

**THE LAIDLAW SCHOOLS TRUST**  
(a Company Limited by Guarantee)  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# THE LAIDLAW SCHOOLS TRUST

## COMPANY INFORMATION

Year ended 31 August 2019

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### Members

Founding Sponsor

Lord Laidlaw of Rothiemay  
P C Fair OBE  
G A Robertson  
S V Kempe (Appointed 1 September 2019)  
M J Waugh (Appointed 1 September 2019)

### Board of Directors and Trustees

P C Fair OBE, Chair of Trustees (Retired 28 February 2019)  
S V Kempe, Chair of Trustees (Appointed 1 March 2019)  
J Spence  
C Jobe  
A Hunter  
L Conlon MBE  
P Sehgal  
P Solly

### Senior Management Team

CEO & Accounting Officer  
Chief Finance Officer  
Director of Data and Systems  
Executive Principal Primary

J Spence  
L Doyle  
S Dillon  
K Wood

### Company Secretary

P Snowden

### Company Registration Number

05735093 (England and Wales)

### Registered Office

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

### Academies operated

Excelsior Academy ("EA")

### Location

Newcastle upon Tyne

### Principals

C Taylor (Resigned 31 Oct 2018)  
D Thornton (Interim appointment with effect from 01 Nov 2018)

Atkinson Road Primary Academy ("ARPA")  
Thomas Walling Primary Academy ("TWPA")  
South Hylton Primary Academy ("SHPA")  
Academy 360 ("A360")  
Westgate Hill Primary Academy ("WHPA")

Newcastle upon Tyne  
Newcastle upon Tyne  
Sunderland  
Sunderland  
Newcastle upon Tyne

L Macauley  
K Wood  
J A Cort  
R Donohue  
K Wood

### 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 2019

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The Trustees of The Laidlaw Schools Trust (the Trust) present their Annual Report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

As at 31 August 2019 the Trust operated 6 academies for pupils aged 2 to 18 across the North East of England. This consists of 4 primaries and 2 all through academies. The total pupil capacity across all the academies is 4,729, with 4,343 on roll as at 31 August 2019.

### 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 Trust's Memorandum and Articles of Association are the primary governing documents of the Trust. Two Members of the Trust are nominated by Lord Laidlaw, the main sponsor of the Trust and additional Member appointments are made by the Members. The Articles of Association require the Trust to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the Trust and the management of the Trust. The Articles of Association were last amended on 21 December 2017.

The Trust is known as The Laidlaw Schools Trust.

#### Members' liability

Each member of the Trust undertakes to contribute to the assets of the Trust 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.

#### 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

In accordance with the Articles of Association, the Members may appoint by ordinary resolution up to 10 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.

On 1 September 2019 two new Members were appointed by the Members and are named on pages 1 and 3.

#### Trustees

The Trustees are directors of the Trust 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 2019 and served throughout the year, except where shown, are listed on the next page.

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

During the year under review the Trustees held three formal meetings and one development event. The training and induction provided for new Trustees will depend on their existing experience. Where necessary, training will be provided on charity and educational legal and financial matters. All new Trustees will be given a tour of the Academies and the opportunity 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.

# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

### Organisational Structure

#### Laidlaw Schools Trust Members

Lord Laidlaw  
P C Fair OBE  
G Robertson  
S V Kempe (Appointed 1 Sep 2019)  
M J Waugh (Appointed 1 Sep 2019)

#### Board of Trustees and Directors as at 31 August 2019

P C Fair OBE, Chair of Trustees  
(Retired 28 February 2019)  
S V Kempe, Chair of Trustees  
(Appointed 1 March 2019)  
J Spence, CEO  
C Jobe  
A Hunter  
L Conlon MBE  
P Sehgal  
P Solly

#### Operations and Audit Committees

P Sehgal, Chair  
P C Fair OBE (Retired 28 Feb 2019)  
C Jobe  
P Solly  
J Spence, CEO & Accounting Officer  
(Operations Committee only)

#### Remuneration Committee

C Jobe, Chair  
P C Fair OBE (Retired 28 Feb 2019)  
S V Kempe (Appointed 1 Mar 2019)  
P Sehgal

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. This team is now fully in place and supporting member Academies well. 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.

# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

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

The pay of senior Academy and senior management team is determined by the Trustees. In 2018/19 the Trustees formed a Remuneration Committee and delegated this responsibility to it. Decisions are taken based on the individual Academy's circumstances, the responsibilities involved and market conditions to attract and retain quality professionals to drive improvement. The Trustees 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.

### Trade union facility time

No disclosure is required in regards to this, as the Trust purchases a Service Level Agreement for this service from a third party.

### 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 £2,712,385 (2018: £3,111,017) for agreed expenditure and activities.

At 31 August 2019, £1,380,975 (2018: £Nil) was due to be received from the Sponsor.

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

## OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

### Objects and aims

The principal object and activity of the Trust is the operation of the Trust to advance for the public benefit the education for pupils of different abilities at Atkinson Road Primary Academy, Thomas Walling Primary Academy, Westgate Hill Primary Academy and South Hylton Primary Academy for pupils aged between 2 and 11; at Excelsior Academy for pupils between 3 and 18 years of age and Academy 360 for pupils between 3 and 16 years of age.

### Objectives, strategies and activities

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

The main objectives of the Trust during the year ended 31 August 2019 are summarised below:

- to transform the lives of children and communities in the North of England, through inspirational education;
- 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.

### Employee Consultation

The Trust encourages the involvement of its employees in its management through regular meetings and receiving their news on important matter of policy.

# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

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### 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. All charitable activities are undertaken to further the advancement of education to all students in its care and partnership organisations in the wider community.

## STRATEGIC REPORT

### Achievements and Performance

All Primary Academies show a three-year upward trend in progress. Reading, Writing and Maths have far exceeded National Average following rapid improvement from 2018.

Primary Academies have also improved in 87% of Expected and Greater Depth measures across KS2

### Key Performance Indicators

The Trust is pleased to report the good progress made by all its Academies during 2018-19 as follow:

#### Early Years Foundation Stage (EYFS) and Key Stage One (KS1) –

The Academies have improved in 50% at Greater Depth measures since 2018 across EYFS.

KS1 Reading has improved in 67% of schools across the Expected Attainment measure since 2018.

KS1 Writing has improved or remained the same in 83% of schools across the Expected Attainment measure since 2017.

KS1 Maths has improved in 67% of schools across the Expected Attainment measure since 2018.

EYFS Good Level of Development has improved in 50% of schools since 2018.

#### Key Stage Two (KS2) –

KS2 Progress is on a three-year upward trend, and is greater than National in Reading for 83% of the schools.

KS2 Progress is on a three-year upward trend, and is greater than National in Writing for 100% of the schools.

KS2 Progress is on a three-year upward trend, and is greater than National in Maths for 83% of the schools.

Overall Progress at KS2 for the Trust is above National Average in Reading, Writing and Maths, showing a rapid and sustained rise from 2017 to 2019.

KS2 Reading attainment has improved in 83% of schools since 2018, with 50% above National Average.

KS2 Writing attainment has improved in 67% of schools since 2018, with 67% above National Average.

KS2 Maths attainment has improved in 83% of schools since 2018.

KS2 combined attainment has improved in 86% of schools since 2018, with 33% above National Average.

#### Key Stage Four (KS4) –

Academy 360 has improved in the Progress 8 measure since 2018 showing a four-year upward trend since Laidlaw Schools Trust involvement.

Academy 360's improvement in Progress means it is now better than the DfE Floor Standard.

50% of Academy 360's subjects have improved since 2018 in the Attainment measure, with 60% of BTEC qualifications now above National Averages.

29% of Academy 360 pupils have achieved a positive Progress 8 score.

Excelsior Academy has improved in two out of five headline measures.

45% of Excelsior Academy subjects have improved results since 2018, with 100% of Modern Foreign Languages now above National Averages.

33% of Excelsior Academy pupils have achieved a positive overall Progress 8 score.

#### Key Stage Five (KS5) –

Overall, Excelsior Academy College has improved its Average Points per entry since 2018.

Average Grade for A Level Students is D+.

Average Grade for BTEC Students is Merit.

# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

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BTEC has a positive Value Added Score of 0.18 (Value added from KS4 to KS5).

The Excelsior Academy's sixth form, Excelsior College, achieved a 100% pass rate for all Applied General students and a 96% pass rate for all A Level qualification students.

A total of 50% of students studying for Applied General qualifications gained a distinction or distinction star grade. At A Level, 15% of students scored an A grade. Many Excelsior College students secured university places in September, with 42 students accepting those places.

### FINANCIAL REVIEW

#### Financial and risk management objectives and policies

There is a comprehensive risk register in place that is reviewed annually with the top risks being regularly reviewed by the Operations and Audit Committee. The Trust has minimal exposure to financial instruments, utilising only debtors and creditors.

#### 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 2019 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 2019, total expenditure of £28,607,285 (excluding depreciation of £1,876,435) was more than covered by the recurrent grant funding from the ESFA together with other incoming resources including donations from the Sponsor of £2,712,385. The excess of income over expenditure (excluding depreciation) for the year was £912,931.

Including depreciation and adjustments for FRS102 pension deficit, the net expenditure for the year is £963,504.

At 31 August 2019, the net book value of the Trust's fixed assets was £63,636,896 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.

At 31 August 2019, the cash balance held by the Trust was £7,862,376 (2018: £8,482,334), and net current assets of £7,122,674 (2018: £6,460,224).

At 31 August 2019, the FRS102 pension deficit amounted to £8,900,900. The Trust recognises that the defined benefit scheme deficit, represents a significant potential liability. However, the Trust considers, that as each individual academy is able to meet its known annual contributions commitment for the foreseeable future, the risk from this liability is minimised. The liability does not have an immediate cash flow impact, however the cash flow impact will be the increased contributions.

#### Reserves Policy

The Board reviews 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 to three months' 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 £1,903,476, which is less than is needed. The Trust intends to continue building up free reserves to the level needed. Currently, two months' expenditure for the Trust equates to £4,824,388. At 31 August 2019, the Trust held cash at bank of £7,862,376 and net current assets of £7,122,673.

# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

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### Going Concern

After reviewing financial and other information available, the Trust considers that the Academies have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust continues to adopt the going concern basis in preparing the financial statements.

### Financial Position

The Trust held fund balances at 31 August 2019 of £61,858,670. These are split into restricted fixed asset funds of £64,420,172, pension reserve of (£8,900,900), restricted general reserves of £4,435,922 and unrestricted funds of £1,903,476.

### 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. It has 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 it has adequate insurance cover. The Academies have effective systems of internal financial controls.

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.

### Key Performance Indicators

The Trust is pleased to report the good progress made by all its Academies during 2018-19 against the key indicators for academic progress, behaviour and attendance set for pupils and the performance targets set for staff, who are measured on pupil attainment.

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 total income. The percentages are 79.91% and 74.96% retrospectively. In August 2019, across the Trust there were 4,343 pupils and 273 Teaching staff therefore the pupil to teacher ratio is 15.9.

### Fundraising

During the year Atkinson Road Primary Academy received £34,000 (2018; £30,000) from the Ballinger Charitable Trust. The purpose of the donation is to promote family learning and to fund an Occupational Therapist.

Greggs funding was secured in the year to go towards funding a breakfast club school. This was awarded to Academy 360, Atkinson Road Primary Academy, Excelsior Academy, Thomas Walling Primary Academy and Westgate Hill Primary Academy. No public fundraising is performed by the Trust.



# THE LAIDLAW SCHOOLS TRUST

## TRUSTEES' REPORT

Year ended 31 August 2019

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### PLANS FOR FUTURE PERIOD

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 six Academies will work very closely together with a view to sharing knowledge and expertise for the benefit of pupils and families.

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 is seeking opportunities to 'add capacity' to support the work of its academies.

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.

### 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.

### 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 as far as they are aware there is no relevant audit information of which the auditor is 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 Trust auditors are aware of that information

The Trustees' 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 10 December 2019 and signed on its behalf by:



S V Kempe  
Chair of Trustees

**THE LAIDLAW SCHOOLS TRUST**  
**GOVERNANCE STATEMENT**  
**Year ended 31 August 2019**

**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.

Jane Spence is the Trust's CEO and Accounting Officer and is responsible for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned 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 and in addition have attended a Trust Strategic Planning event. Operations and Audit Committee has oversight on behalf of the Board. Attendance during the year at meetings of the Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
P C Fair OBE (retired 28 February 2019)	1	1
S V Kempe (appointed 1 March 2019)	2	2
C Jobe	2	3
J Spence	3	3
A Hunter	3	3
L Conlon MBE	2	3
P Sehgal	3	3
P Solly	3	3

The Operations and Audit Committee is a committee of the Board. Their purpose is to oversee the Trust's financial and operational affairs and to inform the decision making of the Board. The Committees meet concurrently and have formally met six times during the year. Attendance at meetings in the year was as follows:

<b>Operations and Audit Committee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
P Sehgal Chair	6	6
P C Fair OBE (Retired 28 February 2019)	3	3
C Jobe	5	6
P Solly	6	6
J Spence	6	6

<b>Remuneration Committee</b>	<b>Meeting attended</b>	<b>Out of possible</b>
C Jobe Chair	2	2
P C Fair OBE (Retired 28 February 2019)	1	1
P Sehgal	2	2
S V Kempe (appointed 1 March 2019)	0	1

**Governance Review**

During the year, whilst meeting concurrently, the Operations and Audit Committees dealt separately with operational and audit matters. The Trustees also established a Remuneration Committee in October 2018 to consider executive pay and salaries of senior staff, and a Standards Committee in July 2019 to consider educational performance; the latter was constituted but did not meet within the accounting period.

The Trust undertook three detailed governance reviews during the course of the year, two with Ambition Leadership and one through the Department for Education's One Vision project. Self-assessment of governance performance and succession planning for the Board and its committees, including Local Governing Bodies, was refreshed in the light of the findings of these reviews. As a result, the Trust has already created a Standards Committee, held a Trust Strategy Day and a Governance Curriculum Training Day. The Trust has identified skills requirements and brought additional members onto the Standards Committee, and Associated Governors onto Local Governing Bodies to meet these needs; this is an ongoing process and the recruitment of additional trustees is in hand.

## THE LAIDLAW SCHOOLS TRUST

### GOVERNANCE STATEMENT

Year ended 31 August 2019

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#### **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:

- The former ICT managed service with Gaia Technologies has ended and IT support has been brought in-house during the year. This has created significant in year savings to all of the Trust Academy budgets and has also provided a highly efficient and effective service across the Trust.
- Thomas Walling has purchased outdoor play equipment, which will not only improve the pupils outdoor play experience but will encourage pupil creativity. There are also health benefits which come from promoting outdoor play.
- Westgate Hill has converted washroom facilities into classroom space. This exercise has created an additional learning space to accommodate their increasing pupil numbers and to enhance the learning environment.

#### **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 2019 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board and the Operations and Audit 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 continual process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

#### **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 and Audit 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 and Audit 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 it regards 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;
- clarifying the responsibility of the Leadership Team of each Academy to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;

## THE LAIDLAW SCHOOLS TRUST

### GOVERNANCE STATEMENT

Year ended 31 August 2019

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- explaining to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
  - embedding the control system in the Trust's operations so that it becomes part of the culture of the Trust;
  - developing systems to respond quickly to evolving risks arising from factors within the Trust and to changes in the external environment; and
  - the procedures for reporting failings immediately to appropriate levels of authority and the Local Governing Body of each Academy together with details of corrective action being undertaken.

#### Internal Audit

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, as Internal Assurance Reviewer to perform additional internal assurance checks.

The Internal Assurance reviewer scrutinises financial and internal controls providing recommendations, where appropriate, in line with the Academies Financial Handbook 2018. In particular, the checks carried out in the current period included:

- Safeguarding
- Cash handling

The internal assurance function has been delivered in line with the ESFA's requirements with no material control issues arising.

#### Review of effectiveness

As the Accounting Officer, the CEO 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 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 and Audit Committee to support financial probity. The Committee manages and monitors risk, receives reports from the Trusts' auditors and considers documentation received from the ESFA.

The Accounting Officer and Operations and Audit Committee receive reports from the Internal Assurance Reviewer and any recommendations are implemented in a timely manner.

Approved by order of the members of the Board of Trustees on 10 December 2019 and signed on their behalf by:



S V Kempe  
Chair of Trustees



J Spence  
CEO & Accounting Officer

**THE LAIDLAW SCHOOLS TRUST**  
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**  
**Year ended 31 August 2019**

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**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of The Laidlaw Schools Trust, I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

I confirm the following instance of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and the ESFA. If any instances are identified, after the date of this statement, these will be notified to the Trust Board and ESFA.

During the year the Trust made a non-contractual settlement payment of £50,132, this payment was reimbursed in full by the Trust Sponsor. The Trust did not seek prior approval from the ESFA, however the ESFA were subsequently informed and retrospective consent is being sought.



**J Spence**  
**CEO & Accounting Officer**

**THE LAIDLAW SCHOOLS TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**Year ended 31 August 2019**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees 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 Trust 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 2018 to 2019;
- 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 Trust will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the 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 Trust 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 10 December 2019 and signed on their behalf by:

  
S V Kempe  
Chair of Trustees

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LAIDLAW SCHOOLS TRUST  
YEAR ENDING ON 31 AUGUST 2019**

**Opinion**

We have audited the financial statements of The Laidlaw Schools Trust (the "charitable company") for the year ended 31 August 2019, which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statements 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 2018 to 2019 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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 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 Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' 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 Directors' Report or Strategic Report included within the Trustees' 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 trustees 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 to 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. This description forms part of our auditor's report.

### Use of our 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: 11 June 2019



**THE LAIDLAW SCHOOLS TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**

for the year ended 31 August 2019

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
<b>Income and endowments</b>						
Donations and capital grants	3	-	2,746,884	579,556	3,326,440	3,583,813
Transfer from LA on conversion	27	-				6,974,767
Transfer of existing academy into the Trust	27	-				21,890,928
Charitable activities:						
Funding for educational operations	4	-	25,335,100	-	25,335,100	22,963,465
Other trading activities	5	826,333	-	-	826,333	848,483
Investments	6	32,343	-	-	32,343	6,258
<b>Total income and endowments</b>		<u>858,676</u>	<u>28,081,984</u>	<u>579,556</u>	<u>29,520,216</u>	<u>56,267,713</u>
<b>Expenditure on:</b>						
Raising funds	7	375,186			375,186	349,759
Charitable activities:						
Educational operations	8	-	28,232,099	1,876,435	30,108,534	27,306,064
<b>Total resources expended</b>	7	<u>375,186</u>	<u>28,232,099</u>	<u>1,876,435</u>	<u>30,483,720</u>	<u>27,655,823</u>
<b>Net income/(expenditure)</b>		483,490	(150,115)	(1,296,879)	(963,504)	28,611,890
Transfer between funds	18	-	(381,620)	381,620	-	-
		483,490	(531,735)	(915,259)	(963,504)	28,611,890
<b>Other recognised gains and losses</b>						
Remeasurement of net defined benefit obligations	24		(3,710,000)	-	(3,710,000)	1,820,000
<b>Net movement in funds</b>		483,490	(4,241,735)	(915,259)	(4,673,504)	30,431,890
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>1,419,986</u>	<u>(223,243)</u>	<u>65,335,431</u>	<u>66,532,174</u>	<u>36,100,284</u>
Total funds carried forward	18	<u>1,903,476</u>	<u>(4,464,978)</u>	<u>64,420,172</u>	<u>61,858,670</u>	<u>66,532,174</u>

**THE LAIDLAW SCHOOLS TRUST**

(Company Number: 05735093)

**BALANCE SHEET**

at 31 August 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Tangible assets	12		63,636,896		64,862,850
<b>Current assets</b>					
Debtors	13	2,055,303		945,461	
Cash at bank and in hand		7,862,376		8,482,334	
		<u>9,917,679</u>		<u>9,427,795</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(2,795,005)		(2,967,571)	
<b>Net current assets</b>			<u>7,122,674</u>		<u>6,460,224</u>
<b>Total assets less current liabilities</b>			<u>70,759,570</u>		<u>71,323,074</u>
Creditors: amounts falling due after more than one year	15		-		-
<b>Net assets excluding pension liability</b>			<u>70,759,570</u>		<u>71,323,074</u>
Defined benefit pension liability	24	(8,900,900)		(4,790,900)	
<b>Net assets</b>			<u><u>61,858,670</u></u>		<u><u>66,532,174</u></u>
<b>Funds of the Academy Trust</b>					
<b>Restricted funds</b>	18				
Restricted fixed asset funds			64,420,172		65,335,431
Restricted general funds			4,435,922		4,567,657
Pension reserve			(8,900,900)		(4,790,900)
<b>Total restricted funds</b>			<u>59,955,194</u>		<u>65,112,188</u>
<b>Unrestricted income funds</b>	18		<u>1,903,476</u>		<u>1,419,986</u>
<b>Total funds</b>			<u><u>61,858,670</u></u>		<u><u>66,532,174</u></u>

The financial statements on pages 16 to 40 were approved by the Board of Trustees and authorised for issue on 10 December 2019 and signed on their behalf by:

S V Kempe  
Chair of Trustees

**THE LAIDLAW SCHOOLS TRUST**  
**CASHFLOW STATEMENT**  
for the year ended 31 August 2019

	Note	2019	2018
		£	£
<b>Cash flows from operating activity</b>			
Net cash provided (used in)/ by operating activities	21	(581,374)	3,478,193
<b>Cash flows from investing activities</b>			
Interest received	32,343	6,258	
Capital grants from DfE and ESFA	579,556	410,253	
Payment to acquire tangible fixed assets	(650,482)	(718,136)	
Cash received on conversion	-	2,090,067	
<b>Net cash provided by/ (used in) investing activities</b>		(38,583)	1,788,442
<b>Cash flows from financing activities</b>			
Repayment of Salix loan	-	(1,500)	
<b>Net cash used in financing activities</b>		-	(1,500)
<b>Net increase/ (decrease) in cash and cash equivalents in the reporting period</b>		(619,957)	5,265,135
Cash and cash equivalents at beginning of the year		8,482,334	3,217,199
<b>Cash and cash equivalents at end of the year</b>		<u>7,862,376</u>	<u>8,482,334</u>

**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2019**

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**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 2018 to 2019 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 Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Income**

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

**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2019**

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**Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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, when performance related conditions have been met, 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**

Where the donated good is a fixed asset it is measured at depreciated replacement cost being its 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 benefit 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.

**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 other trading activities (Note 5).

**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2019**

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**1 Accounting policies (Continued)**

**Charitable activities**

These are costs incurred in 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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits.

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
ICT Equipment	25% straight line

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

**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 2019**

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**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 an unfunded multi-employer scheme with no assets to assign between employers consequently, 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 Skills 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 2019

**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.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) unless the arrangement constitutes a financing transaction.

**Derecognition of financial assets and liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**3 Donations and capital grants**

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Private sponsorship	-	2,712,385	-	2,712,385	3,111,017
Capital grants		579,556	-	579,556	410,253
Other donations		34,499	-	34,499	62,543
		<u>3,326,440</u>	<u>-</u>	<u>3,326,440</u>	<u>3,583,813</u>

The income from donations and capital grants was £3,326,440 (2018: £3,583,813) of which £2,746,884 was restricted (2018: £3,173,560) and £579,556 was restricted fixed assets (2018: £410,253).



**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2019

**4 Funding for the Trust's educational operations**

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	20,888,240	20,888,240	18,901,860
Pupil Premium	-	2,320,866	2,320,866	2,113,491
Other DfE / ESFA grants	-	801,115	801,115	813,482
	<u>-</u>	<u>24,010,222</u>	<u>24,010,222</u>	<u>21,828,833</u>
<b>Other government grants</b>				
Local authority grants	-	1,324,878	1,324,878	1,134,632
	<u>-</u>	<u>1,324,878</u>	<u>1,324,878</u>	<u>1,134,632</u>
<b>Total funding</b>	<u>-</u>	<u>25,335,100</u>	<u>25,335,100</u>	<u>22,963,465</u>

The income from funding for educational operations was £25,335,100 (2018:£22,963,465) of which £25,335,100 was restricted (2018: £22,963,465).

The funding agreements of the Trust are not subject to a limit on the GAG available to carry forward.

**5 Other trading activities**

	Unrestricted Funds £	Restricted General Funds £	Total 2019 £	Total 2018 £
Lettings income	71,203	-	71,203	52,294
Catering income	375,186	-	375,186	349,759
Insurance income	41,615	-	41,615	51,487
Other income	338,329	-	338,329	394,943
	<u>826,333</u>	<u>-</u>	<u>826,333</u>	<u>848,483</u>

The income from other trading activities was £826,333 (2018:£848,483) of which £826,333 was unrestricted (2018: £848,484).

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**6 Investment income**

	Unrestricted Funds £	Restricted General Funds £	Total 2019 £	Total 2018 £
Interest	32,343	-	32,343	6,258

The investment income was £32,343 (2018: £6,258) of which £32,343 was unrestricted (2018: £6,258).

**7 Expenditure**

	Staff Costs £	Premises & equipment £	Other costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
Direct costs	-	-	375,186	375,186	349,759
Academies' educational operations					
Direct costs	15,791,707	1,876,435	1,742,820	19,410,962	17,429,438
Allocated support costs	6,959,510	-	3,738,062	10,697,572	9,876,626
<b>Total expenditure</b>	<b>22,751,217</b>	<b>1,876,435</b>	<b>5,856,068</b>	<b>30,483,720</b>	<b>27,655,823</b>

The expenditure on raising funds was £375,186 (2018: £349,759) of which £375,186 was unrestricted (2018: £349,759).

**Net income/(expenditure) for the year includes:**

	2019 £	2018 £
Fees payable to auditor		
Audit	26,350	23,965
Other services		
Audit related- assurance services	6,800	2,590
Internal assurance services	5,700	2,700
Other assurance services	5,250	2,160
Operating lease rentals	125,340	133,398
Net interest on defined benefit pension liability	110,000	110,000
Depreciation of tangible fixed assets	1,876,435	1,513,150

**Central services**

The Trust provided central services to its Academies for HR, financial and other services during the year.

The amounts charged during the year, being 2% of GAG, were as follows:

	Total £
Excelsior Academy	177,506
Atkinson Road Primary Academy	40,081
Thomas Walling Primary Academy	35,495
South Hylton Primary Academy	23,051
Westgate Hill Primary Academy	55,623
Academy 360	83,469
	<b>415,225</b>

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**8 Charitable activities**

	2019 £	2018 £
<b>All from restricted funds:</b>		
Direct costs – educational operations	19,410,962	17,429,438
Support costs – educational operations	10,697,572	9,876,626
	<u>30,108,534</u>	<u>27,306,064</u>

The expenditure on educational operations was £30,108,534 (2018: £27,306,064) of which £28,232,099 was restricted (2018: £25,792,914) and £1,876,435 was in respect of depreciation restricted tangible fixed assets (2018: £1,513,150).

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	6,959,510	6,263,181
Technology costs	676,051	660,386
Premises costs	1,681,061	1,547,839
Other support costs	1,294,574	1,376,525
Governance costs	86,376	28,695
	<u>10,697,572</u>	<u>9,876,626</u>

**9 Staff costs**

Staff Costs during the period were:

	2019 £	2018 £
Wages and salaries	16,958,687	15,444,971
Social security costs	1,530,851	1,412,857
Other pension costs	3,229,165	3,029,784
	<u>21,718,703</u>	<u>19,887,612</u>
Total staff costs	21,718,703	19,887,612
Supply staff costs	607,453	259,239
Staff restructuring costs	235,933	147,274
Staff development and other staff costs	189,128	154,684
	<u>22,751,217</u>	<u>20,448,809</u>
 Staff restructuring costs comprise:		
Severance payments	194,593	147,274
Redundancy costs	41,340	-
	<u>235,933</u>	<u>147,274</u>

Funding of £137,246 from the sponsor has been received towards the restructuring payments.

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**9 Staff costs (continued)**

**Staff numbers**

The average number of persons (including senior management team) employed by the Academies during the year ended 31 August 2019 was as follows:

	2019 Number	2018 Number
Teachers	273	263
Administration support	424	383
Management	16	15
	<u>712</u>	<u>662</u>

The number of employees whose employee benefits (excluding national insurance and employer pension contributions) exceeded £60,000 was:

**Higher paid staff**

	2019 Number	2018 Number
£60,001 - £70,000	6	8
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
£90,001 - £100,000	2	-
£110,001 - £120,000	1	1
£180,000 - £190,000	1	1
	<u>13</u>	<u>12</u>

**Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £121,052 (2018: £109,315). Individually, the payments were as follows: £50,132, £30,734, £16,108, £14,000, £5,350 and £4,728.

**Key management personnel**

The key management personnel of the Trust comprise 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 £498,195 (2018: £306,691).

**10 Trustees' remuneration and expenses**

None of the Trustees (other than the CEO) has been paid remuneration or has received other benefits from an employment with the Trust. The CEO only receives remuneration in respect of services provided undertaking the role of CEO under her contract of employment and not in respect of her services as trustee.

Jane Spence, the CEO received remuneration of £186,981 (2018: £183,315), other benefits received in the year of £nil and employer pension contributions of £30,814 (2018: £30,210). In excess of 50% of her total remuneration is funded directly by Lord Laidlaw of Rothiemay.

During the year, travel and subsistence expenses totalling £1,740 (2018: £2,285) were reimbursed to two Trustees.

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

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**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 2019 was £1,227 (2018: £712). The cost of this insurance is included in the total insurance cost.

**12 Tangible fixed assets**

	<b>Leasehold Land &amp; Buildings £</b>	<b>Freehold Land &amp; Buildings £</b>	<b>Fixtures fittings &amp; equipment £</b>	<b>IT £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 September 2018	39,055,309	32,318,469	5,486,717	2,610,582	79,471,078
Additions	-	-	426,067	224,415	650,482
Disposals	-	-	(522,845)	(209,837)	(732,682)
<b>At 31 August 2019</b>	<b>39,055,309</b>	<b>32,318,469</b>	<b>5,389,939</b>	<b>2,625,160</b>	<b>79,388,877</b>
<b>Depreciation</b>					
At 1 September 2018	1,123,447	6,352,113	4,868,322	2,264,345	14,608,228
Charge in year	781,107	646,369	301,799	147,160	1,876,435
Disposals	-	-	(522,845)	(209,837)	(732,682)
Reallocation	(171,850)	-	158,348	13,502	-
<b>At 31 August 2019</b>	<b>1,732,704</b>	<b>6,998,482</b>	<b>4,805,624</b>	<b>2,215,170</b>	<b>15,751,981</b>
<b>Net book value</b>					
At 31 August 2019	37,322,605	25,319,987	584,315	409,989	63,636,896
At 31 August 2018	37,931,862	25,966,356	618,395	346,237	64,862,850

**13 Debtors**

	<b>2019 £</b>	<b>2018 £</b>
Trade debtors	25,447	23,036
Other debtors	75,293	67,036
Prepayments and accrual income	1,954,563	855,389
	<b>2,055,303</b>	<b>945,461</b>

**THE LAIDLAW SCHOOLS TRUST**  
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**14 Creditors: amounts falling due within one year**

	2019 £	2018 £
Other loans	-	1,500
Trade creditors	628,135	880,214
Other taxation and social security	203,392	217,558
Other creditors	417,061	867,171
Accruals and deferred income	1,546,417	1,001,128
	<u>2,795,005</u>	<u>2,967,571</u>

Other loans in the prior year relate to an interest free Salix loan received from the ESFA.

**15 Creditors: amounts falling due after more than one year**

	2019 £	2018 £
Other loans	-	-

**16 Deferred income**

	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	568,040	296,317
Deferred income at 1 September 2018	296,317	304,785
Released from previous	(296,317)	(304,785)
Amounts deferred in the year	568,040	296,317
<b>Deferred income at 31 August 2019</b>	<u>568,040</u>	<u>296,317</u>

At the Balance Sheet date the Trust was holding funds received in advance in relation to: early years funding, Universal Infant 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 amounts will be utilised in the year ended 31 August 2020.

**17 Financial instruments**

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised costs	1,785,376	479,792
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	(2,023,574)	(2,453,696)

**THE LAIDLAW SCHOOLS TRUST**  
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**18 Funds**

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses And transfers £	Balance at 31 August 2019 £
<b>Restricted general fund</b>					
General Annual Grant	1,559,185	20,888,240	(20,672,855)	(381,620)	1,392,950
Pupil Premium	-	2,320,866	(2,320,866)	-	-
Other DfE / ESFA grants	109,488	801,115	(801,115)	-	109,488
Other government grants	-	1,324,878	(1,324,878)	-	-
School standards fund	918,034	-	-	-	918,034
Other restricted funds	1,980,950	2,746,885	(2,712,385)	-	2,015,450
	<u>4,567,657</u>	<u>28,081,984</u>	<u>(27,832,099)</u>	<u>(381,620)</u>	<u>4,435,922</u>
Funds excluding pension	(4,790,900)	-	(400,000)	(3,710,000)	(8,900,900)
Pension reserve	<u>(223,243)</u>	<u>28,081,984</u>	<u>(28,232,099)</u>	<u>(4,091,620)</u>	<u>(4,464,978)</u>
<b>Restricted fixed asset funds</b>					
DfE / ESFA capital grants	1,220,488	579,556	(33,564)	-	1,766,480
Capital expenditure from GAG	1,108,784	-	(835,379)	381,620	655,025
Assets transferred from Newcastle and Sunderland City Councils	37,642,029	-	(198,471)	-	37,443,558
Sponsorship of Lord Laidlaw of Rothiemay	791,112	-	(41,870)	-	749,242
Other restricted fixed asset funds	24,573,018	-	(767,151)	-	23,805,867
	<u>65,335,431</u>	<u>579,556</u>	<u>(1,876,435)</u>	<u>381,620</u>	<u>64,420,172</u>
<b>Total restricted funds</b>	<u>65,112,188</u>	<u>28,661,540</u>	<u>(30,108,534)</u>	<u>(3,710,000)</u>	<u>59,955,194</u>
<b>Unrestricted funds</b>					
General funds	1,419,986	858,676	(375,186)	-	1,903,476
<b>Total funds</b>	<u>66,532,174</u>	<u>29,520,216</u>	<u>(30,483,720)</u>	<u>(3,710,000)</u>	<u>61,858,670</u>

**THE LAIDLAW SCHOOLS TRUST**  
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**18 Funds (continued)**  
**Prior year**

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses And transfers £	Balance at 31 August 2018 £
<b>Restricted general fund</b>					
General Annual Grant	1,525,754	18,901,860	(18,150,293)	(718,136)	1,559,185
Pupil Premium	-	2,113,491	(2,113,491)	-	-
Other DfE / ESFA grants	109,488	721,232	(721,232)	-	109,488
Other government grants	-	1,384,632	(1,384,632)	-	-
School standards fund	918,034	-	-	-	918,034
Other restricted funds	137,010	3,474,957	(3,111,017)	1,480,000	1,980,950
	<u>2,690,286</u>	<u>27,918,421</u>	<u>(25,322,914)</u>	<u>-</u>	<u>4,567,657</u>
Funds excluding pension	(3,640,900)	(2,500,000)	(470,000)	1,820,000	(4,790,900)
Pension reserve	<u>(950,614)</u>	<u>25,418,421</u>	<u>(25,792,914)</u>	<u>761,864</u>	<u>(223,243)</u>
<b>Endowment fund</b>					
Transfer on conversion	-	1,480,000	-	(1,480,000)	-
	<u>-</u>	<u>1,480,000</u>	<u>-</u>	<u>(1,480,000)</u>	<u>-</u>
<b>Restricted fixed asset funds</b>					
DfE / ESFA capital grants	843,799	410,253	(33,564)	-	1,220,488
Capital expenditure from GAG	862,742	-	(472,094)	718,136	1,108,784
Assets transferred from Newcastle and Sunderland City Councils	8,564,872	29,275,628	(198,471)	-	37,642,029
Sponsorship of Lord Laidlaw of Rothiemay	832,982	-	(41,870)	-	791,112
Other restricted fixed asset fund	25,340,169	-	(767,151)	-	24,573,018
	<u>36,444,564</u>	<u>29,685,881</u>	<u>(1,513,150)</u>	<u>718,136</u>	<u>65,335,431</u>
<b>Total restricted funds</b>	<u>35,493,950</u>	<u>55,104,302</u>	<u>(27,306,064)</u>	<u>1,820,000</u>	<u>65,112,188</u>
<b>Unrestricted funds</b>					
General funds	606,334	1,163,411	(349,759)	-	1,419,986
<b>Total funds</b>	<u>36,100,284</u>	<u>56,267,713</u>	<u>(27,655,823)</u>	<u>1,820,000</u>	<u>66,532,174</u>



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**18 Funds (continued)**

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

General Annual Grant (GAG) must be used for the normal running costs of the Trust.

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

Other government grants relates to 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 schools' 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.

Other restricted funds relates to funding from Sponsor 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.

Sponsorship from Lord Laidlaw of Rothiemay - Lord Laidlaw provided funding to support the work of the Trust and its 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.

An Endowment fund was established within Academy 360 by former sponsors Gentoo Group, Sunderland City Council and a further private sponsor. Charity Commission approval was gained by the trust on 10 July 2018 for the funds to be released in the prior year.

**Total funds analysis by Academy**

<b>Fund balances at 31 August 2019 were allocated as follows:</b>	<b>Total £</b>
Excelsior Academy	1,947,636
Atkinson Road Primary Academy	1,079,652
Thomas Walling Primary Academy	755,690
South Hylton Primary Academy	36,152
Westgate Hill Primary Academy	107,643
Academy 360	2,201,031
Central Services	211,594
	<hr/>
Total before fixed assets fund and pension reserve	6,339,398
Restricted fixed asset fund	64,420,172
Pension reserve	(8,900,900)
	<hr/>
Total funds	61,858,670
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**THE LAIDLAW SCHOOLS TRUST**  
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**18 Funds (continued)**

**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 & pension £	Total £
Excelsior Academy	6,780,694	1,412,589	978,237	1,259,395	10,430,915
Atkinson Road Primary Academy	2,070,257	349,369	107,665	397,345	2,924,907
Thomas Walling Primary Academy	1,640,456	429,563	118,306	398,384	2,586,709
South Hylton Primary Academy	1,324,544	105,588	69,321	369,108	1,868,560
Westgate Hill Primary Academy	2,457,354	529,906	158,132	526,773	3,672,166
Academy 360	3,426,643	811,831	252,310	1,006,392	5,497,177
Central Services	62,118	943,220	26,863	463,511	1,495,712
	<u>17,762,337</u>	<u>4,582,066</u>	<u>1,710,835</u>	<u>4,420,908</u>	<u>28,476,146</u>

**19 Analysis of net assets between funds**

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2019 £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	63,636,896	63,636,896
Current assets	1,903,476	7,230,929	783,286	9,917,679
Creditors falling due within one year	-	(2,795,005)	-	(2,795,005)
Creditors falling due after one year	-	-	-	-
Defined benefit pension liability	-	(8,900,900)	-	(8,900,900)
	<u>1,903,476</u>	<u>(4,464,978)</u>	<u>64,420,172</u>	<u>61,858,670</u>

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Total 2018 £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	64,862,850	64,862,850
Current assets	1,419,986	7,535,228	472,581	9,427,795
Creditors falling due within one year	-	(2,967,571)	-	(2,967,571)
Creditors falling due after one year	-	-	-	-
Defined benefit pension liability	-	(4,790,900)	-	(4,790,900)
	<u>1,419,986</u>	<u>(223,243)</u>	<u>65,335,431</u>	<u>66,532,174</u>

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**20 Commitments under operating leases**

At 31 August 2019 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2019 £	2018 £
Amounts due within one year	102,392	125,814
Amounts due between one and five years	81,964	184,356
Amounts due after five years	-	-
	<u>184,356</u>	<u>310,170</u>

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period	(963,504)	28,611,890
Adjusted for:		
Capital grants from DfE/ESFA	(579,556)	(410,253)
Interest receivable	(32,343)	(6,258)
Net Surplus on conversion	-	(28,865,695)
Defined benefit pension scheme cost less contributions payable	290,000	360,000
Defined benefit pension scheme finance cost/(income)	110,000	110,000
Depreciation of tangible fixed assets	1,876,435	1,513,150
(Increase)/decrease in debtors	(1,109,842)	541,240
Increase/(decrease) in creditors	<u>(172,565)</u>	<u>1,624,119</u>
<b>Net cash provided by/ (used in) operating activities</b>	<u>(581,374)</u>	<u>3,478,193</u>

**22 Contingent liabilities**

There are no contingent liabilities as at 31 August 2019 (or 31 August 2018).

**23 Members' liability**

Each member of the Trust 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/she ceases to be a member.

**THE LAIDLAW SCHOOLS TRUST**  
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**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 2016, and that of the LGPS related to the period ended 31 March 2016.

Outstanding contributions as at 31 August 2019 were £344,650 (2018: £236,775).

**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 (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

**THE LAIDLAW SCHOOLS TRUST**  
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**24 Pensions and similar obligations (continued)**

The employer's pension costs paid to the TPS in the period amounted to £1,669,165 (2018: £1,569,784).

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**

	2019 £	2018 £
Employer's contributions	1,270,000	1,100,000
Employees' contributions	<u>300,000</u>	<u>270,000</u>
	<u>1,570,000</u>	<u>1,370,000</u>

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary:

	2019 %	2018 %
Rate of increases in salaries	3.6	3.5
Rate of increase for pensions in payment	2.1	2
Discount rate	1.9	2.8
Inflation assumption (CPI)	<u>2.1</u>	<u>2</u>

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

	2019 Years	2018 Years
Retiring today		
Males	21.9	22.9
Females	25.1	26.4
Retiring in 20 years		
Males	23.6	25.1
Females	<u>26.9</u>	<u>28.7</u>

**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**24 Pensions and similar obligations (continued)**

**The Trust's share of the assets in the scheme**

	2019 Fair value £	2018 Fair value £
Equities	13,637,100	12,359,250
Government bonds	853,620	732,400
Corporate bonds	2,373,480	2,050,720
Cash	437,220	402,820
Property	1,790,520	1,556,350
Other assets	1,728,060	1,208,460
<b>Total fair value of assets</b>	<b>20,820,000</b>	<b>18,310,000</b>
 Actual return on scheme assets	 1,410,000	 780,000

**Amounts recognised in the Statement of Financial Activities**

	2019 £	2018 £
Current service cost	1,520,000	1,450,000
Net interest cost	110,000	110,000
Past Service Cost	40,000	10,000
	<b>1,670,000</b>	<b>1,570,000</b>

**Changes in the present value of defined benefit obligations**

	2019 £
Obligations at 1 September 2018	23,100,900
Current Service cost	1,520,000
Interest cost	640,000
Actuarial (gain)/loss	4,590,000
Employee contributions	300,000
Benefits paid	(470,000)
Past service cost	40,000
 <b>At 31 August 2019</b>	 <b>29,720,900</b>

**THE LAIDLAW SCHOOLS TRUST**  
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**24 Pensions and similar obligations (continued)**

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

	2019 £
Assets at 1 September 2018	18,310,000
Interest income	530,000
Return on plan assets (excluding net interest on the net defined pension liability)	880,000
Employer contributions	1,270,000
Employee contributions	300,000
Benefits paid	(470,000)
<b>At 31 August 2019</b>	<b>20,820,000</b>

**25 Related party transactions**

All transactions involving related or connected parties are conducted at arms length and in accordance with the Trust's financial regulations and normal procurement procedures.

Michael Sehgal & Sons Limited – a company in which P Sehgal (a Trustee) is a director:

- The Trust purchased student uniforms totalling £10,841 (2018: £8,133). At 31 August 2019 the amount outstanding was £115 (2018: £285).
- The Trust made the purchases at arm's length following a competitive tendering exercise in accordance with its financial regulations, which took place before P Sehgal or the academy itself was involved with the Trust. Therefore neither party participated in or influenced any decision.
- In entering into the transactions the Trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided "at no more than cost" and Michael Sehgal & Sons Limited provided a statement of assurance confirming this.

During the year, the Trust recognised sponsorship income from Lord Laidlaw of Rothiemay, who is a member of the Trust of £2,712,385 (2018: £3,111,017), an amount of which, £1,380,975 (2018: £Nil) was expected at 31 August 2019.

**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 £16,170 (2018: £24,794). The full funds of £16,170 (2018: £24,794) remain in Creditors at the year end, awaiting distribution (see Note 16).

**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**27 Conversion on transfer to an Academy Trust**

**Current year - none.**

**Prior year**

On 1 September 2017, Westgate Hill Primary School converted to academy status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to the Trust from Newcastle City Council Local Authority for £nil consideration.

On 1 January 2018, Atkinson Road Nursery transferred to the Trust from Newcastle City Council Local Authority for £nil consideration and became part of Atkinson Road Primary Academy.

On 1 January 2018 Academy 360, formerly a single academy trust transferred into the Trust. All the operations, assets and liabilities were transferred from the Academy 360 company for £nil consideration.

The transfers have 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 gains in the Statement of Financial Activities as a donation.

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

**Westgate Hill Primary School**

£

**Net assets transferred:**

Leasehold buildings	7,410,875
LGPS pension deficit	<u>(1,060,000)</u>
	<u>6,350,875</u>

**Academy 360**

£

**Net assets transferred:**

Leasehold buildings	21,174,709
Other tangible fixed assets	66,152
Endowment fund	1,480,000
Cash	754,711
LGPS pension deficit	<u>(1,440,000)</u>
Debtors	419,506
Creditors	<u>(564,150)</u>
	<u>21,890,928</u>

**Atkinson Road Nursery**

£

**Net assets transferred:**

Leasehold buildings	<u>623,892</u>
	<u>623,892</u>



**THE LAIDLAW SCHOOLS TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**27 Conversion on transfer to an Academy Trust (continued)**

**Total - transfer from LA on conversion (Westgate Hill Primary School and Atkinson Road nursery)**

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Endowment £	Total 2018 £
<b>Funds surplus/ (deficit) transferred:</b>					
Fixed asset funds	-	-	8,034,767	-	8,034,767
LGPS pension funds	-	(1,060,000)	-	-	(1,060,000)
Other funds	-	-	-	-	-
	<u>-</u>	<u>(1,060,000)</u>	<u>8,034,767</u>	<u>-</u>	<u>6,974,767</u>

**Total- transfer of existing academy into the Trust- Academy 360**

	Unrestricted funds £	Restricted General funds £	Restricted fixed asset funds £	Endowment £	Total 2018 £
<b>Funds surplus/ (deficit) transferred:</b>					
Fixed asset funds	-	-	21,240,861	-	29,275,628
LGPS pension funds	-	(1,440,000)	-	-	(2,500,000)
Other funds	308,670	301,397	-	1,480,000	2,090,067
	<u>308,670</u>	<u>(1,138,603)</u>	<u>21,240,861</u>	<u>1,480,000</u>	<u>21,890,928</u>

**28 Events occurring subsequent to the balance sheet date**

None.