

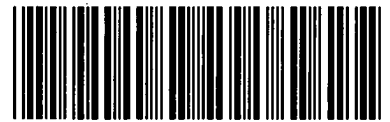
THE LAIDLAW SCHOOLS TRUST

(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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COMPANIES HOUSE

THE LAIDLAW SCHOOLS TRUST

COMPANY INFORMATION

Year ended 31 August 2017

Members

Founding Sponsor	Lord Laidlaw of Rothiemay
Chair of Trustees and Sponsor representative	P Fair OBE G Robertson

Board of Directors and Trustees

P Fair OBE (Chair of Trustees and Sponsor Representative)
J Spence (Appointed as CEO & Accounting Officer 24 April 2017)
C Jobe
Dr M Farsi
A Hunter
E Bolton
L Conlon
P Sehgal
P Solly
J Owens
T Goodship

Senior Management Team

Chief Executive Officer	J Spence
Chief Finance Officer	L Doyle

Company Secretary

P Snowdon

Company Registration Number

05735093 (England and Wales)

Registered Office

Laidlaw Schools Trust
Suite 2, 3rd Floor
St Nicholas Building
St Nicholas Street
Newcastle upon Tyne
NE1 1RF

Academies operated

Excelsior Academy
Atkinson Road Primary Academy
Thomas Walling Primary Academy
South Hylton Primary Academy

Location

Newcastle upon Tyne
Newcastle upon Tyne
Newcastle upon Tyne
Sunderland

Principal

C Taylor
A O'Neill
E R Greensides
J Cort

Independent Auditor

RSM UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Bankers

Barclays Bank plc
446 Westgate Road
Newcastle upon Tyne
NE4 9BN

Solicitors

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

The Trustees present their annual report together with the financial statements of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustee's report and a directors report under company law.

South Hylton Primary Academy joined the Trust on 1 July 2017.

As at 31 August 2017 the Trust operated 4 academies for pupils aged 2 to 18 across the North East of England.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (registration no. 05735093) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. Members of the charitable company are nominated by Lord Laidlaw, the main sponsor of the Trust. The Articles of Association require the members of the charitable company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Trust. The Articles of Association were last amended on 22 September 2016.

The Trustees of the Laidlaw Schools Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Laidlaw Schools Trust (LST).

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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

Principal Activities

The principal object and activity of the charitable company is the operation of the Trust to advance for the public benefit education for pupils of different abilities at Atkinson Road Primary Academy, Thomas Walling Primary Academy and South Hylton Primary Academy for pupils aged between 2 and 11, at Excelsior Academy (an all through Academy) for pupils between 3 and 18 years of age. South Hylton Primary Academy joined the Trust on 1 July 2017.

Trustees' indemnities

Companies Act 2006 s236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Trust's Articles of Association indemnity insurance has been taken out to cover the liability of Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees.

Method of recruitment and appointment or election of Trustees

Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. Trustees retire after four years in office.

Trustees

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

The Trustees who were in office at 31 August 2017 and served throughout the year, except where shown are listed on the next page.

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

Policies and procedures adopted for the induction and training of Trustees

During the year under review the Trustees held three meetings. The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational Structure

Laidlaw Schools Trust Members

Lord Laidlaw
Peter Fair OBE
Graham Robertson

Board of Trustees and Directors as at 31 August 2017

Peter Fair OBE (CEO)
Chris Jobe
Mohammad Farsi
Andrew Hunter
Eileen Bolton
Linda Conlon
Penny Sehgal
Jane Spence (appointed CEO 24/4/17)
Peregrine Solly
Jill Owens
Tim Goodship

Operations Committee

Penny Sehgal (Chair)
Peter Fair OBE
Chris Jobe
Peregrine Solly
Jane Spence (appointed 24/4/17)

The Trust started out as a single academy trust in 2008. Excelsior Academy opened in September of that year with a structure of four 11-16 schools and Excelsior College. The structure consists of the Senior Leadership Group and the Senior Team of each of the four 11-16 schools. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. In September 2013 the Academy's structure changed to three 11-16 schools, Excelsior College and a primary phase was introduced for children aged 4-11. In January 2015 a change of age range saw the admission of Nursery children aged 3 years.

Atkinson Road Primary Academy joined the Trust on 1 June 2012. It is a traditional Primary School for children aged 4-11 with a Head Teacher and a Deputy Head Teacher

Thomas Walling Primary Academy joined the Trust on 1 April 2014. It is a Primary School for children aged 3-11 with a Head Teacher and two Deputy Head Teachers. Provision for 2 year old pupils was put in place from January 2015.

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

On 1 July 2017 South Hylton Primary Academy joined the Trust. It is a 2 Form Entry Primary School with Nursery provision. It has a Head Teacher and a Deputy Head Teacher.

Westgate Hill Primary Academy, a 4 Form Entry Primary School joined the Trust on 1 September 2017.

During the summer of 2017 the Trust set up a central team to support its Academies with Finance, Human Resources, School Improvement, Health and Safety, Procurement, Public Relations, Data Management and Governance Support. A majority of staff were in place by 1 September 2017. The Sponsor funds a large proportion of central staff salaries including that of the Chief Executive Officer. Trust Academies fund the remainder through a top-slice of 2%.

The Board of Trustees is responsible for setting general policy, adopting an annual plan and budget, monitoring each Academy by the use of budgets and making major decisions about the direction of the Academies, capital expenditure and senior staff appointments. There is a scheme of delegation in place within the Trust which is operated throughout each Academy.

Arrangements for setting pay and remuneration of key management personnel

The pay of senior Academy and senior Trust staff will be determined by the Trustees. Decisions will be taken based on the individual Academy's circumstances, the responsibilities involved and market conditions to attract and retain quality professionals to drive improvement. The Trust set salary levels based on the responsibilities of the posts. The Trust may award any salary as it sees fit to fill these posts whilst having consideration for value for money.

Related parties and co-operation with other organisations

During the year, the Trust recognised sponsor income from the founding sponsor, Lord Laidlaw of Rothiemay, who is a member of the Trust, totalling £1,447,937 (2016: £830,468)

At 31 August 2017, £894,322 (2016: £195,622) was due to be received from the Sponsor on submission of a claim and is included within other debtors.

Further details are stated in note 25 to the financial statements.

TRUSTEES' REPORT

Year ended 31 August 2017

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

Objects and aims

The principal object and activity of the charitable company is the operation of the Trust to advance for the public benefit education for pupils of different abilities at Atkinson Road Primary Academy, Thomas Walling Primary Academy and South Hylton Primary Academy for pupils aged between 2 and 11 and at Excelsior Academy for pupils between 3 and 18 years of age.

Objectives, strategies and activities

The aims and objectives of each Academy are set out in the individual Academy's Development Plan.

The main objectives of the Trust during the year ended 31 August 2017 are summarised below:

- to transform the lives of children and communities in the Laidlaw Schools Trust, through inspirational teaching and learning;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct business in accordance with the highest standards of integrity, probity and openness; and
- to ensure every child is safe and protected from harm.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust is committed to ensuring equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academies. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Public benefit

The Trustees confirm, that to the best of their knowledge and belief, they have complied with section 4 of the Charities Act 2006 in respect of having due regard to public benefit guidance published by the Charity Commission.

STRATEGIC REPORT

Achievements and Performance

Excelsior Academy is now in its tenth year of operation and there is more evidence that the organisation, ethos and leadership of the Academy continue to have a positive effect on attainment, behaviour and attendance. Results in year 1 were broadly in line with the predecessor school but since then standards have improved year on year. In August 2013 Excelsior Academy achieved above National Floor targets for 5+ GCSE grades including English and Maths for the first time. In 2014 Excelsior was one of the highest performing secondary school academies for both attainment and progress of the 149 in the north east region despite having the most complex and challenging secondary intake and this position was achieved again in 2015 and 2016. Best ever results in 2016 included the 8th highest progress 8 score of the 149 secondary schools in the north east region. A level results have also improved year on year and have been above floor for both academic A levels and vocational qualifications. Each year record numbers of pupils have progressed to University. Excelsior Academy's new Primary provision, Rainbird, has quickly established itself and has reached pupil capacity ahead of anticipated timescales.

Atkinson Road Primary Academy continues to achieve well despite the exceptional challenges it faces through the complex and turbulent nature of its intake. While published figures look low, they are not able to reflect the uniqueness of this Academy. Its constant cohort of pupils which represents only around half of its intake achieve at or above national

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

expectations in the main.

Thomas Walling Primary Academy is now making good progress after experiencing a turbulent period last year. A recent OfSTED inspection in September 2016 summarised that the leadership and management are good. As at 31 August 2017 South Hylton Primary Academy had only been in the Trust for 2 months and is designated as a 'Good' school by OfSTED.

FINANCIAL REVIEW

Financial and risk management objectives and policies

The Board takes seriously its responsibilities to implement financial controls to an extremely high standard and ensures that the provision and prescription laid down in Educational and Skills Funding Agency (ESFA) documentation is in place. The Board works to ensure the financial health of the Trust and since its first Academy opened in 2008 sound financial management and governance has resulted in a position which is positive in terms of reserves to fund future projects e.g. ICT replacement. Trustees and the Finance Team have worked diligently to embed financial systems that are robust ensuring that resources go to where they are best spent and that all control systems are in place and probity is secure.

In 2011 following an audit by YPLA the Trust was awarded an 'outstanding' grade for financial management and governance. This was again awarded by ESFA in 2012. Although this grading system no longer exists the Directors continue to monitor financial management and performance closely.

There is a comprehensive risk register in place that is reviewed annually with the top risks being regularly reviewed by the Operations Committee.

Principal risks and uncertainties

Principal risks are centred around fluctuations in pupil numbers and cuts to public funding. The Trust is focused on ensuring it continues to attract and retain sufficient pupil numbers and considers proactive budget forecasting as being essential to ensure that potential reductions in budgets are planned for in a timely manner.

Financial report for the year

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure of £16,820,375 (excluding depreciation of £1,076,044) was more than covered by the recurrent grant funding from the ESFA together with other incoming resources including donations from the Sponsor. The excess of income over expenditure for the year (excluding depreciation and transfer of South Hylton Primary Academy) was £224,448.

Including depreciation, the transfer of South Hylton Primary Academy and adjustments for FRS102, the net movement in funds was a surplus of £6,379,838.

At 31 August 2017 the net book value of the Trust's fixed assets was £36,382,228 and movements in tangible fixed assets are shown in Note 12 to the financial statements. The Trust's assets were used exclusively for providing education and the associated support services to the pupils of its Academies.

As at 31 August 2017 the FRS102 pension deficit amounted to £3,640,900. This is a large decrease from 2016.

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

Reserves Policy

The Board review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Board has determined that the appropriate level of free reserves should be equivalent to two month's expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £606,334 which is less than is needed. The Trust intends to continue building up free reserves to the level needed. Currently, 2 months expenditure for the Trust equates to £3,064,092. At 31 August 2017 the Trust held cash at bank of £3,217,199.

Going Concern

After reviewing financial and other information available, the Trustees consider that the Academies have 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.

Financial Position

The Trust held fund balances at 31 August 2017 of £36,100,284.

Investment Policy

The Chief Finance Officer (CFO) liaises closely with Barclays Bank to ensure the best available rate of return on zero risk investments.

Risk Management

The Board has assessed the major risks to which the Academies are exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academies, and their finances. The Board has implemented a number of systems to assess risks that the Academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academies have effective systems of internal financial controls and this is explained in more detail in the following statement.

Key Performance Indicators

The Trust is pleased to report the good progress made by all its Academies during 2016-2017 against the key indicators for academic progress, behaviour and attendance set for pupils and the performance targets set for staff.

Thomas Walling Primary Academy was subject to an OfSTED inspection in September 2016. The Academy was downgraded from 'Good' to 'Requires Improvement' but there were many positives in the final report including leadership and management being designated as 'Good'. The Trust is working closely with Academy staff to make the necessary improvements. The other three trust Academies remain designated as 'Good'. The performance of all Academies is subject to a termly review conducted by external consultants. Consultants support the assessment made by Trust Academy Principals that the quality of teaching overall is good in all Academies, with much that is outstanding. Where the performance of teachers falls below target expectations there is a robust and effective system to provide support.

In terms of attendance, all Academies sustained their focus on ensuring that all pupils have good attendance and achieved overall attendance at or close to national average. Persistent absence remains a challenge for a minority of pupils, but it is recognised by OfSTED, DFE and external consultants that all Academies are employing an extensive range of strategies to address this.

Financial KPIs have been performed on staff salary costs as a percentage of Education Funding General Annual Grant (GAG) and also of total income, they are 97.73% and 73.80% retrospectively. In August 2017, across the Trust there were 2,580 pupils and 164 Teaching staff therefore the pupil to teacher ratio is 15.7.

THE LAIDLAW SCHOOLS TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

PLANS FOR FUTURE PERIODS

The Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students improve attendance and secure employment or a place in higher education. The four Academies will work very closely together with a view to sharing knowledge and expertise for the benefit of pupils and families.

Westgate Hill Primary Academy joined the Trust on 1 September 2017.

The Trust has been working closely with the DfE and the Regional Schools Commissioner for the North who has asked the Trust to become Sponsor at Academy 360. The Trust formally took over as Sponsor on 1 September 2017. The Trust has also submitted an application to open an Alternative Provision Free School in the west of Newcastle. The application has been approved and the Trust is currently working closely with the DfE in developing the new provision although there has been some difficulty in finding an appropriate site.

Overall the strategic direction of the Trust is towards a small local Multi Academy Trust based on a "hub and spoke model". Discussions with the Regional Schools Commissioner have focussed on the possibility of three or four of these hubs with an all through academy and its associated primary schools.

The Trust aims to be at the centre of the regeneration of the areas served in the North East in the years to come and will work closely with regional Local Authorities and other partner organisations to achieve this.

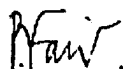
AUDITORS

RSM UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees confirm that so far as they are aware there is no relevant audit information of which The Laidlaw Schools Trust auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that The Laidlaw Schools Trust auditors are aware of that information

The Trustee's Report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the Directors at a meeting on the 22 December 2017 and signed on its behalf by:



Peter Fair OBE
Chair of Trustees

THE LAIDLAW SCHOOLS TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2017

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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.

On 24 April 2017 the Trust appointed a Chief Executive Officer (CEO), Jane Spence, who also took over the role as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Trust and the Secretary of State for Education. The CEO is also responsible for reporting to the Trust Board 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 Trustees have formally met three times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of possible
Peter Fair OBE	3	3
Chris Jobe	3	3
Mohammad Farsi (resigned 31 August 2017)	3	3
Jane Spence (appointed 24 April 2017)	3	3
Andrew Hunter	1	3
Eileen Bolton (resigned 31 August 2017)	2	3
Linda Conlon	2	3
Penny Sehgal	3	3
Peregrine Solly	3	3
Jill Owens (resigned 31 August 2017)	1	3
Tim Goodship (resigned 31 August 2017)	2	3

Governance review

The Operations Committee is a committee of the Board. Its purpose is to oversee the Trust's financial and operational affairs and assist the decision making of the Board. Attendance at meetings in the year was as follows:

Operations Committee	Meetings attended	Out of possible
Peter Fair OBE	7	7
Chris Jobe	5	7
Penny Sehgal	6	7
Peregrine Solly	6	7
Jane Spence (appointed 24 April 2017)	2	2

Review of value for money

The Accounting Officer 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 where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has delivered improved value for money during the year by:

- At Excelsior Academy a Purchasing and Funding Manager has been in post for over a year now. The role requires the post holder to obtain best value in all purchases and ensure maximum income from any available grants. In the year ending August 2017 c£70,000 of savings have been made and c£30,000 grant income received. From September 2017 this became a Trust wide role and the post holder will be reviewing all contracts and purchases resulting in the Trust benefiting from economies of scale.
- At Thomas Walling Primary Academy an unused area has been transformed into breakout space, new LED lighting and Interactive TVs have been added and these areas can now be used as classroom space. By using this space it has allowed for smaller class sizes.

THE LAIDLAW SCHOOLS TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2017

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- Excelsior Academy has purchased new dining tables which has avoided the need to convert an alternative space in the building into an extra dining area, which would have been very costly and logistically difficult. The conversion of space would also have led to a shortage in teaching space, and would have required a further purchase of additional outdoor temporary classrooms.

The purpose of the system of internal control

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

Capacity to handle risk

The Board and the Operations Committee have 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 is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 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.

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;
- the monitoring of financial management and performance by the Accounting Officer;
- regular reviews by the Operations 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 by the Operations Committee with recommendations to the Board.

The Board has set policies on internal controls which cover the following:

- the type of risks the Trust faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Trust's ability to reduce the incidence and impact on the Academies' operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- clarified the responsibility of the Leadership Team of each Academy to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Trust's operations so that it becomes part of the culture of the Trust;
- developed systems to respond quickly to evolving risks arising from factors within the Trust and to changes in the external environment; and
- procedures for reporting failings immediately to appropriate levels of management and the Local Governing Body (LGB) of each Academy together with details of corrective action being undertaken.

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

- Not to appoint an internal auditor. However, the Trustees have appointed RSM Risk Assurance Services LLP, to perform additional checks.

The internal reviewer role includes giving advice on financial matters and performing a range of checks on the Trust's financial statements.

THE LAIDLAW SCHOOLS TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2017

The Internal Assurance function has been fully delivered in line with the ESFA's requirements with no material control issues arising.

Review of effectiveness

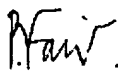
As the Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the Internal Assurance reviewer
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

Terms of Reference have been agreed for the Operations Committee to support financial probity. The Committee manages and monitors risk, receives reports from external auditors and considers documentation received from the ESFA.

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

Approved by order of the members of the Board of Trustees on 22 December 2017 and signed on its behalf by:



Peter Fair OBE
Chair of Trustees



Jane Spence
Accounting Officer

THE LAIDLAW SCHOOLS TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2017

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Laidlaw Schools Trust I have considered my responsibility to notify the Academy Trust 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 Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 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 Trustees and ESFA.



Jane Spence
Accounting Officer

22/12/17

THE LAIDLAW SCHOOLS TRUST

GOVERNANCE STATEMENT

Year ended 31 August 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of The Laidlaw Schools Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction published 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:

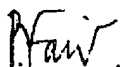
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 22 December 2017 and signed on its behalf by:



Peter Fair OBE
Chair of Trustees

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LAIDLAW SCHOOLS TRUST

Opinion on financial statements

We have audited the financial statements of The Laidlaw Schools Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards and further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LAIDLAW SCHOOLS TRUST

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the charitable company, 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 the Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who act as directors for the charitable activities of the charitable company, and 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 charitable company'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 charitable company 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



Claire Leece (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Dated: 22 December 2017

THE LAIDLAW SCHOOLS TRUST
STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2017

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £	Total 2016 £
Income and endowments						
Donations and capital grants	3	-	1,529,826	48,902	1,578,728	970,985
Transfer from LA on conversion	27	-	(369,566)	3,810,000	3,440,434	-
Charitable activities:		-				
Funding for educational operations	4	-	15,077,604	-	15,077,604	14,545,937
Other trading activities	5	381,182	-	-	381,182	304,389
Investments	6	7,309	-	-	7,309	10,097
Total income and endowments		<u>388,491</u>	<u>16,237,864</u>	<u>3,858,902</u>	<u>20,485,257</u>	<u>15,831,408</u>
Expenditure on:						
Raising funds	7	235,126			235,126	250,981
Charitable activities:						
Educational operations	8		16,585,249	1,076,044	17,661,293	16,402,620
Total resources expended	7	<u>235,126</u>	<u>16,585,249</u>	<u>1,076,044</u>	<u>17,896,419</u>	<u>16,653,601</u>
Net income/(expenditure)		153,365	(347,385)	2,782,858	2,588,838	(822,193)
Transfer between funds	18	-	(206,362)	206,362	-	-
		153,365	(553,747)	2,989,220	2,588,838	(822,193)
Other recognised gains and losses						
Remeasurement of net defined benefit obligations	24	-	3,790,000	-	3,790,000	(3,880,000)
Net movement in funds		<u>153,365</u>	<u>3,236,253</u>	<u>2,989,220</u>	<u>6,378,838</u>	<u>(4,702,193)</u>
Reconciliation of funds						
Total funds brought forward		<u>452,969</u>	<u>(4,186,867)</u>	<u>33,455,344</u>	<u>29,721,446</u>	<u>34,423,639</u>
Total funds carried forward	18	<u>606,334</u>	<u>(950,614)</u>	<u>36,444,564</u>	<u>36,100,284</u>	<u>29,721,446</u>

THE LAIDLAW SCHOOLS TRUST

(Company Number: 05735093)

BALANCE SHEET

at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	12		36,382,238		33,455,344
Current assets					
Debtors	13	1,486,701		1,222,398	
Cash at bank and in hand		3,217,199		4,065,597	
		<u>4,703,900</u>		<u>5,287,995</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(1,343,454)		(2,537,993)	
Net current assets			3,360,446		2,750,002
Total assets less current liabilities			<u>39,742,684</u>		<u>36,205,346</u>
Creditors: amounts falling due after more than one year	15		(1,500)		(3,000)
Net assets excluding pension liability			39,741,184		36,202,346
Defined benefit pension liability	24		(3,640,900)		(6,480,900)
Net assets			<u>36,100,284</u>		<u>29,721,446</u>
Funds of the academy trust					
Restricted funds	18				
Restricted fixed asset funds			36,444,564		33,455,344
Restricted general funds			2,690,286		2,294,033
Pension reserve			(3,640,900)		(6,480,900)
Total restricted funds			<u>35,493,950</u>		<u>29,268,477</u>
Unrestricted income funds	18		606,334		452,969
Total funds			<u>36,100,284</u>		<u>29,721,446</u>

The financial statements on pages 16 to 40 were approved by the Trustees and authorised for issue on 22 December 2017 and signed on its behalf by:



Peter Fair OBE
Chair of Trustees

THE LAIDLAW SCHOOLS TRUST

CASHFLOW STATEMENT

for the year ended 31 August 2017

	Note	2017	2016
		£	£
Cash flows from operating activity			
Net cash provided by operating activities	21	(773,595)	536,846
Cash flows from investing activities			
Interest received		7,309	10,097
Capital grants from DfE and ESFA		48,902	49,802
Capital funding from sponsor and others		-	-
Payment to acquire tangible fixed assets		(192,938)	(443,356)
Cash received on conversion		63,424	
		<u>(73,303)</u>	<u>(383,457)</u>
Cash flows from financing activities			
Repayment of Salix loan		(1,500)	(1,500)
		<u>(1,500)</u>	<u>(1,500)</u>
Change in cash and cash equivalents in the reporting period		(848,398)	151,889
Cash and cash equivalents at beginning of the year		4,065,597	3,913,708
Cash and cash equivalents at end of the year		<u>3,217,199</u>	<u>4,065,597</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 Accounting policies

The Laidlaw Schools Trust is a charitable company. The address of the registered office is given on page 1 and the nature of its operations are set out in the trustees' report.

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

Basis of preparation

The financial statements of the Trust 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 financial statements 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.

The Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the financial currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £1.

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

School transfers

The conversion from a state maintained school to an academy Trust involves 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 South Hylton Primary School to the 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 and analysed under restricted general funds and restricted fixed asset funds. The transfer of South Hylton Primary School included £3,810,000 of leasehold land and buildings, £150,434 surplus funds and £520,000 of pension liability. Further details of the transaction are set out in note 27.

Income

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

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 Accounting policies (Continued)

General Annual Grant is recognised in full in the Statement of Financial Activities in the period 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.

Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

Donated goods, facilities and services

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

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 Accounting policies (Continued)

Charitable activities

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

Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% straight line
Fixtures, fittings and equipment	25% straight line

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

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

Liabilities

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

Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

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.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 Accounting policies (Continued)

Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit method. The TPS is a multi-employer scheme but 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 are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

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

Agency arrangements

The Trust acts as an agent in the administration of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 Accounting policies (Continued)

Financial instruments

The Trust has chosen to adopt section 11 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 24, 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.

3 Donations and capital grants

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	£	£	£	£	£
Private sponsorship	-	1,447,937	-	1,447,937	830,468
Capital grants	-	-	48,902	48,902	49,802
Other donations	-	81,889	-	81,889	90,715
	<u>-</u>	<u>1,529,826</u>	<u>48,902</u>	<u>1,578,728</u>	<u>970,985</u>

The income from donations and capital grants was £1,578,728 (2016: £970,985) of which £1,529,826 was restricted (2016: £921,183) and £48,902 was restricted fixed assets (2016: £49,802).

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

4 Funding for the Trust's educational operations

	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
	£	£	£	£
DfE / ESFA grants				
General annual grant (GAG)	-	12,870,109	12,870,109	12,535,013
Other DfE / ESFA grants	-	1,806,875	1,806,875	1,621,077
	<u>-</u>	<u>14,676,984</u>	<u>14,676,984</u>	<u>14,156,090</u>
Other government grants				
Local authority grants	-	400,620	400,620	389,847
	<u>-</u>	<u>400,620</u>	<u>400,620</u>	<u>389,847</u>
Total funding	<u>-</u>	<u>15,077,604</u>	<u>15,077,604</u>	<u>14,545,937</u>

The income from funding for educational operations was £15,077,604 (2016: £14,545,937) of which £15,077,604 was restricted (2016: £14,545,937).

Under the funding agreement with the Secretary of State, Excelsior Academy was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

Excelsior Academy did not exceed the limits during the year ended 31 August 2017.

The funding agreements of Atkinson Road, Thomas Walling and South Hylton Primary Academies are not subject to a limit on the GAG available to carry forward.

5 Other trading activities

	Unrestricted Funds	Restricted General Funds	Total 2017	Total 2016
	£	£	£	£
Lettings income	31,125	-	31,125	41,833
Catering income	235,126	-	235,126	238,027
Insurance income	4,950	-	4,950	24,529
Other income	<u>109,981</u>	<u>-</u>	<u>109,981</u>	<u>-</u>
	<u>381,182</u>	<u>-</u>	<u>381,182</u>	<u>304,389</u>

The income from other trading activities was £381,182 (2016: £304,389) of which £381,182 was unrestricted (2016: £304,389).

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

6 Investment income

	Unrestricted Funds £	Restricted General Funds £	Total 2017 £	Total 2016 £
Short term deposits	7,309	-	7,309	10,097

The income from funding for investment income was £7,309 (2016: £10,097) of which £7,309 was unrestricted (2016: £10,097).

7 Expenditure

	Staff Costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	235,126	235,126	250,981
Academies' educational operations					
Direct costs	9,577,678	1,076,044	1,230,810	11,884,532	10,802,537
Allocated support costs	3,459,732	-	2,317,029	5,776,761	5,600,083
Total expenditure	13,037,410	1,076,044	3,782,965	17,896,419	16,653,601

The expenditure on raising funds was £235,126 (2016: £250,981) of which £235,126 was unrestricted (2016: £250,981).

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor		
Audit	18,635	14,750
Other services	7,450	15,030
Operating lease rentals	147,096	181,153
Net interest on defined benefit pension liability	120,000	80,000
Depreciation of tangible fixed assets	1,076,044	1,021,647

Central services

The Trust provided central services to its Academies during the year.

The amounts charged during the year were as follows:

	Total £
Excelsior Academy	40,000
Atkinson Road Primary Academy	46,000
Thomas Walling Primary Academy	40,000
South Hylton Primary Academy	-
	126,000

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

8 Charitable activities

	2017 £	2016 £
All from restricted funds:		
Direct costs – educational operations	11,884,532	10,802,537
Support costs – educational operations	5,776,761	5,600,083
	<u>17,661,293</u>	<u>16,402,620</u>

The expenditure on educational operations was £17,661,293 (2016: £16,402,620) of which £16,585,249 was restricted (2016: £15,380,973) and £1,076,044 was restricted fixed assets (2016: £1,021,647).

	2017 £	2016 £
Analysis of support costs		
Support staff costs	3,459,732	3,198,029
Technology costs	532,791	398,171
Premises costs	881,455	692,958
Other support costs	884,148	1,209,347
Governance costs	18,635	101,578
	<u>5,776,761</u>	<u>5,600,083</u>

9 Staff costs

The average number of persons (including senior management team) employed by the Academies during the year ended 31 August 2017 was as follows:

	2017 £	2016 £
Wages and salaries	9,824,215	9,374,668
Social security costs	896,062	764,676
Other pension costs	1,858,010	1,445,677
	<u>12,578,287</u>	<u>11,585,021</u>
Total staff costs	12,578,287	11,585,021
Supply staff costs	280,868	326,196
Staff restructuring costs	35,280	92,960
Staff development and other staff costs	142,975	118,994
	<u>13,037,410</u>	<u>12,123,171</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

9 Staff costs (continued)

Staff numbers

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

	2017 Number	2016 Number
Teachers	164	152
Administration support	243	254
Management	8	8
	<u>415</u>	<u>414</u>

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

Higher paid staff

	2017 Number	2016 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	3	3
£80,001 - £90,000	2	-
£100,001 - £110,000	-	1
£130,000 - £140,000	1	-
	<u>1</u>	<u>-</u>

All the above employees, participated in the Teachers Pension Scheme, a defined benefit scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £96,742.

Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £35,280 (2016:£117,960). Individually the payments were: £4,600, £5,680, £10,000 and £15,000.

Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Trust was £138,396 (2016: £460,135).

10 Trustees' remuneration and expenses

None of the Trustees (other than the Chief Executive Officer) has been paid remuneration or has received other benefits from an employment with the Trust.

Jane Spence, the Chief Executive Officer received remuneration of £63,500 and Employer Pension Contributions of £10,465.

During the year, travel and subsistence expenses totalling £2,400 (2016: £2,485) were reimbursed to Trustees.

Related party transactions involving the Trustees are set out in Note 25.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

11 Trustees and officers insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £12,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,292 (2016: £2,083). The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Land & Buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 September 2016	38,240,059	7,234,318	45,474,377
Additions	114,244	78,693	192,938
Inherited on conversion (note 27)	3,810,000		3,810,000
	<u>42,164,303</u>	<u>7,313,011</u>	<u>49,477,315</u>
At 31 August 2017			
Depreciation			
At 1 September 2016	5,400,623	6,618,410	12,019,033
Charge in year	767,151	308,893	1,076,044
	<u>6,167,774</u>	<u>6,927,303</u>	<u>13,095,077</u>
At 31 August 2017			
Net book value			
At 31 August 2017	<u>35,996,529</u>	<u>385,708</u>	<u>36,382,238</u>
At 31 August 2016	<u>32,839,436</u>	<u>615,908</u>	<u>33,455,344</u>

13 Debtors

	2017 £	2016 £
Trade debtors	8,942	8,774
Other debtors	110,639	601,159
Prepayments and accrual income	1,367,121	612,465
	<u>1,486,701</u>	<u>1,222,398</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Other loans	1,500	1,500
Trade creditors	331,934	824,810
Other taxation and social security	102,112	222,174
Other creditors	300,580	1,103,492
Accruals and deferred income	607,328	386,017
	<u>1,343,454</u>	<u>2,537,993</u>

Other loans relates to a Salix loan received from the ESFA.

15 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Other loans	<u>1,500</u>	<u>3,000</u>
Analysis of loans		
Wholly repayable within five years	3,000	4,500
Less: included in current liabilities	<u>(1,500)</u>	<u>(1,500)</u>
Amount included above	<u>1,500</u>	<u>3,000</u>
Loan maturity		
Debt due in one year or less	1,500	1,500
Debt due between one year and two years	<u>1,500</u>	<u>3,000</u>
Amount included above	<u>3,000</u>	<u>4,500</u>

Other loans relates to an interest free Salix loan received from the ESFA.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

16 Deferred income

	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	304,785	203,483
	<u>304,785</u>	<u>203,483</u>
Deferred income at 1 September 2016	203,483	284,369
Released from previous	(203,483)	(230,169)
Amounts deferred in the year	304,785	149,283
	<u>304,785</u>	<u>149,283</u>
Deferred income at 31 August 2017	<u>304,785</u>	<u>203,483</u>

At the Balance Sheet date the Trust was holding funds received in advance in relation to: early years funding, free school meals, Ballinger Trust, Children in Need, Big Lottery Fund, British Council, other charitable donations, Sponsor Donation, Greggs Breakfast Club and other smaller items. The amount will be utilised in the year ended 31 August 2018.

17 Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised costs	1,369,213	4,429,048
	<u>1,369,213</u>	<u>4,429,048</u>
Carrying amount of financial liabilities		
Financial liabilities measured at amortised cost	(752,626)	(1,925,679)
	<u>(752,626)</u>	<u>(1,925,679)</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses And transfers £	Balance at 31 August 2017 £
Restricted general fund					
General Annual Grant	1,266,511	12,870,110	(12,417,929)	(192,838)	1,525,754
Other DfE / ESFA grants	109,488	1,806,875	(1,806,875)	-	109,488
Other government grants	-	400,620	(400,620)	-	-
School standards fund	918,034	-	-	-	918,034
Other restricted funds	-	1,680,259	(1,529,825)	(13,424)	137,010
	<u>2,294,033</u>	<u>16,757,864</u>	<u>(16,155,249)</u>	<u>(206,362)</u>	<u>2,690,286</u>
Funds excluding pension	(6,480,900)	(520,000)	(430,000)	3,790,000	(3,640,900)
Pension reserve	<u>(4,186,867)</u>	<u>16,237,864</u>	<u>(16,585,249)</u>	<u>3,583,638</u>	<u>(950,614)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	815,037	48,902	(33,564)	13,424	843,799
Capital expenditure from GAG	704,792	-	(34,988)	192,938	862,742
Assets transferred from Newcastle and Sunderland City Council's	4,953,343	3,810,000	(198,471)	-	8,564,872
Sponsorship of Lord Laidlaw of Rothiemay	874,852	-	(41,870)	-	832,982
Other restricted fixed asset fund	26,107,320	-	(767,151)	-	25,340,169
	<u>33,455,344</u>	<u>3,858,902</u>	<u>(1,076,044)</u>	<u>206,362</u>	<u>36,444,564</u>
Total restricted funds	<u>29,268,477</u>	<u>20,616,765</u>	<u>(17,661,293)</u>	<u>3,790,000</u>	<u>35,493,949</u>
Unrestricted funds					
General funds	452,969	388,491	(235,126)	-	606,334
Total funds	<u>29,721,446</u>	<u>21,005,257</u>	<u>(17,896,420)</u>	<u>3,790,000</u>	<u>36,100,284</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

18 Funds (continued)
Prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses And transfers £	Balance at 31 August 2016 £
Restricted general fund					
General Annual Grant	1,523,287	12,535,013	(12,518,354)	(273,435)	1,266,511
Other DfE / ESFA grants	-	1,621,077	(1,511,589)	-	109,488
Other government grants	-	389,847	(389,847)	-	-
School standards fund	918,034	-	-	-	918,034
Other restricted funds	-	921,183	(921,183)	-	-
	<u>2,441,321</u>	<u>15,467,120</u>	<u>(15,340,973)</u>	<u>(273,435)</u>	<u>2,294,033</u>
Funds excluding pension	(2,560,900)	-	(40,000)	(3,880,000)	(6,480,900)
Pension reserve	<u>(119,579)</u>	<u>15,467,120</u>	<u>(15,380,973)</u>	<u>(4,153,435)</u>	<u>(4,186,867)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	798,799	49,802	(33,564)	-	815,037
Capital expenditure from GAG	449,745	-	(18,388)	273,435	704,792
Assets transferred from Newcastle and Sunderland City Council's Sponsorship of Lord Laidlaw of Rothiemay	5,241,814	-	(288,471)	-	4,953,343
Other restricted fixed asset fund	916,722	-	(41,870)	-	874,852
	<u>26,746,674</u>	<u>-</u>	<u>(639,354)</u>	<u>-</u>	<u>26,107,320</u>
	<u>34,153,754</u>	<u>49,802</u>	<u>(1,021,467)</u>	<u>273,435</u>	<u>33,455,344</u>
Total restricted funds	<u>34,034,175</u>	<u>15,516,922</u>	<u>(16,402,620)</u>	<u>(3,880,000)</u>	<u>29,268,477</u>
Unrestricted funds					
General funds	389,464	314,486	(250,981)	-	452,969
Total funds	<u>34,423,639</u>	<u>15,831,408</u>	<u>(16,653,601)</u>	<u>(3,880,000)</u>	<u>29,721,446</u>

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

General Annual Grant must be used for the normal running costs for the Trust.

Other DfE/ESFA grants – relates to sponsor capacity grants received, Pupil Premium and other grants from DfE/ESFA.

Other government grants - SEN funding and other local authority grants received and expended in the financial period.

School standards fund - recurrent standard funds which were received to provide a contribution to the school's development and improvement agenda, including personalised learning. It was calculated based on pupil numbers. Standard funds are now paid as a 'maintenance grant' included within GAG income.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

18 Funds (continued)

Other restricted funds - grants from sponsors and other restricted donations received and expended in the financial period.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

DfE/ESFA capital grants - these arrangements allow Academies to decide how to fund local priorities. It can only be used for capital expenditure on premises/building projects or the purchase of ICT equipment.

Capital expenditure from GAG - the balance represents the total capital expenditure from the GAG. Depreciation is charged to the fund over the life of the related assets.

Assets transferred from Local Authorities - these balances are the value of the main school premises for Atkinson Road, Thomas Walling and South Hylton Primary Academies to be depreciated over the remaining useful economic life of the buildings.

Sponsorship from Lord Laidlaw of Rothiemay - during the previous year, Lord Laidlaw provided capital funding to improve the building and facilities at the Trust's Academies.

Other Restricted Fixed Assets Fund – the balance is the value of school premises for Excelsior Academy to be depreciated over the remaining useful economic life of the building.

Total funds analysis by Academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Excelsior Academy	1,745,544
Atkinson Road Primary Academy	668,230
Thomas Walling Primary Academy	619,027
South Hylton Primary Academy	174,072
Central Services	89,747
	<hr/>
Total before fixed assets fund and pension reserve	3,296,620
Restricted Fixed Asset Fund	36,444,564
Pension Reserve	<u>(3,640,900)</u>
Total Funds	<u><u>36,100,284</u></u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

Total cost analysis

Expenditure incurred by each Academy during the year was as follows:

	Teaching & educational support staff costs £	Other support staff costs £	Educational Supplies £	Other costs excluding depreciation £	Total £
Excelsior Academy	6,794,075	1,501,093	755,785	1,535,691	10,586,644
Atkinson Road Primary Academy	2,416,204	237,102	323,856	262,188	3,239,350
Thomas Walling Primary Academy	1,496,580	366,263	198,777	405,527	2,467,147
South Hylton Primary Academy	167,815	15,854	9,370	15,484	208,522
Central Services	-	42,425	-	276,287	318,712
	<u>10,874,674</u>	<u>2,162,736</u>	<u>1,287,788</u>	<u>2,495,176</u>	<u>16,820,375</u>

19 Analysis of net assets between funds

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets			36,382,238	36,382,238
Current assets	606,334	4,035,240	62,326	4,703,900
Creditors falling due within one year	-	(1,343,454)	-	(1,343,454)
Creditors falling due after one year	-	(1,500)	-	(1,500)
Defined benefit pension liability	-	(3,640,900)	-	(3,640,900)
	<u>606,334</u>	<u>(950,614)</u>	<u>36,444,564</u>	<u>36,100,284</u>

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets			33,455,344	33,455,344
Current assets	452,969	4,835,026	-	5,287,995
Creditors falling due within one year	-	(2,537,993)	-	(2,537,993)
Creditors falling due after one year	-	(3,000)	-	(3,000)
Defined benefit pension liability	-	(6,480,900)	-	(6,480,900)
	<u>452,969</u>	<u>(4,186,867)</u>	<u>33,455,344</u>	<u>29,721,446</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	177,276	147,097
Amounts due between one and five years	242,743	121,970
Amounts due after five years	-	-
	<u>420,019</u>	<u>269,067</u>

21 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £	2016 £
Net income/(expenditure) for the reporting period	2,588,838	(822,193)
Adjusted for:		
Capital grants from DfE/ESFA	(48,902)	(49,802)
Capital funding from sponsor and others	-	-
Interest receivable	(7,309)	(10,097)
Net Surplus on conversion	(3,440,434)	
Defined benefit pension scheme cost less contributions payable	310,000	(40,000)
Defined benefit pension scheme finance cost/(income)	120,000	80,000
Depreciation of tangible fixed assets	1,076,044	1,021,647
(Increase)/decrease in debtors	(177,294)	(187,815)
Increase/(decrease) in creditors	(1,194,538)	545,106
Net cash provision by operating activities	<u>(773,595)</u>	<u>536,846</u>

22 Contingent liabilities

In the event that during the year of the Funding Agreement's, the Trust sells or disposes of any asset for which a capital grant was received, the Trust shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Trust for its charitable purposes.

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he or she ceases to be a member.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pensions and similar obligations

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

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

Outstanding contributions as at 31 August 2017 were £187,919.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014.

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.

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 (Valuation 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 in June 2014.

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% employer administration charge), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pensions and similar obligations (continued)

The employer's pension costs paid to the TPS in the period amounted to £968,010 (2016: £925,677).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are from 5.5% - 12.5% for employees and 24.1 % for employers.

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

Total contributions made

	2017	2016
	£	£
Employer's contributions	580,000	560,000
Employees' contributions	150,000	150,000
	<u>730,000</u>	<u>710,000</u>

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2017 by a qualified independent actuary.

	2017	2016
	%	%
Rate of increases in salaries	3.5	3.5
Rate of increase for pensions in payment	2	2
Discount rate	2.5	2
Inflation assumption (CPI)	2	2

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

	2017	2016
	Years	Years
Retiring today		
Males	22.8	23.2
Females	26.3	24.8
Retiring in 20 years		
Males	25	25.3
Females	<u>28.6</u>	<u>27.1</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pensions and similar obligations (continued)

The Trust's share of the assets in the scheme

	2017	2016
	Fair value	Fair value
	£	£
Equities	7,152,020	5,376,930
Government bonds	421,980	308,180
Corporate bonds	973,800	932,650
Cash	421,980	243,300
Property	1,244,300	811,000
Other assets	605,920	437,940
Total fair value of assets	10,820,000	8,110,000
 Actual return on scheme assets – gain	 1,790,000	 1,220,000

Amounts recognised in the Statement of Financial Activities

	2017	2016
	£	£
Current service cost	890,000	520,000
Net interest cost	120,000	80,000

Changes in the present value of defined benefit obligations

	2016
	£
Obligations at 1 September 2016	14,590,900
Current service cost	890,000
Interest cost	290,000
Employee contributions	150,000
Actuarial loss	(2,170,000)
Benefits paid	(200,000)
Net increase in liabilities from acquisition	910,000
 At 31 August 2017	 14,460,900

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pensions and similar obligations (continued)

Changes in the fair value of the Trust's share of scheme assets

	2017 £
Assets at 1 September 2016	8,110,000
Interest income	170,000
Return on plan assets (excluding net interest on the net defined pension liability)	1,620,000
Employer contributions	580,000
Employee contributions	150,000
Benefits paid	(200,000)
Net increase in liabilities from acquisition	390,000
	<hr/>
At 31 August 2017	10,820,000
	<hr/>

25 Related party transactions

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

During the year, the Trust recognised sponsorship income from Lord Laidlaw of Rothiemay, who is a member of the Trust of £1,447,937 (2016: £830,468)

At 31 August 2017 an amount of £894,322 (2016: £195,622) was expected by the Sponsor of the Trust and is included within other debtors.

26 Agency arrangements

The Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £30,754 (2016: £46,470). The funds remain in Creditors at the year end, awaiting distribution (see Note 14).

27 Conversion to Academy Trust

On 1 July 2017, South Hylton Primary School converted to academy status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to the Trust from the Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in the substance of a gift. The assets and liabilities transferred were at fair value and recognised in the balance sheet under the appropriate headings with corresponding amounts in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

27 Conversion to Academy Trust (continued)

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2017 £
Tangible Fixed Assets				
Leasehold Land & Building	-	-	3,810,000	3,810,000
Other Tangible Fixed Asset			-	-
Budget Surplus/(Deficit) on LA Funds	-	150,434	-	150,434
LGPS Pension Surplus/(Deficit)	-	(520,000)	-	(520,000)
	<u>-</u>	<u>(520,000)</u>	<u>-</u>	<u>(520,000)</u>
	<u>-</u>	<u>(369,566)</u>	<u>3,810,000</u>	<u>3,440,434</u>

28 Events occurring subsequent to the balance sheet date

On 1 September 2017, Westgate Hill Primary Academy joined the Trust.