

LARWOOD ACADEMY TRUST

(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 11
Governance Statement	12 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 46

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs S Barr Mr J Thurgood Mrs J Baker Mr P Myers
Trustees	Mrs S Barr, Chair of Trustees Mr J Thurgood, Vice Chair of Trustees Miss L Barr (resigned 9 May 2019) Mrs J Baker Mr P Myers Mr J Walker (resigned 1 September 2019) Mrs L Williams Mr S Trimble, Head Teacher Mr S Jacobs
Company registered number	10359418
Company name	Larwood Academy Trust
Principal and registered office	Webb Rise Stevenage Hertfordshire SG1 5QU
Company Secretary	Mrs S Fitzpatrick
Accounting Officer	Mr S Trimble
Senior Management Team	Mr S Trimble, Head Teacher/Accounting Officer Mr P van der Merwe, Deputy Head Teacher Mrs B Osobu, Assistant Head Teacher Mrs S Fitzpatrick, Business Manager Mr I Reid, Head of Care/Premises Manager
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds Bank PLC 3 Town Square Stevenage SG1 1BG

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Larwood Academy Trust (The Trust or the Charitable Company) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates one single special needs primary academy, serving a catchment area in Stevenage, East and North Hertfordshire. The Academy have a capacity of 80 and had a roll of 79 in the 2019 census.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academy:

- Larwood School converted on 01/11/2016

The operation of The Trust's Academy and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). The Academy has appointed a Local Governing Body (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this Report the term Trustee refers to a member of the MGB and the term Governor to a member of a LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business'. The insurance via the RPA Scheme provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

In accordance with the Articles of Association, members may appoint by ordinary resolution, up to 8 Trustees. Any election of Parent Trustees will be held by secret ballot.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the MGB. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for up to 8 Trustees plus the CEO. The structure for most of 2018/19 comprised of four Co-Opted Trustees, three Parent Trustees, one Staff Trustee and the Head Teacher. During 18-19 one of the Co-opted Trustees resigned and another parent Trustee service came to an end. We are currently recruiting additional Trustees during the autumn 2019.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedure documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

As part of a comprehensive induction programme, a range of documents are supplied to a new Trustee which reflect the Academy's financial position, curriculum initiatives and safeguarding aspects over the previous 12 months, to enable them to participate in and contribute to effective scrutiny and school strategic planning.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The day to day running of operational matters are conducted by the School's Senior Leadership Team (SLT) and led by the Head Teacher, who is the Accounting Officer. The Business Manager oversees and directs all matters connected to finance. Therefore the Trust structure consists of the following layers:

- The Trustees Body (MGB)
- School Local Governing Body (LGB)
- The Head Teacher / CAO
- The Senior Leadership Team (SLT)

The MGB, meets on at least 6 occasions per year and its 2 sub committees meet at least 3 times per year with the Finance, Premises and Personnel Committee meeting 6 times per year. The MGB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. The Governors within the LGB are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Team (SLT) controls the Academy at an executive level implementing policies and reporting to their LGB. The SLT is responsible for the day to day operation of the Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Head Teacher remains the CEO and Chief Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

All Trustees are non-salaried, with expenses being reimbursed via the established authorisation procedure.

The MGB has adopted a 'Pay and Appraisal Policy' to provide a clear framework for the management of pay and appraisal for all staff employed in the Trust. Any amendments are approved by the FPP committee and ratified by the MGB.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Trustees recognise the requirement that all pay progression decisions for employees must be linked to annual appraisal of performance; indeed for teachers it is statutory. This policy sets out the framework for a clear and consistent assessment of the overall performance of staff, including the Head Teacher, and for supporting their development within the context of the School's plan for improving educational provision and performance, and the standards expected. It also sets out the arrangements that will apply when staff fall below the levels of competence that are expected of them.

The policy complies with the School Teachers' Pay & Conditions Document (STPCD) and the accompanying statutory guidance and with national and local pay agreements for support staff.

When recruiting a new member of staff, the SLT and MGB will take into account a range of factors when setting the appropriate salary level, including:

- the nature of the post
- the level of qualifications, skills and experience required
- market conditions
- the wider school context
- (for teachers) any specific restrictions set out in the School Teachers' Pay & Conditions Document.

Trade union facility time

The Academy has no official Trade Union representative within the members of staff. Trade Union information is displayed when received for staff members.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

All Trustees provide an annual declaration of business or other interests they have with organisations, individuals and charities for complete transparency. Any pecuniary interests which may overlap with the operations of the Trust are identified and published on the School website. Any potential conflicts of interest are recorded in the minutes of committee meetings where a decision is required and the appropriate steps to avoid any such conflict of interest are in place.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Brandles School
- Jubilee Court Care Home, Stevenage
- Slimming World
- Mary Kirsten School of Dance
- Thurley Dance
- Stevenage Borough Council
- GlaxoSmithKline
- Tesco

The Trust does not have a formal sponsor.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities within its local community between the ages of 5 and 11. Larwood School is a special school for primary aged children with social, emotional and mental health related difficulties.

Objectives, Strategies and Activities

During the year the Trust has worked towards the following aims:

- To provide a dynamic and flexible curriculum with emphasis on literacy, numeracy and creativity.
- Ensure that every child has a strong and respectful relationship with the adults that work with them.
- Provide a safe and secure environment which allows children to relax, have fun and enjoy themselves. All members of the School community are valued. We ensure that pupils are rewarded for getting things right and we apply consequences when they don't.
- Challenge children to succeed in all areas of School life, ensuring that pupils understand that we all make mistakes and that success comes in many forms. This may include improved behaviour goals, subject progression, and could be related to relationships and trust. All staff will ensure that Hertfordshire Steps is consistently used to engage, modify and aid pupils on their journey of improved progress.
- Collaborate with other parties to ensure we support our children with the very best care and professional interventions. This includes parents, other professionals such as the Educational Psychologist, Mental Health professionals, Attendance Officer, School Nurse, SEN Officers, Art, Speech and Language specialists, animal therapies.

Our success in fulfilling our aims can be measured by:

- The progress that our pupils make in relation to a range of factors including, but not exclusive to, behaviour, attendance, subject specific progress, individual life based skills.
- Attainment tests sat at key times such as Standard Attainment Tests at the end of Key Stage
- Independent reporting mechanisms that review the progress of the school such as our School Improvement Partner and Ofsted.
- Continued progress and successful transitioning at partner SEMH secondary schools or for some pupils by returning to mainstream schools
- The ability of our pupils to play a meaningful and contributory role in their local community and society.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their School.

Specific achievements were as follows:

- During the course of 2018-19, we added to our capacity from 68 day pupils to 80 day pupils. This was due to a residential unit consultation that concluded by closing that unit and opening an additional 12 day places. The extra day spaces are all for pupils who have an SEMH diagnosis and autism. This is called The Space Hub
- During the course of the year, around 60% of our pupils either had a formal diagnosis of autism or had the traits of autistic behaviour
- Behaviour Management : Reduction in incidents compared to 17/18 (19%) plus excellent reduction in the need for restrictive physical intervention (61%), reflections made via pupil voice and pupil council meetings
- Pupil Attendance of 93.7%
- We started to provide an outreach service for primary schools within Stevenage. This was contracted by our Developing Specialist Provision Locally (DSPL) and staffed this appropriately.
- Throughout the year, we supported a local secondary SEMH School (Brandles) that had gone into Special Measures following inspection in 2018. Continued discussion and work has taken place for us to be able to sponsor them and for them to become part of Larwood Academy Trust in Jan 2020.
- Implementation of the Chris Quigley curriculum and the concept of the depth of learning. Seen via lesson observations (physical and IRIS), work scrutiny and assessment data.
- An engaging curriculum taught for the children. These are child led.
- Children taking ownership of what they learn through cross-curricular topics.
- Implementation of Hands-on Monday's to allow the children to learn according to their needs.
- Completely new information shared on the School website for all parents/pupils/governors and external visitors to see. This gives a more comprehensive view of our curriculum, allows visitors to drill down into content and explains our curriculum intent, implementation and how we judge impact, for all to see.
- A variety of trips to complement the curriculum including trips to London, zoos, places of worship, trips to the West end musical Aladdin and PGL.
- Skills curriculum including such activities as Fairlands high ropes and water center, play leader coaching, skiing, Walk on the Wild side and Community projects.
- Music And Performance (MAPs) and Music Art Drama (MAD) sessions with a performance by the Year 6.
- Stunning starter and fantastic finishes to engage the children in the topic they have/will be been studying such as a chocolate shop, Trip to London, visits from the local emergency services.
- Successful implementation of the Depth of learning for assessment.
- Staff development – we enabled our staff to access and complete a certificate in Mental Health in the summer term 2019 to strengthen our skills base.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2018/19 were 80 against a forecast of 80 (12 additional pupils phased in from Jan 2019).

The School remains classed as 'good' by Ofsted for the day School based on its most recent report in Jan 2014. At the time of compiling the Trustees' Report, the School has recently been inspected by Ofsted and the official report will be published on the School website in due course.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Another key financial performance indicator is staffing costs as a percentage of total income, as this is the largest area of expenditure. For 2018/19 this was 77% against budgeted parameters of 75%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the MGB. The 2% above the budgeted KPI was driven by an increased support staff pay award, and the appropriate future planning for staffing structure as the School increases capacity.

The Finance, Premises and Personnel Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the MGB.

Other specific achievements were as follows:

- Additional revenue stream achieved through the successful introduction of a new commissioned service for Hertfordshire Local Authority – ie. Outreach programme. This service will continue for 2 more years, and we hope to be awarded the renewal contract after exceeding expectations and impact assessments in our locality during the course of the contract.
- Long term capital investment made in replacing old, inefficient gas boilers, upgrading classroom smart screen technology and building redesign of the existing large dining room to provide increased flexibility of use for this large space as pupil and staff numbers increase to meet demand.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £1,994,791 of GAG and other funding (excluding capital funding). A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £1,814,483 on general running costs and transferred £103,451 to support capital new build and improvement projects on the various Academy sites. The Trust brought forward from 2017/18, £NIL restricted funds and £289,583 unrestricted funding. The carry forward for 2018/19 is £59,785 restricted funding and £308,543 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £1,037,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £368,328 This has been built up from a mixture of locally raised income and balances transferred from previous years prudent financial control.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees have made a decision to designate unrestricted balances of £52,000 for future capital projects in 2019/20, and is holding other unrestricted funds of £256,543 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds £16,000 for in year contingencies and always plans to have a carry forward of between 7% to 10% to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £308,543.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £417,534. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £130,000 to cover short term cash flow variances.

Investment Policy

An Investment Policy was approved by the MGB in May 2017, and has been reviewed in January 2019.

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

Principal Risks and Uncertainties

The Trust works with the LGB in maintaining a central risk register identifying the major risks, to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the MGB via the Finance, Personnel and Premises Committee with a formal review of the process undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each FPP Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

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

As a single school within the multi academy trust at present, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Trust has appointed Price Bailey and Herts For Learning Ltd to carry out independent and external checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and the Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year including St Valentine's Day, cake sales and themed dress up days. The Trust does not work with external professional fundraisers or companies who carry out fundraising on its behalf. All fundraising undertaken during the year was monitored by the Trustees. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

As we progress to our 3rd year as an Multi Academy Trust, having established a strong financial, operational and curriculum foundation, both the Trustees and Senior Management Team are confident in our ability to expand the Trust to include a special needs secondary school during the course of 2019/20. This is a further step in our aim to be the best provider of outstanding provision for special needs pupils in the country.

- MAT expansion – we are pleased to confirm that Brandles School, Baldock, Hertfordshire, will be joining Larwood Academy Trust from January 2020. This will enable the Trust to offer a complete educational experience for SEMH pupils from primary to secondary stages.
- During the next three years, our aim is to establish an all through (11-16 and then in time 11-18 formal pathway) educational pathway for SEMH children in the North Hertfordshire area. Such provision will be characterised by quality experiences, creative, engaging and personalised curriculum provision that is different to previous failed placements, and a range of supportive systems and processes that are qualified as exceptional and innovative. In short, the best provision possible and with a national reputation for such quality and outcomes.
- Our day to day provision will be comprised of:
Larwood School (Primary)day provision for 80 SEMH pupils (many with additional needs). Larwood School Space Hub for 12 pupils. A specific hub within Larwood school that caters for SEMH pupils with autism and Brandles School (secondary) day provision for up to 55 pupils with SEMH and a range of additional needs.
- Governance – as part of our preparations for MAT expansion, we have assessed our future needs for a larger Trust and will be strengthening the range of experience and skills in our Board of Trustees during autumn 2019. We will continue our program of Trustee training to ensure our Trustees are equipped to move the Trust forward as rapidly as possible in an increasingly changing and complex landscape.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- Staffing / management structure : we are preparing to restructure, where appropriate, to enable the Trust to support both Schools within the Trust from Jan 2020 onwards. Our priority is sharing best practice, operational and financial expertise, enhancing consistency and driving progress for our pupils through to secondary school.
- Risk assessment – after completing a comprehensive risk assessment review by the end of Aug 18, appropriate action on contingency planning has taken place and a review will be conducted again in 2020 as Brandles joins the MAT.
- Additional Commissioned Services – The Trust has successfully won the contract to provide Outreach support within the DSPL 2 area from Sept 2018 onwards for 3 years. Appropriate staffing resource has already been put in place at the end of 17/18 to ensure a high standard of delivery for local pupils. This service is aligned to the Trust's aim to share best practice and knowledge to support the needs of our local community across approximately 25 mainstream primary schools within Stevenage.
- Curriculum approach – we continue to assess and actively develop our curriculum offer to enable a bespoke learning environment aligned to the needs of our specific pupils.
- Pupil progress – continued improvement in quality and quantity of writing through the implementation of events / software / moderation as part of an ongoing literacy programme. We have plans for a library refresh during 19/20, with the development of online materials for a modern approach to reading and comprehension.
- Pupil progress & wellbeing – We remain heavily boy orientated with 7 girls in the school during 2018-19. We must continue to review our provision for girls and their needs as individuals and as a group as the year progresses. Our practice evolved this year, and additions such as girl only PSHE sessions and a broader range of activities were met positively by pupils.
- Autism strategy -: We continue to have a high proportion of pupils with autism, and with the opening of The Space Hub, this has got even higher. This varies from 52% in Year 6 to -100% in year 1. Pursuing best practice for autistic children is in the best interests of all and our Hub needs to develop into a beacon for potential replication across Hertfordshire
- Behaviour Management –continue the work that has already driven down the need for restrictive physical intervention (RPI), through continued safeguarding training for staff, consistent coaching support, and targeted risk assessments / anxiety maps to avoid the need for RPIs.
- Staff professional development – provision of on-going training in terms of legislation and compliance to ensure that we are leaders in the field of excellence in SEMH provision. Mental Health will continue to be a focus for training and further development aligned to the needs of our pupils.

Our overall aim is to continue to be an outstanding Trust, offering a safe and secure environment for our pupils to thrive and succeed in every aspect of School life.

Funds Held as Custodian Trustee on Behalf of Others

This is not applicable to Larwood Academy Trust.

Employees and disabled persons

Employee involvement

Where appropriate the Trust consults on matters such as policy, pay, health, safety and welfare with the relevant support staff and teaching trade unions. The Trust provides information to employees generally by way of email, shared online documents and staff meetings.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

At the School, information is channelled via the Leadership meetings. Employees are encouraged to familiarise themselves with Ofsted reports, available from the Trust website and pupil progress and attainment statistics when they are made available.

Equal Opportunities Policy

It is the Trust's policy to ensure equality of opportunities is afforded to staff, students and other stakeholders. Training, career development and promotion opportunities are available to all employees.

Disabled Persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled then every effort is made to retrain them in order that their employment within the Trust may continue.

Auditor

Insofar 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.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 11 December 2019 and signed on the Board's behalf by:

Mrs S Barr
Chair of Trustees

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher of Larwood School, 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 Larwood Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Barr, Chair of Trustees	6	6
Mr J Thurgood, Vice Chair of Trustees	6	6
Miss L Barr	3	6
Mrs J Baker	5	6
Mr P Myers	3	6
Mr J Walker	4	6
Mrs L Williams	5	6
Mr S Trimble, Head Teacher	6	6
Mr S Jacobs	6	6

Review of year

The Board of Trustees have been supportive and readily available for all relevant actions and decision making during the course the year.

The membership of the Board of Trustees changed during the course of the year with a Trustee, Louisa Barr, leaving in the summer term due to her personal business commitments. We would like to thank her for her positive and constructive contribution to Larwood School over many years.

It was during end of academic year 2018/ 19, that the MGB noted an increasing concern related to the attendance/performance of another Trustee. Following a range of communications and attempted discussion, it was agreed that in the best interest of all parties, this Trustee should leave the Board. This has now been confirmed in September 2019.

Recruitment of one, possibly two, new Trustees is underway and a key focus for the autumn term 2019 to increase the range of expertise across the MGB.

During 18/19 we had the opportunity to consider MAT expansion, involving a special needs secondary school in Hertfordshire due to their 'inadequate' Ofsted inspection result. Senior leadership staff members had been supporting the school in question on immediate improvements and we can confirm that approval to proceed has been received from the DfE during August 2019. A transition plan is underway to integrate this school into the Larwood Academy Trust in early 2020.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

We are pleased to reflect on the successful creation of twelve additional pupil places following a restructuring of our residential area into a specialist autism hub. We commend the efforts and dedication of the staff directly affected by this change, ensuring smooth progress over the course of the academic year.

Governance reviews

A review of the skills competency of Trustees was conducted in spring 2019 by a Member of the Board, with a training plan established to refresh and enhance knowledge as we progress to being a larger MAT. Additional training media were implemented for the Board to access, particularly online formats. A new format Head Teacher's Report was implemented to facilitate a consistent format across the MAT and highlight all relevant areas for consideration by Trustees. As the MAT expands, a new finance system will be implemented and it is envisaged that a new format of financial reporting will be agreed with Trustees to offer consistency and appropriate detail for scrutiny.

While no external review of governance was conducted during the year, Larwood School and its Trustees were successfully inspected by Ofsted in October 2019. The Chief Financial Officer of the Trust completed a self evaluation of the 'Academy Trust Management Accounting' guidelines in March 2019 and reported to the Finance Committee. The Trust also completed the Schools Resource Management Self-Assessment and submitted this to the DfE as required in November 2019. A few areas of improvement are being discussed with Trustees at the time of writing this statement, to be confirmed in future reports.

Committees

The Finance, Personnel & Premises Committee's remit is captured in the Terms of Reference for this committee.

Key aspects include :

- ~ Finance : to consider and approve the School's annual budget, monitor expenditure against budget, review benchmarking quotations and projects to ensure best value is achieved, to review and input into the School Development Plan, to approve reimbursements to the Head Teacher.
- ~ Personnel : to review annually and consult on the Staff Pay Policy and annual staff appraisal results, to implement procedures dealing with staff discipline and grievances, to provide input into the staffing structure, to participate in the recruitment process through interview stage to final selection.
- ~ Premises : To provide support and guidance for the Head Teacher on all matters relating to the School premises and grounds, security, health and safety. To inspect the premises and grounds annually and prepare a report of the conditions and a proposed order of priorities for maintenance. To undertake a safety audit of the School premises on a termly basis and report to the MGB, and to ensure that the School complies with health and safety regulations. To prepare a 'Lettings and Charges' Policy for the approval of the MGB and to oversee the implementation of that policy.

The composition of this Committee changed during 2018/19 when a Trustee resigned from the MGB, as mentioned above previously. Recruitment is ongoing during autumn 2019 for additional new Trustees.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Barr	4	5
Mr S Trimble	5	5
Mr J Thurgood	5	5
Mrs J Baker	5	5
Miss L Barr	3	5

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Head Teacher of Larwood School has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the MGB where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- Converting the Residential area into a specialist hub for autistic pupils, creating an additional 12 pupil places from January 2019.
- Replacing two 40yr old gas heating boilers in April 2019 to mitigate the risk of breakdown and lack of heating. This project has also increased energy efficiency and will be reflected in the longer term reduced energy costs for Larwood School.
- Re-designing the layout of the existing 1960's dining room to allow for greater flexible use of one of the largest spaces in the building, in preparation for increased numbers of pupils, staff and diverse pupil activities.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Larwood Academy Trust for the year 1 September 2018 to 31 August 2019 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 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 Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 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; and
- identification and management of risks.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Herts For Learning Financial Services as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Monthly accounts processing support – ensuring all income and expenditure in the month has been accounted for;
- Finance support for key ESFA returns eg. BFRO and annual accounts at Year End, providing a reconciliation and system check.
- Specific internal audits as part of the annual internal audit programme – during 2018/19 the topics was YE accounts accuracy following findings in the annual audit of the 17/18 accounts and asset management.

On an annual basis, the Internal Auditor reports to the Board of Trustees through the Finance, Personnel and Premises committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work. Improvement actions identified have been implemented in the Year End 2018/19 accounts process and asset management policy.

Review of effectiveness

As Accounting Officer, the Head Teacher of Larwood School 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 Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the 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, Personnel and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 11 December 2019 and signed on their behalf by:

S Barr
Chair of Trustees

S Trimble
Accounting Officer

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Larwood Academy Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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 S Trimble
Accounting Officer
Date: 11 December 2019

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies 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 then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements 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 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 of Trustees on 11 December 2019 and signed on its behalf by:

Mrs S Barr
Chair of Trustees

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Larwood Academy Trust (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trust'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.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LARWOOD ACADEMY TRUST (CONTINUED)**

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 Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. 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.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LARWOOD ACADEMY TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

13 December 2019

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LARWOOD
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Larwood Academy Trust during the year 1 September 2018 to 31 August 2019 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 Larwood Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Larwood Academy Trust and 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 Larwood Academy Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Larwood Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Larwood Academy Trust's funding agreement with the Secretary of State for Education dated 1 November 2016 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 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 Trust's income and expenditure.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LARWOOD
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date: 13 December 2019

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	2	-	8,353	15,357	23,710	12,737
Charitable activities	3	-	1,933,058	-	1,933,058	1,686,898
Other trading activities	4	53,148	-	-	53,148	53,900
Investments	5	232	-	-	232	172
Total income		53,380	1,941,411	15,357	2,010,148	1,753,707
Expenditure on:						
Charitable activities	6	34,420	1,845,175	194,381	2,073,976	1,942,803
Total expenditure		34,420	1,845,175	194,381	2,073,976	1,942,803
Net income/ (expenditure)		18,960	96,236	(179,024)	(63,828)	(189,096)
Transfers between funds	15	-	(103,451)	103,451	-	-
Net movement in funds before other recognised gains/(losses)		18,960	(7,215)	(75,573)	(63,828)	(189,096)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	20	-	(332,000)	-	(332,000)	196,000
Net movement in funds		18,960	(339,215)	(75,573)	(395,828)	6,904
Reconciliation of funds:						
Total funds brought forward		289,583	(638,000)	4,580,433	4,232,016	4,225,112
Net movement in funds		18,960	(339,215)	(75,573)	(395,828)	6,904
Total funds carried forward		308,543	(977,215)	4,504,860	3,836,188	4,232,016

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 26 to 46 form part of these financial statements.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 10359418

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	4,504,860	4,580,433
Current assets			
Debtors	13	64,590	68,754
Cash at bank and in hand	19	417,534	324,509
		<u>482,124</u>	<u>393,263</u>
Creditors: amounts falling due within one year	14	(113,796)	(103,680)
Net current assets		<u>368,328</u>	<u>289,583</u>
Net assets excluding pension liability		4,873,188	4,870,016
Defined benefit pension scheme liability	20	(1,037,000)	(638,000)
Total net assets		<u><u>3,836,188</u></u>	<u><u>4,232,016</u></u>
 Funds of the Trust			
Restricted funds:			
Fixed asset funds	15	4,504,860	4,580,433
Restricted income funds	15	59,785	-
		<u>4,564,645</u>	<u>4,580,433</u>
Restricted funds excluding pension liability			
Pension reserve	15	(1,037,000)	(638,000)
Total restricted funds		<u>3,527,645</u>	<u>3,942,433</u>
Unrestricted income funds	15	308,543	289,583
Total funds		<u><u>3,836,188</u></u>	<u><u>4,232,016</u></u>

The financial statements on pages 23 to 46 were approved by the Trustees, and authorised for issue on 11 December 2019 and are signed on their behalf, by:

Mrs S Barr
Chair of Trustees

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	17	211,601	97,055
Cash flows from investing activities	18	(118,576)	(53,812)
Change in cash and cash equivalents in the year		93,025	43,243
Cash and cash equivalents at the beginning of the year		324,509	281,266
Cash and cash equivalents at the end of the year	19	<u>417,534</u>	<u>324,509</u>

The notes on pages 26 to 46 form part of these financial statements

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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.

The Trust is a private company limited by guarantee. The Members of the Company are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The registered office of the Trust is Webb Rise, Stevenage, Hertfordshire, SG1 5QU.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Larwood Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

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 year 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.

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.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 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.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 20 - 50 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 4 years straight line

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.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

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

1.10 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 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.

1.11 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

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

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.13 Pensions

Retirement benefits to employees of the 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 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 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.

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

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

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Trustees make 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	8,353	8,353	6,577
Capital grants	15,357	15,357	6,160
	<u>23,710</u>	<u>23,710</u>	<u>12,737</u>

In 2018, donations income was £6,577, all of which was restricted.

In 2018, capital grants income was £15,357, all of which was restricted fixed assets.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. Funding for the Trust's provision of education

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	687,382	687,382	654,335
Other DfE /ESFA grants	76,885	76,885	72,229
	<u>764,267</u>	<u>764,267</u>	<u>726,564</u>
Other Government grants			
Local Authority grants	1,168,791	1,168,791	960,334
	<u>1,168,791</u>	<u>1,168,791</u>	<u>960,334</u>
	<u><u>1,933,058</u></u>	<u><u>1,933,058</u></u>	<u><u>1,686,898</u></u>

In 2018, income from DfE/ESFA grants and other Government grants was £1,686,898, all of which was restricted.

4. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	10,995	10,995	12,578
Rental income	29,859	29,859	29,273
Other income	12,294	12,294	12,049
	<u>53,148</u>	<u>53,148</u>	<u>53,900</u>

In 2018, income from other trading activities was £53,900, all of which was unrestricted.

5. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	232	232	172
	<u>232</u>	<u>232</u>	<u>172</u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. Investment income (continued)

In 2018, investment income was £172, all of which was unrestricted.

6. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Direct costs	1,394,038	-	77,769	1,471,807	1,358,242
Support costs	149,370	290,671	162,128	602,169	584,561
	<u>1,543,408</u>	<u>290,671</u>	<u>239,897</u>	<u>2,073,976</u>	<u>1,942,803</u>
Total 2018	<u>1,433,300</u>	<u>272,514</u>	<u>236,989</u>	<u>1,942,803</u>	

In 2018 of total expenditure £13,012 was from unrestricted funds, £1,735,649 was from restricted funds and £194,412 was from restricted fixed asset funds.

In 2018 direct costs consisted of £1,285,486 staff costs and £72,756 other costs.

In 2018 support costs consisted of £147,814 staff costs, £272,514 premises costs and £164,233 other costs.

7. Charitable activities

	2019 £	2018 £
Direct costs	1,471,807	1,358,242
Support costs	602,169	584,561
	<u>2,073,976</u>	<u>1,942,803</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	149,370	147,814
Depreciation	192,493	194,140
Governance costs	11,150	13,137
Technology costs	6,437	6,475
Premises costs	98,178	78,372
Other support costs	144,541	144,623
	<u>602,169</u>	<u>584,561</u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	8,478	9,410
Depreciation of tangible fixed assets	192,493	194,140
Fees paid to Auditors for:		
- audit	5,235	5,085
- other services	4,820	4,700
	4,820	4,700

9. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,152,575	1,078,927
Social security costs	112,651	101,849
Pension costs	250,938	252,524
	1,516,164	1,433,300
Agency staff costs	27,244	-
	1,543,408	1,433,300

Staff restructuring costs comprise:

b. Staff numbers

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

	2019 No.	2018 No.
Teaching	10	8
Admin & Support	28	28
Management	5	3
	43	39

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	-
In the band £90,001 - £100,000	1	1
	1	1

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits received by key management personnel for their services to the Trust was £412,666 (2018 - £426,901).

Employer national insurance contributions included within key management personnel remuneration was £38,243 (2018 - £39,834).

Employer pension contributions included within key management personnel remuneration was £46,314 (2018 - £48,773).

10. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr S Trimble	Remuneration	95,000 -	95,000 -
		100,000	100,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000
Mr S Jacobs	Remuneration	35,000 -	35,000 -
		40,000	40,000
	Pension contributions paid	0 - 5,000	0 - 5,000

During the year ended 31 August 2019, expenses related to travel costs totalling £480 were reimbursed or paid directly to 2 Trustees (2018 - £649 to 3 Trustees).

11. Trustees' and Officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees, Governors and Officers indemnity element from the overall cost of the RPA scheme membership.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	4,817,967	79,806	47,159	4,944,932
Additions	85,453	2,730	30,625	118,808
Disposals	-	(1,168)	(5,535)	(6,703)
At 31 August 2019	<u>4,903,420</u>	<u>81,368</u>	<u>72,249</u>	<u>5,057,037</u>
Depreciation				
At 1 September 2018	304,677	37,929	21,893	364,499
Charge for the year	168,403	13,836	10,254	192,493
On disposals	-	(1,168)	(3,647)	(4,815)
At 31 August 2019	<u>473,080</u>	<u>50,597</u>	<u>28,500</u>	<u>552,177</u>
Net book value				
At 31 August 2019	<u><u>4,430,340</u></u>	<u><u>30,771</u></u>	<u><u>43,749</u></u>	<u><u>4,504,860</u></u>
At 31 August 2018	<u><u>4,513,290</u></u>	<u><u>41,877</u></u>	<u><u>25,266</u></u>	<u><u>4,580,433</u></u>

Included in the value of freehold property is land of £875,000 (2018 - £875,000) which is not depreciated.

13. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	787	12,484
VAT recoverable	11,089	23,626
Prepayments and accrued income	52,714	32,644
	<u>64,590</u>	<u>68,754</u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	1,130
Other taxation and social security	27,406	23,904
Other creditors	24,534	19,117
Accruals and deferred income	61,856	59,529
	113,796	103,680
	113,796	103,680
	2019 £	2018 £
Deferred income at 1 September 2018	10,763	1,006
Resources deferred during the year	2,146	10,763
Amounts released from previous periods	(10,763)	(1,006)
	2,146	10,763
	2,146	10,763

Resources deferred in the year relate to contributions towards future educational visits.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	289,583	53,380	(34,420)	-	-	308,543
Restricted general funds						
General Annual Grant (GAG)	-	687,382	(583,931)	(103,451)	-	-
Other DfE/ESFA grants	-	26,490	(26,490)	-	-	-
Pupil Premium	-	50,395	(50,395)	-	-	-
SEN funding	-	907,732	(907,732)	-	-	-
Other Government grants	-	261,059	(201,274)	-	-	59,785
Restricted donations	-	8,353	(8,353)	-	-	-
Pension reserve	(638,000)	-	(67,000)	-	(332,000)	(1,037,000)
	<u>(638,000)</u>	<u>1,941,411</u>	<u>(1,845,175)</u>	<u>(103,451)</u>	<u>(332,000)</u>	<u>(977,215)</u>
Restricted fixed asset funds						
Restricted fixed assets	4,580,433	-	(194,381)	118,808	-	4,504,860
Devolved Formula Capital	-	15,357	-	(15,357)	-	-
	<u>4,580,433</u>	<u>15,357</u>	<u>(194,381)</u>	<u>103,451</u>	<u>-</u>	<u>4,504,860</u>
Total Restricted funds	<u>3,942,433</u>	<u>1,956,768</u>	<u>(2,039,556)</u>	<u>-</u>	<u>(332,000)</u>	<u>3,527,645</u>
Total funds	<u><u>4,232,016</u></u>	<u><u>2,010,148</u></u>	<u><u>(2,073,976)</u></u>	<u><u>-</u></u>	<u><u>(332,000)</u></u>	<u><u>3,836,188</u></u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Statement of funds (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DFE/ESFA grants

Other DFE/ESFA grants represents other funding from the ESFA to be used for specific purposes.

Pupil Premium

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

SEN funding

This represents allocated funding for special educational needs pupils, transport services, residential operations and strategic school development.

Other Government grants

This represents funding from the Local Authority including outreach services for schools within the Stevenage area.

Restricted donations

This represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips.

Devolved Formula Capital (DFC)

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

Restricted fixed asset funds

Restricted fixed asset funds represent resources which are to be applied to specific capital purposes imposed by the DfE/ESFA.

The transfer between funds represents the net adjustment for additions of fixed assets purchased using GAG funding.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from a state maintained schools.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	248,523	54,072	(13,012)	-	-	289,583
	<u>248,523</u>	<u>54,072</u>	<u>(13,012)</u>	<u>-</u>	<u>-</u>	<u>289,583</u>
Restricted general funds						
General Annual Grant (GAG)	-	654,335	(606,509)	(47,826)	-	-
Other DfE / ESFA grants	-	20,282	(20,282)	-	-	-
Pupil Premium	-	51,947	(51,947)	-	-	-
SEN funding	-	749,170	(749,170)	-	-	-
Residential funding	-	211,164	(211,164)	-	-	-
Restricted donations	-	6,577	(6,577)	-	-	-
Pension reserve	(744,000)	-	(90,000)	-	196,000	(638,000)
	<u>(744,000)</u>	<u>1,693,475</u>	<u>(1,735,649)</u>	<u>(47,826)</u>	<u>196,000</u>	<u>(638,000)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	4,720,589	-	(194,142)	53,986	-	4,580,433
Devolved Formula Capital	-	6,160	-	(6,160)	-	-
	<u>4,720,589</u>	<u>6,160</u>	<u>(194,142)</u>	<u>47,826</u>	<u>-</u>	<u>4,580,433</u>
Total Restricted funds	<u>3,976,589</u>	<u>1,699,635</u>	<u>(1,929,791)</u>	<u>-</u>	<u>196,000</u>	<u>3,942,433</u>
Total funds	<u><u>4,225,112</u></u>	<u><u>1,753,707</u></u>	<u><u>(1,942,803)</u></u>	<u><u>-</u></u>	<u><u>196,000</u></u>	<u><u>4,232,016</u></u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	4,504,860	4,504,860
Current assets	308,543	173,581	-	482,124
Creditors due within one year	-	(113,796)	-	(113,796)
Provisions for liabilities and charges	-	(1,037,000)	-	(1,037,000)
Total	<u>308,543</u>	<u>(977,215)</u>	<u>4,504,860</u>	<u>3,836,188</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,580,433	4,580,433
Current assets	289,583	103,680	-	393,263
Creditors due within one year	-	(103,680)	-	(103,680)
Provisions for liabilities and charges	-	(638,000)	-	(638,000)
Total	<u>289,583</u>	<u>(638,000)</u>	<u>4,580,433</u>	<u>4,232,016</u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(63,828)	(189,096)
Adjustments for:		
Depreciation	192,493	194,140
Interest receivable	(232)	(172)
Defined benefit pension scheme cost	67,000	90,000
Decrease in debtors	4,164	3,984
Increase/(decrease) in creditors	10,116	(1,801)
Loss on disposal of fixed assets	1,888	-
Net cash provided by operating activities	211,601	97,055

18. Cash flows from investing activities

	2019 £	2018 £
Interest received	232	172
Purchase of tangible fixed assets	(118,808)	(53,984)
Net cash used in investing activities	(118,576)	(53,812)

19. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	417,534	324,509

20. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire 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.

Contributions amounting to £24,477 were payable to the schemes at 31 August 2019 (2018 - £19,059) and are included within creditors.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £63,649 (2018 - £53,257).

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

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Pension commitments (continued)

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £174,000 (2018 - £161,000), of which employer's contributions totalled £139,000 (2018 - £129,000) and employees' contributions totalled £35,000 (2018 - £32,000). The agreed contribution rates for future years are 23 per cent for employers and 5.5 - 6.5 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.40	2.40
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Pension commitments (continued)

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

As at 31 August 2019 the Trust had a pension liability of £1,037,000 (2018 - £638,000). The sensitivity analysis detailed below would increase / (decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(63,810)	(41,990)
Discount rate -0.1%	63,810	41,990
Mortality assumption - 1 year increase	91,160	12,920
Mortality assumption - 1 year decrease	(91,160)	(12,920)
CPI rate +0.1%	50,140	35,530
CPI rate -0.1%	(50,140)	(35,530)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	609,000	518,000
Bonds	484,000	342,000
Property	99,000	78,000
Cash and other liquid assets	50,000	39,000
Total market value of assets	1,242,000	977,000

The actual return on scheme assets was £91,000 (2018 - £46,000).

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. Pension commitments (continued)

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

	2019 £	2018 £
Current service cost	(186,000)	(199,000)
Past service cost	(2,000)	-
Interest income	30,000	21,000
Interest cost	(48,000)	(41,000)
Total amount recognised in the Statement of Financial Activities	<u>(206,000)</u>	<u>(219,000)</u>

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

	2019 £	2018 £
At 1 September	1,615,000	1,514,000
Current service cost	186,000	199,000
Past service cost	2,000	-
Interest cost	48,000	41,000
Employee contributions	35,000	32,000
Actuarial losses/(gains)	393,000	(171,000)
At 31 August	<u>2,279,000</u>	<u>1,615,000</u>

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	977,000	770,000
Interest income	30,000	21,000
Actuarial gains	61,000	25,000
Employer contributions	139,000	129,000
Employee contributions	35,000	32,000
At 31 August	<u>1,242,000</u>	<u>977,000</u>

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	5,786	8,297
Later than 1 year and not later than 5 years	3,210	4,250
	<u>8,996</u>	<u>12,547</u>

22. Members' liability

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

23. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in Note 10.