

Registration number: 07671440

# Limehurst Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

Haines Watts Leicester LLP  
Chartered Accountants and Registered Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

# **Limehurst Academy**

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# **Limehurst Academy**

## **Reference and Administrative Details**

### **Members**

Mr D Howlett  
Mr J Miah  
Mr J Mellor  
Mrs A Daly (Chair) (resigned 2 May 2018)  
Mrs S Fox (Chair) (appointed 2 May 2018)

### **Governors and Trustees (Directors)**

Mrs A Daly (Chair) (resigned 2 May 2018)  
Ms A Wray  
Dr A Gunewardena, Responsible Officer  
Mr J Mellor, Head Teacher and Accounting Officer  
Mrs L Kilner, Support staff trustee  
Mrs S Fox (Chair)  
Mr H Miah (resigned 10 April 2018)  
Ms M Jones (resigned 26 June 2018)  
Mr M Sanderson (resigned 12 December 2017)  
Mr D Temple  
Mr M Heaven  
Mr G Robinson, Staff trustee  
Mr D Neary, Staff trustee  
Mr D Howlett  
Mr J Miah  
Ms L Clark  
Mrs A Singh (appointed 23 January 2018)  
Mr M Daly, Responsible Officer (appointed 23 January 2018)

### **Company Secretary**

Mrs T Hutson-Goater

### **Senior Leadership Team**

Mr J Mellor, Head Teacher  
Mrs S Fisher, Deputy Head Teacher (resigned 31 August 2018)  
Mrs V Beeby, Deputy Head Teacher (appointed 1 September 2018)  
Mrs C Corker, Assistant Head Teacher  
Mrs V Beeby, Assistant Head Teacher (resigned 31 August 2018)  
Mr A Lakhani, Assistant Head Teacher (appointed 1 September 2018)  
Mrs A Coulstock, Assistant Head Teacher (SENCO) (appointed 1 September 2018)  
Mrs T Hutson-Goater, School Business Manager

### **Principal and Registered Office**

Bridge Street  
Loughborough  
Leicestershire  
LE11 1NH

## **Limehurst Academy**

### **Reference and Administrative Details (continued)**

**Company Registration Number** 07671440

**Auditors** Haines Watts Leicester LLP  
Chartered Accountants and Registered Auditor  
Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

**Bankers** NatWest Bank plc  
Market Place  
Loughborough  
Leicestershire  
LE11 3NZ

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### ***Constitution***

The academy trust is a company limited by guarantee 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 registration number is 07671440.

The governors act as the trustees for the charitable activities of Limehurst Academy and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

##### ***Members' liability***

Each member of the charitable company undertakes to contribute to the assets of the 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***

The academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

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

The Members of the Academy Trust shall comprise:

- a) the signatories to the Memorandum
- b) 1 person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- c) the Headteacher
- d) the chairman of the Governors;
- e) the vice chairman of the Governors;
- f) the chairman of the finance personnel and general purpose committee of the Governors;
- g) the chairman of the curriculum and pastoral committee of the Governors; and
- h) any person appointed under Article 16.

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

The number of Members shall be not less than three but, (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64, the Academy Trust shall have the following Trustees:

- a) Up to three Community Trustees, appointed under Article 50;
- b) A minimum of two and up to four Parent Trustees appointed under Articles 53-58;
- c) Up to three Staff Trustees, including one Support Staff Trustee, subject to Articles 50A;
- d) The Headteacher;
- e) Any additional Trustees, if appointed under Article 62,62A or 68A; and
- f) Any Further Trustees, if appointed under Article 63 or Article 68A.

The Academy Trust may also have any Co-opted Trustee appointed under Article 59.

Future Trustees shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Trustee to be appointed or elected due to the fact that an Academy has not yet been established or the Headteacher has not been appointed, then the relevant Article or part thereof shall not apply.

The Members may appoint up to seven Trustees including the Members.

The Trustees may appoint three Staff Trustees. The Staff Trustees shall be elected by the staff of the Academy through such process as the Trustees may determine. The total number of Trustees (including the Headteacher) who are employees of the Academy Trust must not exceed one third of the total number of Trustees.

The Trustees may appoint up to three Community Trustees from the local area.

The Head Teacher shall be treated for all purposes as being an ex officio Trustee.

Subject to Article 57, the Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he is elected.

The Governing Body shall make all necessary arrangements for, and determine all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Trustees which is contested shall be held by secret ballot. The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy. Where a vacancy for a Parent Trustee is required to be filled by election, the Governing Body shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

The number of Parent Trustees required shall be made up by Parent Trustees appointed by the Governing Body if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Trustee the Governing Body shall appoint a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Trustees may appoint up to 3 Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Head Teacher).

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

The Secretary of State may give a warning notice to the Trustees where she is satisfied:

- i) that the standards of performance of pupils at the Academy are unacceptably low, or
- ii) that there has been a serious breakdown in the way the Academy is managed or governed, or
- iii) that the safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

For the purposes of Article 60 a 'warning notice' is a notice in writing by the Secretary of State to the Academy Trust delivered to the Office setting out:

- a) the matters referred to in Article 60;
- b) the action which she requires the Trustees to take in order to remedy those matters; and
- c) the period within which that action is to be taken by the Trustees ('the compliance period').

The Secretary of State may appoint such Additional Trustees as she thinks fit if the Secretary of State has:

- a) given the Trustees a warning notice in accordance with Article 60; and
- b) the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint such Additional Trustees where following an Inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") the Academy Trust receives an Ofsted grading (being a grade referred to in The Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades.

The Secretary of State may also appoint such Further Trustees as she thinks fit if a Special Measures Termination Event (as defined in the Funding Agreement) occurs in respect of the Academy.

Within 5 days of the Secretary of State appointing any Additional or Further Trustees in accordance with Articles 62, 62A or 63, any Trustees appointed under Article 50 and holding office immediately preceding the appointment of such Trustees, shall resign immediately and the Members' power to appoint Trustees under Article 50 shall remain suspended until the Secretary of State removes one or more of the Additional or Further Trustees.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

#### ***Arrangements for setting pay and remuneration of key management personnel***

Remuneration of the Senior Leadership Team is governed by the Academy's pay policy and is subject to a rigorous performance management cycle involving appointed trustees and an external advisor.

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

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### ***Organisational structure***

The Board of Trustees reviews the delegation of functions annually. The Board of Trustees will remain accountable for any decision taken, including those relating to functions delegated to a committee or individual.

Decisions may only be made if a meeting is quorate. The quorum for full Board of Trustees meetings is one third (rounded up to a whole number) of the total number of Trustees holding office at the date of the meeting. The minimum quorum for a committee is three Trustees but the full Board of Trustees may set this at a higher level if it wishes.

All decisions are taken on behalf of the full Governing Body. The Board of Trustees receives reports/minutes from any individual or committee to whom decisions have been delegated and considers whether any further action is necessary.

The Board of Trustees has delegated some of its statutory functions to committees and the Headteacher, subject to prescribed restrictions below.

Functions that can be delegated to a committee but cannot be delegated to an individual include those that relate to:

- The alteration, discontinuation or change of category of maintained schools
- The approval of the first formal budget plan of the financial year
- School discipline policies
- The exclusion of pupils (except in an emergency when the Chair has the power to exercise these functions)
- Admissions.

The Board of Trustees cannot delegate any functions in relation to:

- The constitution of the Board of Trustees (unless otherwise provided by the Constitution Regulations)
- The appointment or removal of the chair and vice-chair
- The appointment of the Secretary
- The suspension of Trustees
- The delegation of functions
- The establishment of committees.

The decision planner is formulated annually to help the Board of Trustees to decide the most effective way of conducting their business.

The Board of Trustees reviews the following annually:

- Establishment, terms of reference, constitution and membership of committees
- Delegation of functions to committees and individuals.



## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### Constitutional Decisions

##### Function statement

##### Delegated to - Board of Trustees

1. Changes to the Instrument of Government, including terms of office
2. To appoint or remove community, any appointed parent and associate members
3. To determine voting rights for associate members on committees
4. To suspend any Trustee
5. To elect or remove the chair
6. To elect or remove the vice-chair
7. To appoint Link or designated Trustees, for example performance management, child protection and complaints
8. To decide on additional attendance at full Trustees' meetings Board of Trustees
9. To decide the arrangements for full Board of Trustees meetings (legal minimum three per year)
10. To regulate the procedures of meetings
11. Establishment and membership of committees and their remits, including selection panels for Headteacher and Deputy Headteacher recruitment
12. To appoint or remove a Secretary to each committee. The Secretary to a committee (but not the Governing Body) can be a Trustee, but not the Principal
13. To establish the Trustees' register of pecuniary and business interests and oversee its maintenance
14. To establish the financial limits of delegated authority to enter into commitments and to authorise payments
15. To approve a written description of financial systems and procedures in line
16. To recruit a new Headteacher
17. To recruit a new Deputy Headteacher
18. Ratification of the appointment of a Headteacher and Deputy Headteacher
19. To determine the arrangements for the appointment of all other staff
20. To appoint and dismiss the Secretary to Trustees
21. To participate in the school self-review process including the review of the Board of Trustees effectiveness
22. Setting the Individual School Range (ISR)
23. Decision to federate/collaborate or form joint committees with other schools
24. To consider requests from other schools to federate/collaborate
25. To leave a federation
26. To consider the alteration, discontinuation or change of category of maintained schools
27. To consider whether or not to exercise delegation of functions to individuals or committees
28. To decide to offer additional activities under extended schools provision or to cease provision
29. To institute a health & safety policy and arrangement for implementation

##### Trustees' committee and working parties

- Curriculum & Pastoral Committee
- Finance, Personnel and General Purposes Committee
- Discipline Committee
- Teachers' Pay Committee
- Performance Management Committee

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### ***Risk management***

The Trustees have examined the major risks facing the Academy, and the controls in place, in the Risk Register.

A risk register has been produced which tables all the anticipated risks of the Academy, groups them under seven different headings and assesses them for consideration; tolerate, plan or treat, according to the risk appetite table.

The seven areas of risk are as follows;

- Strategic/reputational
- Physical
- Infrastructure
- Governance
- Staffing
- Students
- Financial

These risk areas are regularly reviewed and managed.

#### ***Connected organisations, including related party relationships***

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

#### **Objectives and activities**

##### ***Objects and aims***

The Academy Trust's object is specifically restricted to the following 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.

##### ***Objectives, strategies and activities***

The following approved improvement priorities have been acted upon:

Objective A: Develop Excellence in Leadership & Management

Objective B: Deliver the highest quality of Teaching, Learning and Assessment

Objective C: Ensure that the Personal Development, Behaviour and Welfare of students is given the highest priority

Objective D: Deliver outstanding Outcomes for Children & Learners.

#### ***Public benefit***

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the Charity Commission.

# Limehurst Academy

## Trustees' Report for the Year Ended 31 August 2018 (continued)

### Strategic Report

#### Achievements and performance

Limehurst Academy, following an excellent set of outcomes in 2016-17, strengthened its position still further in 2017-18. The performance of the school's outgoing students in GCSE examinations has led to the Department for Education classifying Limehurst's performance as being 'well above average', which is its uppermost category.

The overall Progress 8 figure for Limehurst Academy was +0.65. This means that students at Limehurst achieve almost two-thirds of a grade better in every subject, than students with similar starting points in other schools nationally. This figure ranks Limehurst Academy as 3rd out of 37 secondary schools in Leicestershire, and in the top 4% of all schools nationally (rank: 255th). The Attainment 8 score of 51.1 points was 5.0 points above the Leicestershire average, and 6.8 points above the national average.

The English Baccalaureate average point score at Limehurst was 4.83 points, which is over a grade higher than the national average. 44% of Limehurst students achieved a Grade 5 or above in English and Mathematics, well above the national average of 39.9%.

Absence rates in 2016-17 were significantly lower than national averages. The school had an absence rate of 3.7%, compared to a national average of 5.4%. Students are classed as being persistently absent if they miss more than 10% of school sessions. 5.4% of Limehurst students were classed as being persistently absent in 2016-17, compared to 13.5% of students nationally.

92% of Limehurst students who left in 2016 stayed in education or employment for at least two terms after leaving.

Limehurst's successes led to it being named as the Real Schools Guide secondary school of the year in June 2018.

Limehurst Academy was inspected by Ofsted in March 2017. The inspectors found that the school remains a good school. Their findings included:

- The leadership team is "highly effective and ambitious."
- The challenge of extending the school's age range has been managed with "enthusiasm and determination."
- Teachers "quickly intervene and provide extra support for those who need it."
- "Pupils appreciate the caring, positive relationships that exist between staff and pupils."
- "Keeping pupils safe takes a high priority at the school."
- "Staff have high expectations of behaviour and no low-level disruption of learning was seen."
- "Pupils enjoy coming to Limehurst. This is indicated by how regularly they attend."
- "Pupils make the progress that is expected of them and many far exceed it."
- "Governors have a clear understanding of the school's strengths and what is going well."
- "Governors... hold leaders to account for the extra funding they receive, as well as the impact this funding has on pupils' achievement."

#### *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.

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### **Financial review**

Limehurst Academy's annual income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of a General Annual Grant (GAG). The use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the period ending 31 August 2018.

Upon conversion to an Academy Trust the assets, liabilities and funds associated with the Board of Trustees of Limehurst High School were transferred from Leicestershire County Council to Limehurst Academy, on 1st September 2011. A valuation was completed on behalf of the Academy Trust by the DfE in relation to the fixed assets at the time of the transfer. A similar estimate was undertaken in relation to the Academy's inherent LGPS liabilities. Both of these items form part of the Academy's balance sheet.

During the year to 31 August 2018, Limehurst has had to make a number of cuts and efficiencies due to a small reduction in the number of students on roll which means reduced GAG and other grant income, allocated on a per head basis. On 31 August 2017 the staff and operations of LIP (The Loughborough Inclusion Partnership) transferred to another Academy having been administered, but not managed, by Limehurst for 3 years. LIP ended the year 2017 in deficit of over £120,000 which affected the Limehurst cash flow adversely until the debt was repaid in several instalments. Limehurst Academy has a negative carry forward at the end of this difficult year. The coming 2018/19 year will also be a year of reduced income and expenditure but looking ahead to 2019/20, the NOR (number on roll) increases significantly (school places are oversubscribed) and the new Funding Formula will mean considerably more basic funding.

Having twice been unsuccessful in securing a CIF bid to update our changing room facilities the Governors decided to use some of our free reserve to do a small scale extension to the Sports Hall changing rooms and also provide a PE classroom. This build was completed at the end of 2017 with final tarmac and ground works done at Easter 2018. This addition to Limehurst's site has been very well received by staff and students and alleviates overcrowding of students using changing facilities having increased the size of the school during age range change.

Phase 3 of the roof replacement started during the summer holidays 2017 and was completed in October half term 2017. The final roof phase (4) at the rear of the school will be the CIF bid we submit for the 18/19 round. In 17/18 our successful bid was for Fire Safety updates throughout the school, work started on this during the summer break in 2018 with replacement of classroom doors, fire breaks in the loft spaces, new fire-proof shutters to separate the kitchen from the dining room and the replacement of all internal glass in the corridors. This will hopefully be completed by Easter 2019.

The ESFA's new Academy Finance Handbook was adopted by Trustees at a meeting on 3 October 2018. This document sets out key financial responsibilities. All expenditure of the Academy Trust is made in line with this Policy, which supports the provision of Education of all pupils on roll.

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### Financial report for the period

The majority of the Academy's income is obtained from the ESFA in the form of recurrent grants. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown in the statement of financial activities.

During the year ended 31 August 2018 the surplus of income over expenditure from DfE (CIF) Capital Improvement Funds amounted to £131,816 and the deficit of unrestricted funds (other income) was £129,202 (2017: surplus £127,505), however, all the cash carry forward was therefore capital funds, making a total actual carry forward to 18/19 of £2,614 (2017: £252,667).

At 31 August 2018, the net book value of fixed assets was £4,645,614 (2017: £4,542,644). The assets were used exclusively for providing education and the associated support services to the students of the Academy and included both building upgrades, IT equipment and furniture.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy balance sheet shows a net liability of £1,100,000 (2017: £1,345,000).

##### Financial position

The Academy held fund balances at 31 August 2018 of £3,548,228 (2017: £3,450,310) comprising of restricted funds of £nil (2017: £nil) a pension reserve deficit of £1,100,000 (2017: £1,345,000), deficit £129,202 of unrestricted general funds (2017: surplus £127,505) and £4,777,430 in a restricted fixed asset fund (2017: £4,667,805).

##### Funds in deficit

The Academy's non-teaching staff are entitled to membership of the Local Government pension Scheme. The Academy's share of the Scheme assets is currently assessed to be less than its liabilities in the Scheme and consequently the Academy's balance sheet shows a net liability of £1,100,000 (a reduction in the deficit of £115,000 in year). However, the deficit does not mean that an immediate liability for this amount crystallises and although it shows on the balance sheet (see note 22) it does not affect the actual cash surplus.

The contribution rate to reduce the liability is calculated by an independent actuary at 23.3%. This was reviewed in 2017 and it will increase again to 24.3% in 2018 and by 1% more to 25.3% in 2019.

In 2011 the Buildings transferred from the LA show as a large incoming resource of £3,321,000 - this figure has been subject to an increase due to the erection of the Shakespeare Building in 2014 and other upgrades (2017 value £4,902,129) and in this financial year, the Sports Hall extension and PE classroom, plus roof and fire safety work to the value of £238,845 and a reduction for depreciation of £582,626 in year, leaving a net book value of £4,605,238 at 31 August 2018 (However, total capital assets including furniture and equipment £4,645,614). Trustees assessed the buildings remaining useful life to be a further 48 years (this is the sector norm for new build and even though Limehurst's buildings are in some places already in excess of this, Trustees considered the state of repair and ongoing refurbishments will enable it to have a further 48 years useful life). In 2018 and future years the depreciation will show in balance sheets but may be without any incoming resource so a deficit will be recorded. Again, this will not affect the cash surplus.

##### ***Financial and risk management objectives and policies***

The Academy has a Financial Procedures Policy and Scheme of Financial Delegation both of which have been adopted by the Trustees. Resources are used to maintain efficient staffing levels, ensure the continuing effectiveness of the organisation and good state of repair of the site and buildings.

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### ***Reserves policy***

The Academy's 'free' reserves are its funds after excluding restricted funds. 'Reserves' are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent income to the Academy which is to be spent at the Trustees' discretion in furtherance of any of the Academy's objects but which is not yet spent, committed or designated.

Demands on the Academy's reserves are expected to vary over the coming years and therefore the suggested level of reserves ideally should be equivalent to one month's expenditure, currently estimated at approximately £250,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. However, due to spending some of the school's reserves on the Sports Hall building works has fallen well below this level in 2017/18.

A formal reserves policy has not yet been adopted by the Academy, however, it is intended that the Trustees will continue to regularly monitor the reserve levels of the Academy. This review will encompass the nature of income and expenditure streams, the need to match income with existing commitments.

The level of free reserves at the end period was £nil (2017: £127,505).

The level of restricted funds at the period end, excluding the restricted fixed asset fund and the pension reserve, amounted to £nil (2017: £nil).

##### ***Investment policy***

The Academy does not currently hold any investments (Bonds) other than its capital balance due to none being available through Nat West at this time and also as it was thought that the surplus would need to be accessible to pay for building works during the year. The balance is therefore in the highest interest return account available (Nat West Special Interest Bearing Account). The current account has a working balance of £10,000.

##### ***Principal risks and uncertainties***

The Academy has a Financial Risk Register in place which has been adopted by the Trustees and will be updated as necessary.

The Academy Trust has undertaken a financial risk assessment based on potential keys risks identified as:

- Not operating within its budget and running a deficit;
- Changes in funding;
- Inappropriate or insufficient financial controls and systems;
- Fraudulent activity;
- Financial commitments made without adequate authorisation

The key controls used by the academy to reduce risk include:

- Detailed terms of reference for all committees;
- Formal agendas for the academy Board and committees;
- Schemes of delegation and formal financial regulations;
- Formal written policies;
- Clear authorisation and approval levels

## **Limehurst Academy**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### **Auditor**

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

##### ***Reappointment of auditor***

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts Leicester LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 18 December 2018 and signed on its behalf by:

.....  
Mrs S Fox (Chair)  
Governor and trustee

# Limehurst Academy

## Governance Statement

### Statement on governance and internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Limehurst Academy for the twelve months ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Limehurst Academy 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 Mr J Mellor, 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 Limehurst Academy 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr J Mellor	4	4
Mrs L Kilner	4	4
Mr D Howlett	4	4
Mr J Miah	4	4
Ms A Wray	3	4
Dr A Gunewardena	1	4
Mrs A Daly (Chair)	3	4
Mr M Heaven	2	4
Ms M Jones	1	4
Mr M Sanderson	2	4
Mr D Temple	3	4
Mr G Robinson	3	4
Mr D Neary	4	4
Mrs S Fox (Chair)	3	4
Mr H Miah	0	3
Ms L Clark	3	4
Mrs A Singh	3	3



## Limehurst Academy

### Governance Statement (continued)

Mr M Daly 3 3

#### Governance reviews

There were no external reviews of governance in the 2017-18 academic year.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Attendance at meetings during the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr J Mellor	4	4
Mr D Howlett	4	4
Mrs A Daly (Chair)	2	3
Mr D Neary	3	4
Mr M Heaven	4	4
Mr M Sanderson	1	4
Mr D Temple	2	4
Mr G Robinson	4	4

The company secretary, Mrs T Hutson-Goater attended 4 out of 4 possible Finance and General Purposes Committee meetings.

The freedom offered through Academy status and the efficient use of resource help to provide the flexibility we need to address these issues.

During the year in question the review has been informed by:

- The work of the external auditors and Accountants Haines Watts.
- The work of the Senior Leaders and Business Manager within the Academy who have responsibility for the development and maintenance of the internal control framework

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Full Governing Body
- Regular reviews by the SLT and Business Manager of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Clearly defined purchasing (asset purchase or capital investment) guidelines as set out in the Finance Policy (and Academy's Handbook)
- Delegation of authority and segregation of duties in finance team
- Identification and management of risk (Financial Risk Policy)

The Finance and General Purposes (F&GP) Committee meets as often as is necessary to fulfil its responsibilities, and at least four times a year. The committee has clear terms of reference which are reviewed annually. The F&GP Committee receive regular budget monitoring, provided in consistent format with explanatory notes and colour coding; consider and ratify policies; scrutinise Academy budget forecast; ensures that the academy complies with agreed policies and procedures; challenge decision making on spending proposals. The Committee considers the annual reports and financial statements of Limehurst Academy, and makes recommendations to the Full Governing Body, who approve core financial statements and documents.

## **Limehurst Academy**

### **Governance Statement (continued)**

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

- The allocation of resources to best promote the aims of the school
- The targeting of resources to best improve standards and the quality of provision
- The use of resources to best support the various educational needs of students.

The Academy has developed procedures for assessing need and obtaining goods and services which provide “Best Value” in terms of suitability, efficiency, time, and cost.

Measures in place include:

- All purchases have price comparison procedures applied and all suppliers are considered
- Online purchases, if represent best value, are possible with the use of the Academy’s GPC Card
- ESPO contracts used if offer best value and service support
- Procedures for accepting “best value” quotes, which are not necessarily the cheapest (e.g suitability for purpose and quality workmanship)
- Purchases over £5000 require three quotations. For building works, or other major purchases, expected to cost in excess of £10,000, at least three tenders will be obtained
- All purchases estimated to exceed £50,000 are put out to formal tender

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Limehurst Academy for the year ended 31 August 2018 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 year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Mr M Daly as Responsible Officer

## **Limehurst Academy**

### **Governance Statement (continued)**

- The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

On a quarterly basis, the Responsible Officer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

#### **Review of effectiveness**

As Accounting Officer, Mr J Mellor 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 responsible officer ;
- 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 Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 18 December 2018 and signed on its behalf by:

.....  
Mr J Mellor  
Accounting officer  
Governor and trustee

.....  
Mrs S Fox (Chair)  
Governor and trustee

## **Limehurst Academy**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Limehurst Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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

.....  
Mr J Mellor  
Accounting officer

18 December 2018

## **Limehurst Academy**

### **Statement of Trustees' Responsibilities**

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

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 18 December 2018 and signed on its behalf by:

.....  
Mrs S Fox (Chair)  
Governor and trustee

## **Limehurst Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of Limehurst Academy**

#### **Opinion**

We have audited the financial statements of Limehurst Academy (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Limehurst Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of Limehurst Academy (continued)**

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

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

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

- adequate 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.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 19], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

## **Limehurst Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of Limehurst Academy (continued)**

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

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

.....  
Richard Buckby FCA (Senior Statutory Auditor)  
For and on behalf of Haines Watts Leicester LLP, Statutory Auditor

Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

19 December 2018



## **Limehurst Academy**

### **Independent Reporting Accountant's Report on Regularity to Limehurst Academy and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Limehurst Academy during the period 1 September 2017 to 31 August 2018 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 Limehurst Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Limehurst Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Limehurst Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Limehurst Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Limehurst Academy's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.

We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.

We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

## **Limehurst Academy**

### **Independent Reporting Accountant's Report on Regularity to Limehurst Academy and the Education & Skills Funding Agency (continued)**

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.

Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.

- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....  
Richard Buckby FCA  
For and on behalf of Haines Watts Leicester LLP, Chartered Accountants

Hamilton Office Park  
31 High View Close  
Leicester  
LE4 9LJ

19 December 2018

## Limehurst Academy

### Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	71,006	1,889	-	72,895
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,350,547	198,998	3,549,545
Other trading activities	4	133,212	-	-	133,212
Investments	5	114	-	-	114
<b>Total</b>		<u>204,332</u>	<u>3,352,436</u>	<u>198,998</u>	<u>3,755,766</u>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	<u>75,000</u>	<u>3,810,083</u>	<u>182,765</u>	<u>4,067,848</u>
Net income/(expenditure)		129,332	(457,647)	16,233	(312,082)
Transfers between funds		(386,039)	292,647	93,392	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	22	<u>-</u>	<u>410,000</u>	<u>-</u>	<u>410,000</u>
Net movement in (deficit)/funds		(256,707)	245,000	109,625	97,918
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2017		<u>127,505</u>	<u>(1,345,000)</u>	<u>4,667,805</u>	<u>3,450,310</u>
Total (deficit)/funds carried forward at 31 August 2018		<u>(129,202)</u>	<u>(1,100,000)</u>	<u>4,777,430</u>	<u>3,548,228</u>

## Limehurst Academy

### Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2016/17 Total £
<b>Income and endowments from:</b>					
Donations and capital grants	2	67,911	2,561	-	70,472
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,446,856	266,313	3,713,169
Other trading activities	4	119,808	-	-	119,808
Investments	5	491	-	-	491
Total		188,210	3,449,417	266,313	3,903,940
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	78,873	3,885,686	180,888	4,145,447
Net income/(expenditure)		109,337	(436,269)	85,425	(241,507)
Transfers between funds		(165,558)	93,744	71,814	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	22	-	15,000	-	15,000
Net movement in (deficit)/funds		(56,221)	(327,525)	157,239	(226,507)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2016		183,726	(1,017,475)	4,510,566	3,676,817
Total funds/(deficit) carried forward at 31 August 2017		127,505	(1,345,000)	4,667,805	3,450,310

**Limehurst Academy**  
**(Registration number: 07671440)**  
**Balance Sheet as at 31 August 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	4,645,614	4,542,644
<b>Current assets</b>			
Debtors	12	71,540	239,925
Cash at bank and in hand		<u>85,653</u>	<u>163,676</u>
		157,193	403,601
Creditors: Amounts falling due within one year	13	<u>(154,579)</u>	<u>(150,935)</u>
Net current assets		<u>2,614</u>	<u>252,666</u>
Total assets less current liabilities		<u>4,648,228</u>	<u>4,795,310</u>
Net assets excluding pension liability		4,648,228	4,795,310
Pension scheme liability	22	<u>(1,100,000)</u>	<u>(1,345,000)</u>
Net assets including pension liability		<u><u>3,548,228</u></u>	<u><u>3,450,310</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted fixed asset fund	14	4,777,430	4,667,805
Restricted pension fund	14	<u>(1,100,000)</u>	<u>(1,345,000)</u>
		3,677,430	3,322,805
<b>Unrestricted funds</b>			
Unrestricted general fund	14	<u>(129,202)</u>	<u>127,505</u>
Total funds		<u><u>3,548,228</u></u>	<u><u>3,450,310</u></u>

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue on 18 December 2018 and signed on their behalf by:

.....  
Mrs S Fox (Chair)  
Governor and trustee

## Limehurst Academy

### Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	18	207,598	(101,128)
Cash flows from investing activities	19	<u>(285,621)</u>	<u>(212,475)</u>
Change in cash and cash equivalents in the year		(78,023)	(313,603)
Cash and cash equivalents at 1 September		<u>163,676</u>	<u>477,279</u>
Cash and cash equivalents at 31 August	20	<u><u>85,653</u></u>	<u><u>163,676</u></u>

# Limehurst Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018

### 1 Accounting policies

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

#### **Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### **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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

#### **Grants**

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

#### **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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

## **Limehurst Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **1 Accounting policies (continued)**

##### ***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable 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 academy trust has provided the goods or services.

##### ***Donated goods, facilities and services***

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

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

##### ***Donated fixed assets***

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

##### ***Expenditure***

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

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### ***Charitable activities***

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.



# Limehurst Academy

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 1 Accounting policies (continued)

#### Tangible fixed assets

Assets costing £5,000 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Long leasehold buildings	Over 50 years, straight line basis
Computer equipment	Over 3 years, straight line basis
Motor vehicles	Over 5 years, straight line basis
Furniture and equipment	Over 3 years, straight line basis

#### Liabilities

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

#### Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

#### Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

# **Limehurst Academy**

## **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

### **1 Accounting policies (continued)**

#### **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.

#### **Pension 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. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### **Fund accounting**

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

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

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

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

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

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 1 Accounting policies (continued)

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31/08/2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### **Agency accounting**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 0% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note X.

#### 2 Voluntary income

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>2017/18 Total £</b>	<b>2016/17 Total £</b>
Other donations	<u>71,006</u>	<u>1,889</u>	<u>72,895</u>	<u>70,472</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £	Restricted fixed asset funds £	2017/18 Total £	2016/17 Total £
<b>DfE/ESFA capital grants</b>				
Capital maintenance grant	-	184,754	184,754	250,380
Devolved capital grant	-	14,244	14,244	15,933
	-	198,998	198,998	266,313
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	3,095,247	-	3,095,247	3,189,197
Other DfE/ESFA grants	206,556	-	206,556	223,153
	3,301,803	-	3,301,803	3,412,350
<b>Other government grants</b>				
Local Authority grants	43,694	-	43,694	27,806
<b>Non-government grants and other income</b>				
Other income	5,050	-	5,050	6,700
Total grants	3,350,547	198,998	3,549,545	3,713,169

#### 4 Other trading activities

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Hire of facilities	7,009	7,009	6,603
Catering income	89,590	89,590	80,216
Other sales	36,613	36,613	32,989
	133,212	133,212	119,808

#### 5 Investment income

	Unrestricted funds £	2017/18 Total £	2016/17 Total £
Short term deposits	114	114	491

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 6 Expenditure

	Non Pay Expenditure			2017/18	2016/17
	Staff costs £	Premises £	Other costs £	Total £	Total £
<b>Academy's educational operations</b>					
Direct costs	2,604,891	182,765	216,527	3,004,183	3,055,503
Allocated support costs	706,780	134,421	222,464	1,063,665	1,089,944
	<u>3,311,671</u>	<u>317,186</u>	<u>438,991</u>	<u>4,067,848</u>	<u>4,145,447</u>

Net incoming/outgoing resources for the year include:

	2018 £	2017 £
<b>Operating leases:</b>		
Operating leases - other leases	6,131	14,565
Fees payable to auditor - audit	6,850	5,900
- other audit services	600	600
Depreciation of fixed assets	<u>182,765</u>	<u>180,888</u>

#### 7 Charitable activities

	2017/18 £	2016/17 £
Direct costs - educational operations	3,004,183	3,055,503
Support costs - educational operations	<u>1,063,665</u>	<u>1,089,944</u>
	<u>4,067,848</u>	<u>4,145,447</u>
	<b>Educational operations £</b>	<b>2017/18 Total £</b>
		<b>2016/17 Total £</b>

#### Analysis of support costs

Support staff costs	706,780	706,780	689,125
Premises costs	134,421	134,421	166,656
Other support costs	215,614	215,614	227,663
Governance costs	6,850	6,850	6,500
Total support costs	<u>1,063,665</u>	<u>1,063,665</u>	<u>1,089,944</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 8 Staff

##### Staff costs

	2018 £	2017 £
<b>Staff costs during the year were:</b>		
Wages and salaries	2,544,056	2,473,174
Social security costs	215,571	194,259
Pension costs	539,547	526,839
	3,299,174	3,194,272
Supply teacher costs	12,497	66,288
	3,311,671	3,260,560

##### Staff numbers

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

	2018 No	2017 No
<b>Charitable Activities</b>		
Teachers	41	42
Administration and support	44	46
Management	5	5
	90	93

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
	1	-

The key management personnel of the Academy Trust comprise the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £309,813 (2017: £313,515).

## **Limehurst Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **9 Related party transactions - trustees' remuneration and expenses**

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

Mr J Mellor (Head Teacher):

Remuneration: £80,000 - £85,000 (2017 - £75,000 - £80,000)

Employer's pension contributions: £10,000 - £15,000 (2017 - £10,000 - £15,000)

Mrs L Kilner (Staff Trustee):

Remuneration: £25,000 - £30,000 (2017 - £25,000 - £30,000)

Employer's pension contributions: £5,000 - £10,000 (2017 - £5,000 - £10,000)

Mr D Neary (Staff Trustee):

Remuneration: £35,000 - £40,000 (2017 - £30,000 - £35,000)

Employer's pension contributions: £5,000 - £10,000 (2017 - £5,000 - £10,000)

Mr G Robinson (Staff Trustee):

Remuneration: £35,000 - £40,000 (2017 - £30,000 - £35,000)

Employer's pension contributions: £0 - £5,000 (2017 - £5,000 - £10,000)

Other related party transactions involving the trustees are set out in note 23.

#### **10 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2018 was £510 (2017 - £534).

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

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 11 Tangible fixed assets

	Leasehold land and buildings £	Furniture and fixtures £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2017	4,902,129	109,627	293,051	5,304,807
Additions	285,735	-	-	285,735
At 31 August 2018	<u>5,187,864</u>	<u>109,627</u>	<u>293,051</u>	<u>5,590,542</u>
<b>Depreciation</b>				
At 1 September 2017	479,992	63,002	219,169	762,163
Charge for the year	102,634	20,906	59,225	182,765
At 31 August 2018	<u>582,626</u>	<u>83,908</u>	<u>278,394</u>	<u>944,928</u>
<b>Net book value</b>				
At 31 August 2018	<u>4,605,238</u>	<u>25,719</u>	<u>14,657</u>	<u>4,645,614</u>
At 31 August 2017	<u>4,422,137</u>	<u>46,625</u>	<u>73,882</u>	<u>4,542,644</u>

#### 12 Debtors

	2018 £	2017 £
VAT recoverable	5,132	37,321
Other debtors	-	128,510
Prepayments	16,830	15,459
Accrued grant and other income	49,578	58,635
	<u>71,540</u>	<u>239,925</u>

#### 13 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	83,682	88,872
Accruals	67,568	62,063
Deferred income	3,329	-
	<u>154,579</u>	<u>150,935</u>
		<b>2018</b>
		£
<b>Deferred income</b>		
Resources deferred in the period		<u>3,329</u>



## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 13 Creditors: amounts falling due within one year (continued)

Deferred income relates to income received towards the Duke Of Edinburgh Scheme carried forward to 2018-19.

#### 14 Funds

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	3,095,247	(3,387,894)	292,647	-
Other restricted	-	50,633	(50,633)	-	-
Pupil premium	-	206,556	(206,556)	-	-
	<u>-</u>	<u>3,352,436</u>	<u>(3,645,083)</u>	<u>292,647</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
Academy main building	2,913,018	-	-	-	2,913,018
Dfe/ESFA capital grants	1,754,787	198,998	(182,765)	93,392	1,864,412
	<u>4,667,805</u>	<u>198,998</u>	<u>(182,765)</u>	<u>93,392</u>	<u>4,777,430</u>
<b>Restricted pension funds</b>					
Pension reserve	(1,345,000)	-	(165,000)	410,000	(1,100,000)
Total restricted funds	3,322,805	3,551,434	(3,992,848)	796,039	3,677,430
<b>Unrestricted funds</b>					
Unrestricted general funds	127,505	204,332	(75,000)	(386,039)	(129,202)
Total funds	<u>3,450,310</u>	<u>3,755,766</u>	<u>(4,067,848)</u>	<u>410,000</u>	<u>3,548,228</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 14 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	<b>Balance at 1 September 2016 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Gains, losses and transfers £</b>	<b>Balance at 31 August 2017 £</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	186,742	3,189,197	(3,469,683)	93,744	-
Other restricted	-	37,067	(37,067)	-	-
Pupil premium	10,783	223,153	(233,936)	-	-
	<u>197,525</u>	<u>3,449,417</u>	<u>(3,740,686)</u>	<u>93,744</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
Academy main building	2,979,223	-	(66,205)	-	2,913,018
Dfe/ESFA capital grants	1,531,343	266,313	(114,683)	71,814	1,754,787
	4,510,566	266,313	(180,888)	71,814	4,667,805
<b>Restricted pension funds</b>					
Pension reserve	(1,215,000)	-	(145,000)	15,000	(1,345,000)
Total restricted funds	3,493,091	3,715,730	(4,066,574)	180,558	3,322,805
<b>Unrestricted funds</b>					
Unrestricted general funds	183,726	188,210	(78,873)	(165,558)	127,505
Total funds	<u>3,676,817</u>	<u>3,903,940</u>	<u>(4,145,447)</u>	<u>15,000</u>	<u>3,450,310</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 14 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	<b>Balance at 1 September 2016 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Gains, losses and transfers £</b>	<b>Balance at 31 August 2018 £</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	186,742	6,284,444	(6,857,577)	386,391	-
Other restricted	-	87,700	(87,700)	-	-
Pupil premium	10,783	429,709	(440,492)	-	-
	<u>197,525</u>	<u>6,801,853</u>	<u>(7,385,769)</u>	<u>386,391</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
Academy main building	2,979,223	-	(66,205)	-	2,913,018
Dfe/ESFA capital grants	1,531,343	465,311	(297,448)	165,206	1,864,412
	4,510,566	465,311	(363,653)	165,206	4,777,430
<b>Restricted pension funds</b>					
Pension reserve	(1,215,000)	-	(310,000)	425,000	(1,100,000)
Total restricted funds	3,493,091	7,267,164	(8,059,422)	976,597	3,677,430
<b>Unrestricted funds</b>					
Unrestricted general funds	183,726	392,542	(153,873)	(551,597)	(129,202)
Total funds	<u>3,676,817</u>	<u>7,659,706</u>	<u>(8,213,295)</u>	<u>425,000</u>	<u>3,548,228</u>

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

#### Restricted general funds

General Annual Grant (GAG), other DfE/EFA grants and local authority grants are to be applied for the primary purpose of the Academy Trust in line with the master funding agreement and other specific funding letters. This includes the pension reserve, which represents the potential liability due by the Academy Trust at the year end.

#### Restricted fixed asset funds

The restricted fixed asset funds relate to the assets acquired on conversion to an Academy Trust, being the property and fixed assets purchased using grants.

#### Unrestricted funds

Unrestricted funds represent other incoming resources to the Academy Trust applied for the general purposes of the Trust at the discretion of the Trustees.

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 15 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	<b>Unrestricted funds £</b>	<b>Restricted general funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total funds £</b>
Tangible fixed assets	-	-	4,645,614	4,645,614
Current assets	138,320	-	18,873	157,193
Current liabilities	(267,522)	-	112,943	(154,579)
Pension scheme liability	-	(1,100,000)	-	(1,100,000)
	<u>-</u>	<u>(1,100,000)</u>	<u>-</u>	<u>(1,100,000)</u>
Total net assets	<u>(129,202)</u>	<u>(1,100,000)</u>	<u>4,777,430</u>	<u>3,548,228</u>

Comparative information in respect of the preceding period is as follows:

	<b>Unrestricted funds £</b>	<b>Restricted general funds £</b>	<b>Restricted fixed asset funds £</b>	<b>Total funds £</b>
Tangible fixed assets	-	-	4,542,644	4,542,644
Current assets	127,505	150,935	125,161	403,601
Current liabilities	-	(150,935)	-	(150,935)
Pension scheme liability	-	(1,345,000)	-	(1,345,000)
	<u>-</u>	<u>(1,345,000)</u>	<u>-</u>	<u>(1,345,000)</u>
Total net assets	<u>127,505</u>	<u>(1,345,000)</u>	<u>4,667,805</u>	<u>3,450,310</u>

#### 16 Capital commitments

	<b>2018 £</b>	<b>2017 £</b>
Contracted for, but not provided in the financial statements	<u>69,901</u>	<u>125,000</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 17 Commitments under operating leases

##### *Operating leases*

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	6,834	1,442
Amounts due between one and five years	20,791	-
	<u>27,625</u>	<u>1,442</u>

#### 18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
Net expenditure	(312,082)	(241,507)
Depreciation	182,765	180,888
Interest receivable	(114)	(491)
Defined benefit pension scheme obligation inherited	129,000	119,000
Defined benefit pension scheme finance cost	36,000	26,000
Decrease/(increase) in debtors	168,385	(127,355)
Increase/(decrease) in creditors	3,644	(57,663)
Net cash provided by/(used in) Operating Activities	<u>207,598</u>	<u>(101,128)</u>

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 19 Cash flows from investing activities

	2018 £	2017 £
Dividends, interest and rents from investments	114	491
Purchase of tangible fixed assets	<u>(285,735)</u>	<u>(212,966)</u>
Net cash used in investing activities	<u>(285,621)</u>	<u>(212,475)</u>

#### 20 Analysis of changes in net funds

	2018 £	2017 £
Cash at bank and in hand	<u>85,653</u>	<u>163,676</u>
Total cash and cash equivalents	<u>85,653</u>	<u>163,676</u>

#### 21 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.

#### 22 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are multi-employer defined benefit schemes.

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

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.

## **Limehurst Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **22 Pension and similar obligations (continued)**

##### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £264,160 (2017: £273,202).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is an unfunded 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 the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £147,000 (2017 - £207,000), of which employer's contributions totalled £147,000 (2017 - £164,000) and employees' contributions totalled £Nil (2017 - £43,000). The agreed contribution rates for future years are 24.3 & 25.3 per cent for employers and 5.5 - 12.5 per cent 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.

## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 22 Pension and similar obligations (continued)

##### Principal actuarial assumptions

	<b>2018</b>	<b>2017</b>
	%	%
Rate of increase in salaries	3.30	3.40
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	2.40	2.40
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
<b>Retiring today</b>		
Males retiring today	22.00	22.00
Females retiring today	24.00	24.00
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.00	24.00
Females retiring in 20 years	<u>26.00</u>	<u>26.00</u>

The academy trust's share of the assets in the scheme were:

	<b>2018</b>	<b>2017</b>
	£	£
Equities	1,336,000	1,271,000
Other bonds	582,000	380,000
Property	194,000	152,000
Cash and other liquid assets	<u>43,000</u>	<u>95,000</u>
Total market value of assets	<u>2,155,000</u>	<u>1,898,000</u>

The actual return on scheme assets was £94,000 (2017 - £353,000).



## Limehurst Academy

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 22 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	2018	2017
	£	£
Current service cost	276,000	283,000
Interest income	(49,000)	(31,000)
Interest cost	85,000	57,000
	312,000	309,000

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

	2017/18	2016/17
	£	£
At start of period	3,243,000	2,579,000
Current service cost	276,000	283,000
Interest cost	85,000	57,000
Employee contributions	37,000	43,000
Actuarial (gain)/loss	(365,000)	307,000
Benefits paid	(21,000)	(26,000)
	3,255,000	3,243,000

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

	2017/18	2016/17
	£	£
At start of period	1,898,000	1,364,000
Interest income	49,000	31,000
Actuarial gain/(loss)	45,000	322,000
Employer contributions	147,000	164,000
Employee contributions	37,000	43,000
Benefits paid	(21,000)	(26,000)
	2,155,000	1,898,000

#### 23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

## **Limehurst Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **24 Agency arrangements**

The Academy Trust acts as an agent in receiving funds and incurring expenditure on behalf of the Loughborough Inclusion Partnership (LIP). In the accounting period ended 31 August 2018 the Trust received £Nil(2017: £663,451) and expended £Nil(2017: £791,961) on behalf of LIP. An amount of £Nil (2017: £128,510) is included in other debtors relating to amounts owed by LIP members.