

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2017

Members	Mrs S Barr (appointed 5 September 2016) Mr J Thrugood (appointed 5 September 2016) Mrs J Baker (appointed 5 September 2016) Mr P Myers (appointed 5 September 2016)
Trustees	Mrs S Barr, Chair of Trustees (appointed 5 September 2016) Mr J Thrugood, Vice Chair of Trustees (appointed 5 September 2016) Miss L Barr (appointed 5 September 2016) Mrs J Baker (appointed 5 September 2016) Mr P Myers (appointed 5 September 2016) Mr J Walker (appointed 5 September 2016) Mrs L Williams (appointed 26 July 2017) Mr S Trimble, Head Teacher (appointed 5 September 2016) Mrs J Kimpton (appointed 5 September 2016) Mr S Jacobs (appointed 5 September 2016)
Company secretary	Mrs S Fitzpatrick
Company registered number	10359418
Company name	Larwood Academy Trust
Principal and registered office	Webb Rise Stevenage Hertfordshire SG1 5QU
Accounting officer	Mr S Trimble
Senior Management Team	Mr S Trimble, Head Teacher/Accounting Officer Mrs J Kimpton, Deputy Head Teacher (retired 31/08/17) Mr P van der Merwe, Assistant 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
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Larwood Academy Trust (the Trust, the Academy or the Charitable Company) for the year ended 31 August 2017. 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 but also including the East and North of Hertfordshire. The Academy has a capacity of 64 and had a roll of 65 in the 2017 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. Constitutional as a Multi Academy Trust there is only one school in existence at present being:

- Larwood School (the School) converted on 01/11/2017

The operation of The Trust's Academies 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).

Details of the Trustees who served throughout the period 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

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

Method of Recruitment and Appointment or Election of Trustees

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.

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

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 current structure comprises of four Co-Opted Trustees, two Parent Trustees, one Staff Trustee and the Headteacher.

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

The Trust is committed to providing adequate opportunities for Trustees 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 are required to attend a training programme. The induction programme would involve a tour of the School, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

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TRUSTEES' REPORT (continued)
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A range of documents are supplied to Trustees which demonstrate how the School operates.

- Relating to the day-to-day running of the School we provide policies on Child Protection and Behaviour Management amongst others.
- Policies outlining the Terms of Reference for our committees – Finance, Premises & Personnel and PASC – are provided.
- Regarding the financial management of the Trust, policies covering Staff Pay and Appraisal, Financial Delegation and Accounting, Investment and Tendering, Fraud, Debt Control are supplied to Trustees.

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 Headteacher. The Business Manager oversees and directs all matters connected to finance. Therefore the Trust structure consists of the following layers:

- The Trustees Body (MGB)
- The Headteacher
- The Senior Leadership Team

The MGB meets on at least 5 occasions per year and its 2 sub committees meet at least 3 times per year, with the Finance, Premises and Personnel Committee meeting at least 5 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 the budget and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments.

Trustees continue to apply appropriate models of good governance and due diligence, by providing challenge and support to the Trust's strategic direction and all matters that underpin this. There are two committees that report to the MGB. They are:

Finance, Premises and Personnel (FPP). This committee receives reports and information related to all matters within its remit from the Head Teacher, Business Manager and Premises Manager. It then makes appropriate decisions that are related to such matters including: signing off the annual budget, approving maintenance and building works (particularly capital projects costing over £10,000) reviewing and approving the appraisal process for all staff. This committee also reviews relevant School policies, has input into the review and adjustment of the School staffing structure, aspects of the School's development plan relating to this committee and how spending makes an impact on pupil progress and attainment. This committee is led by the Vice Chair of Governors and meets five times per year.

Pupil Progress and Attainment Sub-Committee (PASC). This committee receives reports related to pupil progress, attainment, and all matters related to behaviour in terms of social, mental and health related well-being. It also oversees and approves all policies relating to such matters. This committee is led by the Deputy Headteacher and meets three times per year.

The MGB. This group approves all matters raised and discussed by the committees and any other matters relating to the strategic direction of the School. All final decisions are made/approved by this group. This group meets five times per year.

The Headteacher 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.

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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.

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 Headteacher, 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.

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 a Trustee 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 pecuniary or other interests they have with organisations or individuals which may be involved with the Trust. 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:

- Greenside School, Stevenage
- The Giles Nursey and Infant School, Stevenage
- Jubilee Court Care Home, Stevenage
- Slimming World
- Mary Kirsten School of Dance
- Thurley Dance

The Trust does not have a formal sponsor.

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.

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- 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, 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 get the very best out of our children. This includes parents, other professionals such as the Educational Psychologist, Attendance Officer, School Nurse, SEN Officers and Speech and Language specialists.

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 2
- Independent reporting mechanisms that review the progress of the school such as our School Improvement Partner and Ofsted.
- Continued progress and success 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.

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:

- Achieving a second consecutive annual Ofsted 'outstanding' Care inspection report in Feb 2017.
- Reading:-Target 80% 89% of pupils from years 3-6 met progress expectations in this area
- Writing Target 80% 80% of pupils in years 3-6 met progress expectations in this area
- Math's Target 80% 92% of pupils in years 3-6 met expectations in this area
- Science Target 80% 84% of pupils in years 3-6 met expectations in this area
- A reduction of 27% for the need for any restrictive physical intervention and 41% in the number of incidents when compared to 2015-16
- Attendance at 95% which is higher than other similar schools when using DFE data.
- 3 pupils returned to mainstream education.
- A range of curriculum enhancements including The Big Idea, Pobble and a series of events deigned to promote independence and engagement. These included 'living off the land', hammer time and go kart production.

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 2017 were 65 against a forecast of 64.

The School was inspected for its residential element in February 2017 and received outstanding in all areas for the second year in succession. The School remains classed as 'good' for the day school based on its report in Jan 2014.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 65% against budgeted parameters of 74%. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the MGB.

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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.

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 Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £1,441,561 of GAG, other funding and locally generated income (excluding capital funding and amounts on conversion). 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 £1,425,107 (excluding capital and depreciation) and transferred £52,076 to support improvement projects on the school site. The Trust brought forward pre-conversion to academy £NIL restricted funds and £NIL unrestricted funding. The carry forward for 16/17 is £NIL restricted funding and £248,523 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 £744,000. 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 £248,523. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to designate unrestricted balances of £41,000 for future capital projects in 2017/18, and is holding other unrestricted funds of £207,523 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds £8,000 for in year contingencies and always plans to have a carry forward of between 7% and 11% 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 2017 was £248,523.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £281,266. 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 May 2017.

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.

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TRUSTEES' REPORT (continued)
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Principal Risks and Uncertainties

The Trust works with SLT 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, Premises & Personnel 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 School 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 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 School 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;
- 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 School 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 Academy 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 School have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

Following on from a successful transition from a Foundation school to a Multi-Academy Trust during 2016/17, Trustees and Senior Leadership Team have reviewed the future plans from both an operational and strategic perspective.

Our overall aim is to continue to be an outstanding school for both day and residential provision, offering a safe and secure environment for our pupils to thrive and succeed in every aspect of school life.

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Key areas of focus over the next 3 years 2017 – 2020 are as follows:

- Pupil progress – continued improvement in quality and quantity of writing through the implementation of events / software / moderation as part of an ongoing literacy programme;
- Pupil progress & wellbeing – during 2017/18 to establish POD Learning, a different learning area for a small group of complex needs pupils. This will be achieved by creating the ethos and culture associated with POD learning, monthly progress reviews and the embedding of procedures for POD staff;
- Pupil wellbeing – during 2017/18 to review the current practice and policy related to mental health, to consider our knowledge base and align our CPD program to meet and develop our staff further. Culminating in a policy statement which clearly defines our approach and action in this area.
- Behaviour Management – work towards a reduction in the overall 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;
- Residential provision – maintain and improve the existing provision with the aim of confirming our position as a centre of excellence in this field (Ofsted rated Outstanding 2017 & 2016). Elements of focus include the further development of parent outreach support, individualised programs for residential pupils and extending our participation in activities within the local community.
- Governance – continue our program of Trustee training to ensure our Trustees are equipped to move the School forward as rapidly as possible in an increasingly changing and complex landscape. Review our succession plan and possibly host a Trustee open evening to explore options within the local community for recruiting new Trustees.
- Risk assessment – review and establish a comprehensive risk assessment reflecting the academy structure and requirements by Sept 2018.
- Strategic review of income sources – conduct a strategic review of income sources to plan for future risk of increased staff costs, flat pupil funding, residential funding changes. This would include scenario modelling and agreement by the MGB for any preparatory action within the 2017-2020 timeframe.
- MAT structure - during Q1 & Q2 2018, conduct a strategic review of opportunities afforded by the MAT structure to further enhance our development aims. This will include options of partner academies, satellite operations, commercial co-operation, skills sharing.

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 13 December 2017 and signed on the Board's behalf by:

Mrs S Barr
Chair of Trustees

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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 Headteacher, 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 4 times during the period. Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Barr, Chair of Trustees	4	4
Mr J Thurgood, Vice Chair of Trustees	4	4
Miss L Barr	4	4
Mrs J Baker	3	4
Mr P Myers	3	4
Mr J Walker	1	4
Mrs L Williams	3	3
Mr S Trimble, Head Teacher	4	4
Mrs J Kimpton	0	0
Mr S Jacobs	2	4

On conversion from a foundation school to an academy trust, all existing members of the Board of Trustees continued in their roles. One new Trustee joined in Spring 2017. The Board of Trustees have been supportive and readily available for all relevant actions and decision making during the course of our first year as a MAT.

The next external review will be in Spring 2018, conducted by our Financial Services support partner, Herts For Learning Ltd.

The FPP Committee is a sub-committee of the Board of Trustees. Its purpose is the following:

- Finance: to consider and approve the Trust'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 Board of Trustees, and to ensure that the School complies with health and safety regulations. To prepare a 'Lettings and Charges' Policy for the approval of the Board of Trustees and to oversee the implementation of that policy.

The original members of the Board of Trustees have remained unchanged. As part of our review of potential conflicts of interest, we recognised that a familial connection between two committee members could lead to a perceived conflict of interest. Therefore, one of the family members no longer exercises voting rights on the committee, but does continue to attend and participate fully in the committee meetings.

The FPP Committee has probably experienced the most significant impact following academisation, with increased documentation to absorb and more returns to approve compared to pre-conversion. We have met all submission deadlines during 2016/17 and to our knowledge, captured all aspects of monitoring and approvals.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Barr	4	4
Mr J Thurgood	4	4
Miss L Barr	2	3
Mrs J Baker	4	4
Mr S Trimble	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher 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 Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate during the year by:

the Trustees and Senior Leadership Team scrutinising and approving all expenditure based on achieving 'best value' in the use of public funds, through a process of quotation comparison, benchmarking and project tendering. 'Best value' combines providing the most appropriate quality resources and safe environment for our pupils and staff at a competitive, sustainable cost.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 period 5 September 2016 to 31 August 2017 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 period 5 September 2016 to 31 August 2017 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 FPP 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.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed a Trustee, as Responsible Officer (RO) as well as the Trust's financial services support partner, Herts For Learning Ltd, and another peer review by the Business Manager of a local academy.

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GOVERNANCE STATEMENT (continued)

Due to resource commitments and priorities during our first year, we were unable to establish any RO visits for 2016/17. The first internal self-evaluation took place in September 2017, by the RO, who is not part of the FPP Committee. This evaluation covered the area of 'Governance & Financial Oversight' and reviewed our practice in line with the 'musts' in the Academies Financial Handbook Sept 2017. The report was issued to the FPP Committee 28 September and to the Board of Trustees on 10th Oct. Follow up actions are being updated via the FPP Committee. This was delivered as planned.

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The checks carried out will be aligned to the 'musts' in the Academies Financial Handbook. The Herts for Learning Ltd. and the peer reviewer will look at more system, technical and best practice aspects.

On a termly basis, the Internal Auditor will report to the Board of Trustees through the FPP committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

From the September 2017 visit, no material control issues were identified. It was noted that our format of budget monitor reports was being developed and dependant on additional training for the Business Manager in the new finance system. This has now taken place in October and a consistent reporting format will be in place from November 2017 onwards.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Responsible Officer and other third parties;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- 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 FPP Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 13 December 2017 and signed on their behalf, by:

Mrs S Barr
Chair of Trustees

Mr 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Board of Trustee are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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 Trustee and ESFA.

Mr S Trimble
Accounting Officer

Date: 13 December 2017

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 13 December 2017 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 period ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources for the period 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the 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.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

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

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, (incorporating the Strategic Report and the Directors Report) for which the financial statements have been prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' 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 Strategic Report and the Directors 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 not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 Auditor's Report.

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

14 December 2017

LARWOOD ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LARWOOD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Larwood Academy Trust during the period 5 September 2016 to 31 August 2017 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 the ESFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Larwood Academy Trust and the 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 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 5 September 2016 to 31 August 2017 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 2016 to 2017 issued by the 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.

The work undertaken to draw to our conclusions includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- 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, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LARWOOD
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 5 September 2016 to 31 August 2017 have 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

Chartered Accountants

14 December 2017

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
INCOME FROM:					
Donations & capital grants:					
Transfer on conversion	2	227,145	(660,000)	4,836,305	4,403,450
Other donations and capital grants	2	-	2,570	8,524	11,094
Charitable activities	3	-	1,388,701	-	1,388,701
Other trading activities	4	50,131	-	-	50,131
Investments	5	159	-	-	159
TOTAL INCOME		<u>277,435</u>	<u>731,271</u>	<u>4,844,829</u>	<u>5,853,535</u>
EXPENDITURE ON:					
Charitable activities		28,912	1,396,195	176,316	1,601,423
TOTAL EXPENDITURE	6	<u>28,912</u>	<u>1,396,195</u>	<u>176,316</u>	<u>1,601,423</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		<u>248,523</u>	<u>(664,924)</u>	<u>4,668,513</u>	<u>4,252,112</u>
Transfers between funds	15	-	(52,076)	52,076	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>248,523</u>	<u>(717,000)</u>	<u>4,720,589</u>	<u>4,252,112</u>
Actuarial losses on defined benefit pension schemes	20	-	(27,000)	-	(27,000)
NET MOVEMENT IN FUNDS		<u>248,523</u>	<u>(744,000)</u>	<u>4,720,589</u>	<u>4,225,112</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>248,523</u>	<u>(744,000)</u>	<u>4,720,589</u>	<u>4,225,112</u>

All of the Trust's activities derive from acquisitions in the current financial period.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £
FIXED ASSETS			
Tangible assets	12		4,720,589
CURRENT ASSETS			
Debtors	13	72,738	
Cash at bank and in hand	18	281,266	
		354,004	
CREDITORS: amounts falling due within one year	14	(105,481)	
		248,523	
NET CURRENT ASSETS			248,523
TOTAL ASSETS LESS CURRENT LIABILITIES			4,969,112
Defined benefit pension scheme liability	20		(744,000)
			4,225,112
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			4,225,112
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds excluding pension liability		4,720,589	
Pension reserve		(744,000)	
		3,976,589	
Total restricted income funds			3,976,589
Unrestricted income funds	15		248,523
			4,225,112
TOTAL FUNDS			4,225,112

The financial statements on pages 18 to 37 were approved by the Trustees, and authorised for issue, on 13 December 2017 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 PERIOD ENDED 31 AUGUST 2017

	Note	2017 £
Cash flows from operating activities		
Net cash provided by operating activities	17	335,750
Cash flows from investing activities:		
Interest received		159
Purchase of tangible fixed assets		(54,643)
Net cash used in investing activities		(54,484)
Change in cash and cash equivalents in the period		281,266
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	18	281,266

All of the cash flows are derived from acquisitions in the current financial period.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The functional and presentational currency is Pounds Sterling.

1.2 Company status

The Trust is a 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 Trust's registered office is Webb Rise, Stevenage, Hertfordshire, SG1 5QU.

1.3 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.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

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

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	20 - 50 years straight line
Fixtures and fittings	-	10 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 incorporating Income and Expenditure Account.

1.7 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.

1.8 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.

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 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 basis 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 costs 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 instruments.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 incorporating Income and Expenditure Account 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.

1.13 Conversion to an Academy Trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the School for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Larwood School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from Local Authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 19.

LARWOOD ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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 Department for Education where the asset acquired or created is held for a specific purpose.

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

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 (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 2017. 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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Transfer on conversion	227,145	(660,000)	4,836,305	4,403,450
Donations	-	2,570	-	2,570
Capital grants	-	-	8,524	8,524
	<u>227,145</u>	<u>(657,430)</u>	<u>4,844,829</u>	<u>4,414,544</u>

LARWOOD ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	550,485	550,485
Other DfE / ESFA grants	-	44,829	44,829
Start up grant	-	25,000	25,000
	<u>-</u>	<u>620,314</u>	<u>620,314</u>
Other government grants			
Local Authority grants	-	768,387	768,387
	<u>-</u>	<u>768,387</u>	<u>768,387</u>
	<u>-</u>	<u>1,388,701</u>	<u>1,388,701</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £
Hire of facilities	10,996	10,996
Rental income	23,228	23,228
Other income	15,907	15,907
	<u>50,131</u>	<u>50,131</u>

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £
Bank interest	159	159
	<u>159</u>	<u>159</u>

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Provision of Education:				
Direct costs	998,112	-	55,286	1,053,398
Support costs	140,312	262,605	145,108	548,025
	<u>1,138,424</u>	<u>262,605</u>	<u>200,394</u>	<u>1,601,423</u>
Total 2017	<u>1,138,424</u>	<u>262,605</u>	<u>200,394</u>	<u>1,601,423</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	2017 £
Direct costs	1,053,398
Support costs	548,025
	<hr/>
Total	1,601,423
	<hr/> <hr/>

Analysis of support costs	2017 £
Support staff costs	140,312
Depreciation	170,359
Governance costs	11,948
Technology costs	6,624
Premises costs	92,246
Other support costs	126,536
	<hr/>
Total	548,025
	<hr/> <hr/>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets: - owned or leased by the Trust	170,359
Auditors' remuneration - audit	5,000
Auditors' remuneration - non-audit	4,500
	<hr/> <hr/>

LARWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

9. STAFF COSTS

Staff costs were as follows:

	2017 £
Wages and salaries	875,597
Social security costs	82,034
Operating costs of defined benefit pension schemes	180,793
	<hr/>
	1,138,424
	<hr/> <hr/>

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

	2017 No.
Teaching	7
Admin & Support	28
Management	6
	<hr/>
	41
	<hr/> <hr/>

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

	2017 No.
In the band £ 70,001 - £ 80,000	1

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Academy Trust was £398,457.

Included in the above are employer pension contributions of £46,625 and employer national insurance of £36,910.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

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 Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017
		£
Mr S Trimble	Remuneration	75,000-80,000
	Pension contributions paid	10,000-15,000
Mr S Jacobs	Remuneration	25,000-30,000
	Pension contributions paid	0-5,000

During the period ended 31 August 2017, expenses totalling £449 were reimbursed to 3 Trustees.

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Total £
Cost			
At 5 September 2016	-	-	-
Additions	19,481	35,162	54,643
Assets donated on conversion	4,775,765	60,540	4,836,305
	4,795,246	95,702	4,890,948
Depreciation			
At 5 September 2016	-	-	-
Charge for the period	138,193	32,166	170,359
	138,193	32,166	170,359
Net book value			
At 31 August 2017	4,657,053	63,536	4,720,589

Included in the value of freehold property is land valued at £875,000 which is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017**

13. DEBTORS

	2017
	£
Trade debtors	975
VAT recoverable	38,108
Prepayments and accrued income	33,655
	72,738
	72,738

14. CREDITORS: Amounts falling due within one year

	2017
	£
Other taxation and social security	23,736
Other creditors	14,387
Accruals and deferred income	67,358
	105,481
	105,481

Deferred income

Resources deferred during the year	1,006
	1,006

Deferred income consists of refunds and parent contributions.

15. STATEMENT OF FUNDS

	Balance at 5 September 2016	Income	Expenditure	Transfers in/out	Gains/ (losses)	Balance at 31 August 2017
	£	£	£	£	£	£
Unrestricted funds						
Unrestricted funds	-	277,435	(28,912)	-	-	248,523
	-	277,435	(28,912)	-	-	248,523
Restricted funds						
General Annual Grant (GAG)	-	550,485	(498,409)	(52,076)	-	-
Other DFE/ESFA	-	5,471	(5,471)	-	-	-
Pupil premium	-	39,358	(39,358)	-	-	-
Start up grant	-	25,000	(25,000)	-	-	-
SEN funding	-	586,870	(586,870)	-	-	-
Residential funding	-	181,517	(181,517)	-	-	-
Restricted donations	-	2,570	(2,570)	-	-	-
Pension reserve	-	(660,000)	(57,000)	-	(27,000)	(744,000)
	-	731,271	(1,396,195)	(52,076)	(27,000)	(744,000)
	-	731,271	(1,396,195)	(52,076)	(27,000)	(744,000)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

15. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

	Balance at 5 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Restricted fixed asset	-	4,836,305	(170,359)	54,643	-	4,720,589
Devolved Formula Capital	-	8,524	(5,957)	(2,567)	-	-
	<u>-</u>	<u>4,844,829</u>	<u>(176,316)</u>	<u>52,076</u>	<u>-</u>	<u>4,720,589</u>
Total restricted funds	<u>-</u>	<u>5,576,100</u>	<u>(1,572,511)</u>	<u>-</u>	<u>(27,000)</u>	<u>3,976,589</u>
Total of funds	<u>-</u>	<u>5,853,535</u>	<u>(1,601,423)</u>	<u>-</u>	<u>(27,000)</u>	<u>4,225,112</u>

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 2017.

Other DFE/ESFA

Other DFE/ESFA grants represent funding from Government agencies 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.

Start up grant

This represents a grant to aid with start up costs for a new member of the Trust.

SEN funding

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

Residential funding

This represents funding to provide boarding for a select number of pupils on the Trust's premises to help aid development.

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.

LARWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

15. STATEMENT OF FUNDS (continued)

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.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	4,720,589	4,720,589
Current assets	248,523	105,481	-	354,004
Creditors due within one year	-	(105,481)	-	(105,481)
Provisions for liabilities and charges	-	(744,000)	-	(744,000)
	<u>248,523</u>	<u>(744,000)</u>	<u>4,720,589</u>	<u>4,225,112</u>

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

	2017 £
Net income for the year (as per Statement of Financial Activities)	4,252,112
Adjustment for:	
Depreciation charges	170,359
Interest received	(159)
Increase in debtors	(72,738)
Increase in creditors	105,481
Defined benefit pension scheme obligation inherited	660,000
Defined benefit pension adjustments	57,000
Net (loss) on assets and liabilities from local authority on conversion	(4,836,305)
Net cash provided by operating activities	<u>335,750</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £
Cash in hand	281,266
Total	<u>281,266</u>

LARWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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19. CONVERSION TO AN ACADEMY TRUST

On 1 November 2017 Larwood School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Larwood Academy Trust from Hertfordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from Local Authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	4,775,765	4,775,765
- Other tangible fixed assets	-	-	60,540	60,540
Budget surplus/(deficit) on LA funds	227,145	-	-	227,145
LGPS pension surplus/(deficit)	-	(660,000)	-	(660,000)
Net assets/(liabilities)	<u>227,145</u>	<u>(660,000)</u>	<u>4,836,305</u>	<u>4,403,450</u>

20. PENSION COMMITMENTS

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

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

Contributions amounting to £14,081 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

LARWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £49,000.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £117,000, of which employer's contributions totalled £94,000 and employees' contributions totalled £23,000. The agreed contribution rates for future years are 27.8% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %
Inflation assumption (CPI)	2.40 %
Commutation of pensions to lump sums	50.00 %

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

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:

	2017
Retiring today	
Males	22.5
Females	24.9
Retiring in 20 years	
Males	24.1
Females	26.7

Sensitivity analysis	At 31 August
	2017
	£
Discount rate +0.1%	1,475,000
Discount rate -0.1%	1,553,000
Mortality assumption - 1 year increase	1,575,000
Mortality assumption - 1 year decrease	1,453,000
CPI rate +0.1%	1,544,000
CPI rate -0.1%	1,484,000

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

	Fair value at
	31 August
	2017
	£
Equities	500,500
Bonds	192,500
Property	53,900
Cash	23,100
	<hr/>
Total market value of assets	770,000
	<hr/> <hr/>

The actual return on scheme assets was £62,000.

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017
	£
Current service cost	(135,000)
Interest income	16,000
Interest cost	(32,000)
	<hr/>
Total	(151,000)
	<hr/> <hr/>

LARWOOD ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2017

20. PENSION COMMITMENTS (continued)

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

	2017 £
Upon conversion	1,251,000
Current service cost	135,000
Interest cost	32,000
Employee contributions	23,000
Actuarial losses	73,000
	1,514,000
Closing defined benefit obligation	1,514,000

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

	2017 £
Upon conversion	591,000
Interest income	16,000
Actuarial losses	46,000
Employer contributions	94,000
Employee contributions	23,000
	770,000
Closing fair value of scheme assets	770,000

21. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £
Amounts payable:	
Within 1 year	9,509
Between 1 and 5 years	12,547
	22,056
Total	22,056

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.

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NOTES TO THE FINANCIAL STATEMENTS
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23. RELATED PARTY TRANSACTIONS

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

The daughter of Trustee Jane Kimpton is employed by the Trust as a staff member on a contract approved by the Trustees. The remuneration package is in line with the standard payscale for the role undertaken and their employment contract is subject to normal terms and conditions.

There were no related party transactions during the year.