)	69,700	-
	<u>69,700</u>	<u>-</u>

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

20. LOANS

An analysis of the maturity of loans is given below:

	2014 £	2013 £
Amounts falling due within one year on demand:		
Other loans	<u>30,300</u>	<u>-</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>36,360</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>33,340</u>	<u>-</u>

21. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases 2014 £	2013 £
Expiring:		
Within one year	450	2,606
Between one and five years	<u>754</u>	<u>-</u>
	<u>1,204</u>	<u>2,606</u>

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.

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted fixed asset funds	Restricted funds	2014 Total funds £	2013 Total funds £
	£	£	£		
Fixed assets	-	29,019,253	66,757	29,086,010	12,431,175
Current assets	274,599	114,130	867,422	1,256,151	818,707
Current liabilities	(555)	(24,003)	(780,815)	(805,373)	(343,797)
Long term liabilities	-	-	(69,700)	(69,700)	-
Pension liability	-	-	(2,971,146)	(2,971,146)	(1,776,320)
	<u>274,044</u>	<u>29,109,380</u>	<u>(2,887,482)</u>	<u>26,495,942</u>	<u>11,129,765</u>

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued
for the year ended 31 August 2014

24. MOVEMENT IN FUNDS

	At 1.9.13 £	Net movement in funds £	Transfers between funds £	At 31.8.14 £
Unrestricted funds				
General fund Tabor	187,680	73,230	-	260,910
General fund Morehall	-	2,917	-	2,917
General fund Richmond	-	5,427	-	5,427
General fund Knockhall	-	4,790	-	4,790
	<u>187,680</u>	<u>86,364</u>	<u>-</u>	<u>274,044</u>
Restricted funds				
General restricted Tabor	283,991	320,040	(262,659)	341,372
Asset restricted Tabor	12,434,414	(407,522)	-	12,026,892
Pension reserve	(1,776,320)	(1,451,000)	-	(3,227,320)
General restricted Richmond	-	404,709	(130,636)	274,073
General restricted Morehall	-	155,574	(86,762)	68,812
General restricted Knockhall	-	(19,765)	(76,750)	(96,515)
Asset restricted Richmond	-	5,181,022	30,636	5,211,658
Asset restricted Morehall	-	5,375,900	5,763	5,381,663
Asset restricted Knockhall	-	6,489,167	-	6,489,167
General restricted Central Services	-	(768,312)	680,408	(87,904)
General restricted Marshlands	-	-	(90,000)	(90,000)
General restricted White House	-	-	(70,000)	(70,000)
	<u>10,942,085</u>	<u>15,279,813</u>	<u>-</u>	<u>26,221,898</u>
TOTAL FUNDS	<u>11,129,765</u>	<u>15,366,177</u>	<u>-</u>	<u>26,495,942</u>

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

24. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund Tabor	285,372	(212,142)	-	73,230
General fund Morehall	3,734	(817)	-	2,917
General fund Richmond	8,084	(2,657)	-	5,427
General fund Knockhall	4,790	-	-	4,790
	<u>301,980</u>	<u>(215,616)</u>	<u>-</u>	<u>86,364</u>
Restricted funds				
General restricted Tabor	5,870,075	(5,550,035)	-	320,040
Asset restricted Tabor	125,248	(532,770)	-	(407,522)
Pension reserve	(810,000)	(351,000)	(290,000)	(1,451,000)
General restricted Richmond	1,143,934	(739,225)	-	404,709
General restricted Morehall	510,937	(355,363)	-	155,574
General restricted Knockhall	106,758	(126,523)	-	(19,765)
Asset restricted Richmond	5,224,067	(43,045)	-	5,181,022
Asset restricted Morehall	5,421,025	(45,125)	-	5,375,900
Asset restricted Knockhall	6,500,000	(10,833)	-	6,489,167
General restricted Central Services	348,645	(1,116,957)	-	(768,312)
	<u>24,440,689</u>	<u>(8,870,876)</u>	<u>(290,000)</u>	<u>15,279,813</u>
TOTAL FUNDS	<u>24,742,669</u>	<u>(9,086,492)</u>	<u>(290,000)</u>	<u>15,366,177</u>

25. PENSION AND SIMILAR OBLIGATIONS

The academy's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council for Tabor staff and Kent County Council for staff at the other academies. 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.

Contributions amounting to £39,391 (2013: £nil) were payable to the schemes at 31 August 2014 and are included within creditors.

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued for the year ended 31 August 2014

25. PENSION AND SIMILAR OBLIGATIONS - 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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

25. PENSION AND SIMILAR OBLIGATIONS - continued

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £330,572, of which employer's contributions totalled £254,572 and employees' contributions totalled £76,000. The agreed contribution rates for future years are:

Essex Pension Fund: between 5.5% and 8.5% for employees and 12.3% with additional contributions, in respect of the deficit, of £73,719 for the year ended 31 March 2015 payable in equal monthly instalments for employers.

Kent Pension Fund: between 5.5% and 6.5% for employees and 19.8%, including an uplift in respect of the deficit, for employers.

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 for the trust.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Present value of funded obligations	(4,462,320)	(1,946,906)
Fair value of plan assets	1,491,174	170,586
	<u>(2,971,146)</u>	<u>(1,776,320)</u>
Deficit	<u>(2,971,146)</u>	<u>(1,776,320)</u>
Liability	<u><u>(2,971,146)</u></u>	<u><u>(1,776,320)</u></u>

The Lilac Sky Schools Trust

Notes to the Financial Statements - continued
for the year ended 31 August 2014

25. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Current service cost	255,000	97,000
Interest cost	122,000	49,000
Expected return	(36,000)	(3,000)
Past service cost	-	49,000
Gains/losses on settlements	10,000	-
	<u>351,000</u>	<u>192,000</u>
Actual return on plan assets	<u>74,000</u>	<u>8,000</u>

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

	Defined benefit pension plans	
	2014	2013
	£	£
Defined benefit obligation	(3,737,320)	(1,514,000)
Current service cost	(255,000)	(97,000)
Interest cost	(122,000)	(49,000)
Actuarial losses/(gains)	(308,000)	(253,000)
Benefits paid	46,000	3,000
Curtailments	(10,000)	-
Oblig e'ee contributions	(76,000)	(36,906)
	<u>(4,462,320)</u>	<u>(1,946,906)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Fair value of scheme assets	1,151,000	-
Contributions by employer	254,572	128,680
Expected return	36,000	3,000
Actuarial gains/(losses)	18,000	5,000
Benefits paid	(46,000)	(3,000)
Assets e'ee contributions	77,602	36,906
	<u>1,491,174</u>	<u>170,586</u>

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

25. PENSION AND SIMILAR OBLIGATIONS - continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£	£
Equities	1,003,789	110,881
Gilts	39,031	13,647
Other Bonds	172,136	15,353
Property	157,124	18,764
Cash	57,045	5,118
Alternative Assets	15,012	6,823
Target Return Portfolio	47,037	-
	<u>1,491,174</u>	<u>170,586</u>

Expected returns

Essex Pension Fund

	2014	2013
Equities	6.1%	6.6%
Gilts	3.0%	3.5%
Other Bonds	3.6%	4.4%
Property	5.1%	5.6%
Cash	2.9%	0.5%
Alternative Assets	3.6%	4.4%
Total	5.3%	5.8%

Kent Pension Fund

	2014
Equities	6.7%
Gilts	3.0%
Other Bonds	3.6%
Property	5.9%
Cash	2.9%
Target Return Portfolio	5.9%
Total	6.0%

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2014	2013
Discount rate	3.9%	4.7%
Future salary increases	4.5%	4.7%
Future pension increases	2.7%	2.9%
Inflation (CPI)	2.7%	2.9%
Commutation of pensions to lump sums	56.6%	50%

The Lilac Sky Schools Trust

**Notes to the Financial Statements - continued
for the year ended 31 August 2014**

25. PENSION AND SIMILAR OBLIGATIONS - continued

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

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous period are as follows:

	2014	2013
	£	as restated £
Defined benefit pension plans		
Defined benefit obligation	(4,462,320)	(1,946,906)
Fair value of scheme assets	1,491,174	170,586
Deficit	(2,971,146)	(1,776,320)
Experience adjustments on scheme liabilities	(109,000)	-
Experience adjustments on scheme assets	18,000	5,000

26. CAPITAL COMMITMENTS

	2014	2013
	£	£
Contracted but not provided for in the financial statements	<u>78,693</u>	<u>-</u>

27. RELATED PARTY DISCLOSURES

The Academy is controlled by the Trustees.

Lilac Sky Schools Ltd is a company owned by trustees Mr T Averre-Beeson and Ms J Fielding.

During the year Lilac Sky Schools Ltd provided central services to The Lilac Sky Schools Academy Trust for £410,231 (2013: £198,000) These transactions have been conducted at arms length.

During the year Lilac Sky Schools Ltd provided support and leadership to the academies of the Trust for £112,500 (2013: £nil) These transactions have been conducted at arms length.

During the year Trust charged Lilac Sky Schools Ltd £286,992 (2013: £nil) for supply of senior staff, these transactions were charged at cost.

At the year end the amount owed by Trust to Lilac Sky Schools Ltd was £107,699 (2013: £45,888)

The Lilac Sky Schools Trust
Detailed Statement of Financial Activities
for the year ended 31 August 2014

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
INCOMING RESOURCES		
Voluntary income		
Donations	34,100	56,523
Funds inherited on conversion	2,979	132,893
	<hr/> 37,079	<hr/> 189,416
Voluntary income - Transfer from Local Authority on conversion	16,366,894	11,753,555
Activities for generating funds		
Other	318,267	5,199
Hire of facilities	53,381	48,843
Catering income	187,219	106,732
	<hr/> 558,867	<hr/> 160,774
Investment income		
Deposit account interest	244	182
Incoming resources from charitable activities		
Grants	7,779,436	4,142,700
Music tuition	149	-
	<hr/> 7,779,585	<hr/> 4,142,700
Total incoming resources	24,742,669	16,246,627
RESOURCES EXPENDED		
Costs of generating voluntary income		
Music fees	4,620	-
Trips and event costs	64,862	68,782
	<hr/> 69,482	<hr/> 68,782
Charitable activities		
Wages	4,219,122	2,369,164
Social security	325,738	170,868
Pensions	446,145	235,303
Supply teacher costs	215,897	-
Staff restructuring costs	65,984	-
Technology costs	65,627	90,198
Rewards & CAP	2,346	155
Examination fees	94,625	81,711
Staff development	43,342	17,462
Carried forward	5,478,826	2,964,861

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The Lilac Sky Schools Trust

**Detailed Statement of Financial Activities
for the year ended 31 August 2014**

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Charitable activities		
Brought forward	5,478,826	2,964,861
Educational costs	85,686	24,852
Goods and services	172,483	157,165
	<hr/> 5,736,995	<hr/> 3,146,878
Governance costs		
Trustees' expenses	-	980
Auditors' remuneration	20,000	15,000
Auditors' remuneration for non-audit work	12,000	6,175
	<hr/> 32,000	<hr/> 22,155
Other resources expended		
Supply staff costs	9,403	-
Support costs		
Management		
Security and transport	12,447	680
Finance		
Freehold property	326,036	151,355
Plant and machinery	51,116	180,778
Fixtures and fittings	227,464	-
Computer equipment	14,596	461
	<hr/> 619,212	<hr/> 332,594
Information technology		
Technology costs	6,920	-
Human resources		
Recruitment and support	23,524	3,560
Expected return on pension scheme assets	(36,000)	(3,000)
Interest on pension scheme liabilities	122,000	49,000
	<hr/> 109,524	<hr/> 49,560
Other		
Wages	747,086	376,194
Social security	35,425	16,409
Pensions	265,000	97,000
Other operating leases	10,992	10,184
Admin expenses	883,096	218,661
Recruitment and marketing	9,996	15,827
Maintenance of premises and equipment	26,500	261,197
Cleaning	18,344	7,448
Rent and rates	56,947	33,098
Energy costs	229,810	84,907
Insurance	61,876	33,379
Duty meals	-	2,063
Equipment	5,038	-
Carried forward	2,350,110	1,156,367

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The Lilac Sky Schools Trust

**Detailed Statement of Financial Activities
for the year ended 31 August 2014**

	Year ended 31.8.14 £	Period 12.11.12 to 31.8.13 £
Other		
Brought forward	2,350,110	1,156,367
Contracts	(238)	-
Food	86,602	61,204
Cleaning and disposables	2,624	-
Free pupil meals	39,532	26,564
Adult meals	-	1,974
Catering stock	(1,660)	(3,000)
Hospitality	12,881	5,104
Repairs and maintenance	658	-
	<hr/> 2,490,509	<hr/> 1,248,213
Total resources expended	9,086,492	4,868,862
	<hr/>	<hr/>
Net income	<u><u>15,656,177</u></u>	<u><u>11,377,765</u></u>

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