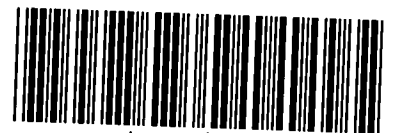


Company Registration No. 07907463 (England and Wales)

THE LAURUS TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

WEDNESDAY



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COMPANIES HOUSE

THE LAURUS TRUST

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THE LAURUS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

L Magrath (Accounting officer)
L Elias
P Benton
D Brown
C Fisher
A Little
C Nevin
L Woolley
J Dunkerley (Resigned 29 April 2018)
P Fahy (Resigned 14 February 2018)
E Goodwin (Resigned 16 May 2018)
A Graham (Resigned 6 July 2018)
W Mason (Appointed 27 April 2018)
D Kershaw (Appointed 16 March 2018)
J Singleton (Appointed 16 July 2018)
K S R Kumar (Appointed 17 October 2018)

Senior management team

L Magrath	Chief Executive Officer & Head Teacher, Cheadle Hulme High School
W Mason	Chief Financial Officer
D Brown	Head of School Designate, Cheadle Hulme High School
L Woolley	Executive Head Primary, Gorsey Bank Primary School
J Maguire	Head of School Designate, Gorsey Bank Primary School
E Drake	Head of School Designate, Cheadle Hulme Primary School
G Theobald	Head of School Designate, Laurus Cheadle Hulme
M Vevers	Head of School Designate, Laurus Ryecroft
D Woolley	Head of School Designate, Didsbury High School

Company secretary

N Burgess

Company registration number

07907463 (England and Wales)

Academies operated

Cheadle Hulme High School
Gorsey Bank Primary School
Central Services

Location

Stockport
Cheshire East

Headteacher

L Magrath
L Woolley

Independent auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

THE LAURUS TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of The Laurus Trust ('the company', 'charitable company' or 'the academy trust') for the year 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The academy trust operated Cheadle Hulme High School, a school for students aged 11-18, and Gorsey Bank Primary School, for pupils aged 4-11, during the year. In September 2018 the academy trust opened three new schools: Laurus Cheadle Hulme (for students aged 11-16), Laurus Ryecroft (aged 11-18) and Cheadle Hulme Primary School (aged 3-11).

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of the Laurus Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Cheadle Hulme High School and Gorsey Bank Primary School.

Both schools have a local governing body which is comprised of parent governors, staff governors, other appointed governors and some of the trustees listed above.

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

Members' liability

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

Trustees' indemnities

The academy trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 12 of the accounts.

Method of recruitment and appointment or election of trustees

The members of the academy trust are responsible for the appointment of trustees. The number of trustees shall not be less than three but shall not be subject to any maximum. The academy trust will have up to 4 trustees appointed by the members by ordinary resolution. Both the CEO and CFO will be appointed as trustees. The Law Family Education Trust may appoint up to 6 trustees.

Policies and procedures adopted for the induction and training of trustees

Trustees and school governors are appointed based on the skills that they will bring to the board of trustees or governing body or based on a proposal to the trustees or governing body by representative groups. Prior to appointment each potential trustee or governor is asked to undertake a skills audit. On appointment, trustees and governors receive information relating to the trust and attend a briefing and receive an induction pack on their role and responsibilities.

During the year, trustees and school governors are offered all necessary training.

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The governance of the trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education. The Scheme of Delegation document details what decisions are reserved for the board of trustees, and those that are delegated to sub committees, local governing bodies or management. There are three trustee sub-committees: Resources, Pay and Remuneration.

The Resources Committee reports to the Board on finance, audit, property and IT related issues.

The Pay Committee reports to the Board on the setting of pay and remuneration for all Senior Management and teaching staff, with the exception of the CEO and CFO.

The Remuneration Committee reports to the Board on the setting of pay and remuneration for the CEO and CFO.

The Trust Board meets on at least three occasions per year.

Terms of reference exist for each committee and will be reviewed annually.

The day to day running of the Trust is delegated by the trustees to management under the leadership of the Chief Executive Officer, who is the Accounting Officer. The Executive Team meets on a weekly basis during term time.

Arrangements for setting pay and remuneration of key management personnel

The Pay Committee for the Trust meets annually to review and approve pay for key management personnel in the Trust including staff trustees, with the exception of the CEO and CFO. The Remuneration Committee for the Trust meets annually to review and approve pay for the CEO and CFO. Both committees are comprised of non-staff trustees and set pay based on available benchmarks in the sector and local area. Any pay review is dependent upon the successful outcome of a robust annual performance review process.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.85

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	575
Total pay bill (£)	10,294,000
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	20%
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THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

The trust works closely with Alder Community High School, Altrincham College of Arts, Castle Hill High School, Chorlton High School, Didsbury C of E Primary School, Hursthead Junior School, Manchester Metropolitan University, Marple Hall High School, Moss Hey Primary School, The Pendlebury Centre, St Patrick's RC High School, Stockport School, Werneth School, Manchester Health Academy and Manchester Creative Studio. None of these organisations are considered to constitute formal related parties.

The Law Family Educational Trust (LFET), a charitable trust, is considered a related party as it is a member of the academy trust. LFET's aim is to help raise all-round educational attainment levels in state schools. Its approach is rooted in a belief that personal development and aspiration are promoted by participation in a whole range of activities, not just academic ones. During the course of the year, LFET has made charitable donations to the Laurus Trust in support of the Cornerstones and Electives programmes. LFET is not considered to have attached any clauses or conditions to their funding that has materially changed the operations of Laurus Trust and as such, the details of the donations have not been disclosed.

See note 23 for further details of related party transactions that have occurred during the year.

Objectives and activities

Objects and aims

The Laurus Trust's vision is for everyone regardless of background or circumstance to be inspired, to thrive in all environments, to recognise what it takes to succeed, to set aspirational goals and work hard to achieve them. The vision is embodied in the Laurus Trust's four cornerstones: Academic Aspiration, Leadership & Service, Culture, Creativity & Rhetoric and Competition & Physical Endeavour.

The Trust benefits from support provided by The Law Family Education Trust (LFET) to effectively enable all students within the Laurus Trust to have the same access to high quality enrichment as those students who attend private schools. The Trust and LFET believe that the all-round educational attainment of individual students is substantially promoted by their participation in a whole range of activities, not just classroom based academic ones. Inspiring students through these activities will enable them to become better motivated, as well as being more respected by their peers.

Training in the use of voice, and performing arts generally, will inspire confidence and enhance the presentation skills of the pupils. Other extra-curricular activities, together with regular sport and exercise, and a sense of competitive spirit, will increase personal well-being, health and concentration levels. The Trust will also promote team building skills, leadership, and a passion to perform to the best of one's ability in all disciplines. These higher levels of individual betterment will be achieved across all ability levels through a wide scope of activities. Leadership is a skill to be learned and cultivated. Students will learn about the importance of success, and how to cope with setbacks, not as failure but as a springboard to better achievement. There will be a focus on developing presentation skills and self-confidence in general. Inspiring students to broaden their horizons and believe that 'anything is possible', is absolutely key to post-education success. From nursery through to sixth form we will strive to provide the best all-round educational experience.

Objectives, strategies and activities

The main objectives of the trust during the year ended 31 August 2018 are summarised below:

- Academic focus: Headline performance and curriculum development;
- Management of growth: Free school openings, management of capital projects, professional development of our employees, retention and recruitment;
- School-centred initial teacher training (SCITT): Successful first OFSTED inspection and further expansion;
- Reputational development: Establishing a strong brand with appropriate Quality Assurance and accountability.

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

The academy trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The schools' catchment areas are designated by the Local Authority and have not changed since academy status. The trustees have reviewed the pupil admission policies and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

Strategic report

Achievements and performance

Outlined below are the main headlines for schools within the trust with end of key stage results.

Gorsey Bank Primary School

Pupils achieving the Expected Standard (Scaled Score 100+)				
	School 2018	National 2018	School 2017	National 2017
Reading at Expected	93%	75%	83%	71%
Writing at Expected	93%	78%	84%	76%
Maths at Expected	93%	76%	85%	75%
R/W/M at Expected	90%	64%	73%	61%

Cheadle Hulme High School

Year 11 Results	School 2018	National 2018	School 2017	National 2017	School 2016	National 2016
Progress 8	+0.81	0	+0.70	0	+0.50	0
Attainment 8	57.7	44.3	58.8	44.6	58.8	48.2
5+ in English & maths	66%	40%	68%	40%	N/A	N/A
4+ in English & maths	84%	60%	83%	59%	81%	59%

In 2018 the national progress for disadvantaged students was -0.45, at Cheadle Hulme High School this was +0.50, a difference of +0.95. This equates to Cheadle Hulme High School disadvantaged students making +0.95 grades more progress than their peers nationally.

Cheadle Hulme High School Sixth Form

A-Level	2018	2017	2016
Average A- level Grade	B	B	B-
Average Point Score	41.00	38.94	37.42
A*-A	50%	36%	39%
A*-B	77%	70%	69%
AAB in 2x Facilitating	29.3%	26.7%	19.2%

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

This year, as part of the Cicero programme, where we encourage our students to find their voice and to articulate their thoughts with precision and clarity, we have integrated oracy opportunities across the curriculum. Our links with external organisations, such as The Lowry, have seen our students gain value work experience at red carpet events and expert careers advice. Starting in Year 7 and moving right through to Year 13, the Optimates programme provides a wide menu of experiences designed to allow students to find their own personal passion and develop the confidence, critical thinking skills and flexibility of thought essential for successful application to the most competitive universities and undergraduate courses. In 2018, over 60% of our A-level students achieved places at Russell Group universities.

At our schools, the co-curricular offer has expanded considerably during the year with the students having access to 10 additional sessions delivered by sports coaches, providing sports-specific expertise in range of sports and activities, including traditional sports such as Rugby Union, Hockey and Tennis to more alternative activities such as Fencing and Climbing. These specialist coaching opportunities have been taken up by high numbers of students as part of the Electives programme.

As well as the very pleasing academic performance of schools in the trust, the trustees are delighted to report that the Altius Alliance SCITT, based at Cheadle Hulme High School, was graded Outstanding in all areas by OFSTED in November 2017. The Alliance has now completed three very successful years and has developed a "clear vision for excellence producing outstanding secondary teachers in the English Baccalaureate subjects." The SCITT has built upon this success by expanding the provision to include further subjects in September 2018 and Primary provision from September 2019.

During the year the trust was able to invest in facilities such as the 3G pitch, Music and Art department and expanded Teaching School at Cheadle Hulme High School, and the new roof and playground facilities at Gorsey Bank Primary School.

Being part of the communities within which our schools are based is also at the heart of the Laurus Trust and this is built into our Leadership and Service cornerstone. At Club Cheadle Hulme, our community sports facilities, we have over 1,500 children and 500 adults taking part each week in affordable activities to improve physical and mental wellbeing.

Our employees are our most valuable resource and due to the trust's expansion we are able to offer exciting career opportunities for both new and existing staff. We also offer a wide programme of Professional Learning, and 11 staff completed their Masters in Education during the year.

In addition to achievements at the trust's established schools, the trustees are pleased that due to the growing strength of the reputation of the trust, coupled with the need to provide additional school places for children in Stockport and Tameside, all three free schools opening in September 2018 were oversubscribed.

Key performance indicators

The trustees consider the following financial key performance indicators when assessing performance:

- Income (percentage derived from the GAG) – 58% (2017: 49%)
- Staff costs as a percentage of income – 69% (2017: 52%)
- Cash balance – £1,423,000 (2017: £1,383,000)

Going concern

After making appropriate enquiries, the board of trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of no less than 12 months from the date of approval of these financial statements. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Principal Accounting Policies.

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The Trust's financial position demonstrates total income of £14,988k (2017: £17,953k) with net incoming resources at the 31 August 2018 of £1,798k (2017 : net incoming resources of £5,852k).

The primary income stream for the Trust is the funding received from the ESFA through the General Annual Grant (the 'GAG'). The total income recognised in the year from GAG was £8,717k (2017 : £8,801k).

The principal financial management policies adopted in the year are:

- conducting regular financial reviews of income and expenditure versus planned budgets at the Resources Committee meetings; and
- consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the academy trust's educational obligations

Reserves policy

The level of reserves held at 31 August 2018 total £19,757k (2017: £17,959k). Total reserves excluding pension liability were £21,793k (2017: £20,186k). Total reserves excluding pension liability and restricted fixed asset funds were £507k (2017: £750k). The reserves carried forward will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of school buildings, plant equipment and contents.

A strategic capital plan is prepared and reviewed each year by the Resources Committee in order that reserves can be prioritised and spent according to the needs of each school in the academy trust.

The deficit on the Local Government Pension Schemes of £2,036k at 31 August 2018 (£2,227k at 31 August 2017) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income.

Investment policy

A formal investment policy was adopted by the trustees in December 2012.

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

The trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the trust not to invest funds in this manner.

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

The trustees maintain and regularly monitor risks via a risk register. The objectives are to identify risk, assess each risk in terms of its inherent risk, and then its residual risk after the effect of controls in place have been taken into consideration. The trustees then assess if the controls in place are effective to mitigate each risk and set actions for the senior management to progress.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of our schools.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the Trust and the Local Governing Bodies;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

The Trust's employees are members of three defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Schemes for Greater Manchester and Cheshire (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard 102, Section 28. A deficit of £2,036k (2017: £2,227k) has been recognised at 31 August 2018. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme. The Trustees have given due consideration to these risks.

Fundraising

The academy trust carried out a limited amount of fundraising events during the year including non-uniform days, fairs, cake sales and activities linked to national events such as Sport Relief. The academy trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Any complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

The aim is to provide a structure for continuous improvement and achievement at all key stages and the results at Key Stages 2, 3 and 4 demonstrate year on year improvements.

The trust has opened three free schools in September 2018 in Stockport and Tameside. A further 11-18 secondary school, Didsbury High School, will open in September 2019 and the trust also has approval to open an alternative provision free school in Stockport.

The Altius Alliance SCITT is expanding in September 2019 to provide a Primary programme.

The Associate Teachers coming through the SCITT will help to service the succession planning of both secondary and primary schools across the Altius Alliance.

In terms of the site facilities at the schools, a capital works programme is regularly updated to ensure the schools are maintained and updated to the highest of standards within funding constraints. The newly opened schools are either in brand new purpose built accommodation or in temporary accommodation whilst the permanent buildings are constructed.

THE LAURUS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Funds held as custodian trustee on behalf of others

No funds are held on behalf of other organisations.

Auditor

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6/12/18 and signed on its behalf by:



L Magrath

Accounting officer



LEONARD ELIAS

Trustee

THE LAURUS TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Laurus 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 only provide reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Laurus Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustee has formally met three times during the year. Attendance during the year at meetings of the Trust board was as follows:

Trustees	Meetings attended	Out of possible
L Magrath (Accounting officer)	2	3
L Elias	2	3
P Benton	2	3
D Brown	3	3
C Fisher	3	3
A Little	3	3
C Nevin	3	3
L Woolley	3	3
J Dunkerley (Resigned 29 April 2018)	1	2
P Fahy (Resigned 14 February 2018)	0	1
E Goodwin (Resigned 16 May 2018)	1	2
A Graham (Resigned 6 July 2018)	0	3
W Mason (Appointed 27 April 2018)	1	1
D Kershaw (Appointed 16 March 2018)	0	1
J Singleton (Appointed 16 July 2018)	0	0
K S R Kumar (Appointed 17 October 2018)	0	0

The Resources Committee is a sub-committee of the Trust Board. Its purpose is to advise the board on all strategic financial management related issues. Due to the size of the trust, the Resources Committee also incorporates the Audit Committee.

THE LAURUS TRUST

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
L Magrath (Accounting officer)	2	2
L Elias	2	2
P Benton	1	2
D Brown	1	1
C Fisher	2	2
C Nevin	1	2
J Dunkerley (Resigned 29 April 2018)	1	1
A Graham (Resigned 6 July 2018)	1	2
W Mason (Appointed 27 April 2018)	1	1

The Pay Committee is a sub-committee of the Trust Board and is made up of the following trustees:

C Fisher
C Nevin
A Graham (Resigned 6 July 2018)

Its purpose is to approve the pay of all Leadership and teaching staff, with the exception of the CEO and CFO.

The Remuneration Committee is a sub-committee of the Trust Board and is made up of the following trustees:

A Little
C Nevin

Its purpose is to approve the pay of the CEO and CFO.

Attendance at meetings in the year for the pay and remuneration committee was as follows:

Trustees	Meetings attended	Out of possible
C Fisher	1	1
A Little	1	1
C Nevin	2	2
A Graham (Resigned 6 July 2018)	1	1

Review of value for money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money in the year by:

- The trust has continued to deliver cost efficiencies and has used its purchasing power to negotiate some favourable rates for supplies and services;
- The trust has developed its integrated curriculum and financial planning tools to maximise use of resources. The finance function has also been re-shaped to ensure the function has the resource to continue providing a high level of strategic oversight and scrutiny as the number of schools within the trust expands;

THE LAURUS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

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

Capacity to handle risk

The board of trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

A Risk Management Policy has been adopted by the board of trustees and PricewaterhouseCoopers were appointed to support the trustees with a refresh of the risk register and process of review.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and yearly financial reports which are reviewed and agreed by the Resources Committee who report to the board of trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint PricewaterhouseCoopers LLP as internal auditor.

PricewaterhouseCoopers LLP's role is to include giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been performed by the financial management and governance process employed by the Trust.

THE LAURUS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The Accounting Officer has considered of the implications of the results of reviewing the system of internal control and together with the Resources and Audit Committee's will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 6/12/18 and signed on its behalf by:



L Magrath
Accounting officer

Leonard Elias

LEONARD ELIAS

Trustee

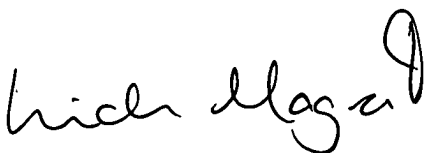
THE LAURUS TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

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

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



L Magrath
Accounting Officer

6/12/18

THE LAURUS TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of The Laurus Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

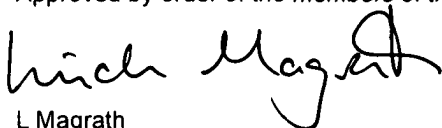
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees on 6/12/18 and signed on its behalf by:



L Magrath
Accounting officer

THE LAURUS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAURUS TRUST FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of The Laurus Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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 Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE LAURUS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAURUS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

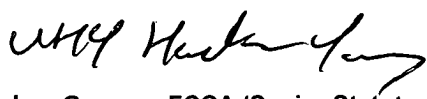
THE LAURUS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LAURUS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.



Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

.....6/12/18

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

THE LAURUS TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Laurus Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Laurus Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Laurus Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Laurus Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Laurus Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Laurus Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Laurus Trust for the year ended 31 August 2018 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

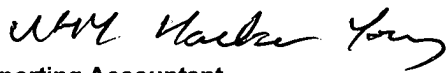
THE LAURUS TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

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



Reporting Accountant

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Dated:

6/12/18

THE LAURUS TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	-	735	2,284	3,019	4,182
Donations - transfer from local authority on conversion		-	-	-	-	2,591
Charitable activities:						
- Funding for educational operations	4	3	10,241	-	10,244	10,579
- Funding for teaching school	26	-	1,219	-	1,219	437
Other trading activities	5	-	505	-	505	162
Investments	6	1	-	-	1	2
Total		<u>4</u>	<u>12,700</u>	<u>2,284</u>	<u>14,988</u>	<u>17,953</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	-	12,040	716	12,756	12,760
- Teaching school	26	-	1,158	-	1,158	434
Total	7	<u>-</u>	<u>13,198</u>	<u>716</u>	<u>13,914</u>	<u>13,194</u>
Net income/(expenditure)		4	(498)	1,568	1,074	4,759
Transfers between funds	16	(134)	(148)	282	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	724	-	724	1,093
Net movement in funds		(130)	78	1,850	1,798	5,852
Reconciliation of funds						
Total funds brought forward		515	(1,992)	19,436	17,959	12,107
Total funds carried forward		<u>385</u>	<u>(1,914)</u>	<u>21,286</u>	<u>19,757</u>	<u>17,959</u>

THE LAURUS TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds £'000	General £'000	Fixed asset £'000	2017 £'000
Income and endowments from:					
Donations and capital grants	3	-	729	3,453	4,182
Donations - transfer from local authority on conversion		176	2,415	-	2,591
Charitable activities:					
- Funding for educational operations	4	-	7,907	2,672	10,579
- Funding for teaching school	26	-	437	-	437
Other trading activities	5	-	162	-	162
Investments	6	2	-	-	2
Total		<u>178</u>	<u>11,650</u>	<u>6,125</u>	<u>17,953</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	-	12,286	474	12,760
- Teaching school	26	-	434	-	434
Total	7	<u>-</u>	<u>12,720</u>	<u>474</u>	<u>13,194</u>
Net income/(expenditure)		178	(1,070)	5,651	4,759
Transfers between funds	16	-	10	(10)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	1,093	-	1,093
Net movement in funds		178	33	5,641	5,852
Reconciliation of funds					
Total funds brought forward		337	(2,025)	13,795	12,107
Total funds carried forward		<u>515</u>	<u>(1,992)</u>	<u>19,436</u>	<u>17,959</u>

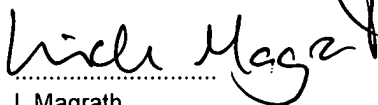
THE LAURUS TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018	2017
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	21,286	19,441
Current assets			
Debtors	14	407	1,213
Cash at bank and in hand		1,423	1,383
		<u>1,830</u>	<u>2,596</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(1,323)	(1,851)
		<u></u>	<u></u>
Net current assets		507	745
Net assets excluding pension liability		<u>21,793</u>	<u>20,186</u>
Defined benefit pension scheme liability	19	(2,036)	(2,227)
		<u></u>	<u></u>
Net assets		<u>19,757</u>	<u>17,959</u>
Funds of the academy trust:			
Restricted funds	16		
- Fixed asset funds		21,286	19,436
- Restricted income funds		122	235
- Pension reserve		(2,036)	(2,227)
		<u></u>	<u></u>
Total restricted funds		<u>19,372</u>	<u>17,444</u>
Unrestricted income funds	16	385	515
		<u></u>	<u></u>
Total funds		<u>19,757</u>	<u>17,959</u>

The accounts on pages 21 to 46 were approved by the trustees and authorised for issue on 6/12/18 and are signed on their behalf by:



L Magrath
Accounting officer

Company Number 07907463

THE LAURUS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	316	519
Cash flows from investing activities			
Dividends, interest and rents from investments	1	2	
Capital grants from DfE Group	482	257	
Capital funding received from sponsors and others	1,802	3,467	
Purchase of tangible fixed assets	(2,561)	(3,704)	
Net cash (used in)/provided by investing activities		(276)	22
Net increase in cash and cash equivalents in the reporting period		40	541
Cash and cash equivalents at beginning of the year		1,383	842
Cash and cash equivalents at end of the year		1,423	1,383

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

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

The Laurus Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie 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 accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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.

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

Land	Not depreciated
Buildings	6 - 50 years
Computer equipment	3 years
Fixtures, fittings & equipment	3 - 10 years

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

1.6 Liabilities

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

1.7 Provisions

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

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

1.8 Leased assets

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

1.9 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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

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

1.12 Fund accounting

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

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

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

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The academy trust has assessed the financial statements for areas which may be considered critical areas of judgement, of which none have been identified.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	2,284	2,284	3,453
Other donations	-	735	735	729
	<hr/>	<hr/>	<hr/>	<hr/>
	-	3,019	3,019	4,182
	<hr/>	<hr/>	<hr/>	<hr/>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	8,717	8,717	8,801
Capital grants	-	-	-	257
Start up grants	-	603	603	130
Other DfE group grants	-	701	701	679
	-	10,021	10,021	9,867
Other government grants				
Local authority grants	-	196	196	363
Other funding				
Other incoming resources	3	24	27	349
Total funding	3	10,241	10,244	10,579

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	-	166	166	79
Catering income	-	72	72	83
Trip income	-	267	267	-
	-	505	505	162

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	2

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	7,157	716	882	8,755	8,713
- Allocated support costs	2,438	809	754	4,001	4,047
Teaching school					
- Direct costs	555	-	394	949	434
- Allocated support costs	164	13	32	209	-
	<u>10,314</u>	<u>1,538</u>	<u>2,062</u>	<u>13,914</u>	<u>13,194</u>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	16	13
- Other services	2	7
Operating lease rentals	38	9
Depreciation of tangible fixed assets	716	474
Net interest on defined benefit pension liability	62	(13)
	<u> </u>	<u> </u>

8 Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- educational support services;
- maintenance services.

The academy trust charges for these services on a flat 5% of GAG income.

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Cheadle Hulme High School	369	-
Gorse Bank Primary School	68	62
Central Services	-	-
	<u>437</u>	<u>62</u>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities

	2018 £'000	2017 £'000
All from restricted funds:		
Direct costs		
Educational operations	8,755	8,713
Teaching school	949	434
Support costs		
Educational operations	4,001	4,047
Teaching school	209	-
	<u>13,914</u>	<u>13,194</u>

	Teaching School £'000	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Analysis of support costs				
Support staff costs	164	2,438	2,602	2,616
Technology costs	1	71	72	45
Premises costs	13	809	822	756
Other support costs	27	635	662	560
Governance costs	4	48	52	70
	<u>209</u>	<u>4,001</u>	<u>4,210</u>	<u>4,047</u>

10 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	7,803	7,143
Social security costs	766	699
Pension costs	1,725	1,473
Staff costs	<u>10,294</u>	<u>9,315</u>
Staff development and other staff costs	20	18
Total staff expenditure	<u>10,314</u>	<u>9,333</u>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	142	131
Administration and support	156	147
Management	28	17
	<u>326</u>	<u>295</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	4	5
£70,001 - £80,000	3	4
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£150,001 - £160,000	1	1
	<u>11</u>	<u>11</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £828,838 (2017: £684,948).

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Trustees' remuneration and expenses

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

The value of trustees' remuneration and other benefits was as follows:

L Magrath (CEO and Trustee):

- Remuneration £150,000 - £160,000 (2017: £150,000 - £160,000)
- Employer's pension contributions £25,000 - £30,000 (2017: £20,000 - £25,000)

D Brown (Staff Trustee):

- Remuneration £90,000 - £100,000 (2017: £85,000 - £90,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £10,000 - £15,000)

J Dunkerley (CFO and Trustee):

- Remuneration £50,000 - £60,000 (2017: £70,000-£75,000)
- Employer's pension contributions £5,000 - £10,000 (2017: £10,000 - £15,000)

L Woolley (Staff Trustee):

- Remuneration £70,000 - £80,000 (2017: £55,000 - £60,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £5,000 - £10,000)

W Mason (CFO and Trustee):

- Remuneration £70,000 - £80,000 (2017: £60,000 - £70,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £10,000 - £15,000)

During the year ended 31 August 2018, travel and subsistence payments totalling £756 were reimbursed or paid directly to four trustees (2017: £384 to 3 trustees).

12 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. The cost for the year ended 31 August 2018 was included within the combined insurance policy and has not been specified separately.

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2017	20,160	1,601	738	413	22,912
Assets under construction - transfer	1,601	(1,601)	-	-	-
Additions	2,020	-	232	309	2,561
Disposals	-	-	(8)	-	(8)
At 31 August 2018	23,781	-	962	722	25,465
Depreciation					
At 1 September 2017	2,663	-	571	237	3,471
On disposals	-	-	(8)	-	(8)
Charge for the year	540	-	142	34	716
At 31 August 2018	3,203	-	705	271	4,179
Net book value					
At 31 August 2018	20,578	-	257	451	21,286
At 31 August 2017	17,497	1,601	167	176	19,441

14 Debtors

	2018 £'000	2017 £'000
Trade debtors	15	41
VAT recoverable	104	109
Other debtors	1	3
Prepayments and accrued income	287	1,060
	407	1,213

15 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	385	353
Other creditors	1	5
Accruals and deferred income	937	1,493
	1,323	1,851

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	235	8,717	(8,743)	(148)	61
Start up grants	-	603	(603)	-	-
Other DfE / ESFA grants	-	701	(701)	-	-
Other government grants	-	196	(196)	-	-
Teaching school	-	1,219	(1,158)	-	61
Other restricted funds	-	1,264	(1,264)	-	-
Pension reserve	(2,227)	-	(533)	724	(2,036)
	<u>(1,992)</u>	<u>12,700</u>	<u>(13,198)</u>	<u>576</u>	<u>(1,914)</u>
Restricted fixed asset funds					
DfE group capital grants	4,809	482	(175)	-	5,116
Capital expenditure from GAG	572	-	(19)	282	835
Donations on conversion	9,975	-	-	-	9,975
Private sector capital sponsorship	4,080	1,802	(522)	-	5,360
	<u>19,436</u>	<u>2,284</u>	<u>(716)</u>	<u>282</u>	<u>21,286</u>
Total restricted funds	<u>17,444</u>	<u>14,984</u>	<u>(13,914)</u>	<u>858</u>	<u>19,372</u>
Unrestricted funds					
General funds	<u>515</u>	<u>4</u>	<u>-</u>	<u>(134)</u>	<u>385</u>
Total funds	<u>17,959</u>	<u>14,988</u>	<u>(13,914)</u>	<u>724</u>	<u>19,757</u>

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

Restricted general funds

Restricted general funds comprise all other restricted funds received and include grants received from the Education Skills Funding Agency and the Department for Education. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that could be carried forward at 31 August 2018.

Restricted fixed asset funds

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Skills Funding Agency and the Department for Education where the asset acquired or created is held for a specific purpose.

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	123	8,801	(8,699)	10	235
Start up grants	-	129	(129)	-	-
Other DfE / ESFA grants	-	679	(679)	-	-
Other government grants	-	363	(363)	-	-
Teaching school	-	434	(434)	-	-
Other restricted funds	-	1,244	(1,244)	-	-
Pension reserve	(2,149)	-	(1,171)	1,093	(2,227)
	<u>(2,026)</u>	<u>11,650</u>	<u>(12,719)</u>	<u>1,103</u>	<u>(1,992)</u>
Restricted fixed asset funds					
DfE group capital grants	4,538	260	18	(7)	4,809
Capital expenditure from GAG	582	-	-	(10)	572
Donations on conversion	8,052	2,415	(492)	-	9,975
Private sector capital sponsorship	627	3,452	-	1	4,080
	<u>13,799</u>	<u>6,127</u>	<u>(474)</u>	<u>(16)</u>	<u>19,436</u>
Total restricted funds	<u>11,773</u>	<u>17,777</u>	<u>(13,193)</u>	<u>1,087</u>	<u>17,444</u>
Unrestricted funds					
General funds	<u>337</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>515</u>
Total funds	<u>12,110</u>	<u>17,955</u>	<u>(13,193)</u>	<u>1,087</u>	<u>17,959</u>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	123	17,518	(17,442)	(138)	61
Start up grants	-	732	(732)	-	-
Other DfE / ESFA grants	-	1,380	(1,380)	-	-
Other government grants	-	559	(559)	-	-
Teaching school	-	1,653	(1,592)	-	61
Other restricted funds	-	2,508	(2,508)	-	-
Pension reserve	(2,149)	-	(1,704)	1,817	(2,036)
	<u>(2,026)</u>	<u>24,350</u>	<u>(25,917)</u>	<u>1,679</u>	<u>(1,914)</u>
Restricted fixed asset funds					
DfE group capital grants	4,538	742	(157)	(7)	5,116
Capital expenditure from GAG	582	-	(19)	272	835
Donations on conversion	8,052	2,415	(492)	-	9,975
Private sector capital sponsorship	-	1,802	(522)	-	1,280
Private sector capital sponsorship	627	3,452	-	1	4,080
	<u>13,799</u>	<u>8,411</u>	<u>(1,190)</u>	<u>266</u>	<u>21,286</u>
Total restricted funds	<u>11,773</u>	<u>32,761</u>	<u>(27,107)</u>	<u>1,945</u>	<u>19,372</u>
Unrestricted funds					
General funds	<u>337</u>	<u>182</u>	<u>-</u>	<u>(134)</u>	<u>385</u>
Total funds	<u>12,110</u>	<u>32,943</u>	<u>(27,107)</u>	<u>1,811</u>	<u>19,757</u>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Cheadle Hulme High School	323	633
Gorsey Bank Primary School	177	117
Central Services	5	
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	505	750
Restricted fixed asset fund	21,286	19,436
Pension reserve	(2,036)	(2,227)
	<hr/>	<hr/>
Total funds	19,755	17,959
	<hr/>	<hr/>

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Cheadle Hulme High School	6,837	1,306	1,205	1,226	10,574
Gorsey Bank Primary School	987	296	92	324	1,699
Central Services	32	354	12	34	432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,856	1,956	1,309	1,584	12,705
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

17 Deferred income

	2018 £'000	2017 £'000
Deferred income is included within:		
Creditors due within one year	647	696
	<hr/>	<hr/>

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	21,286	21,286
Current assets	385	1,445	-	1,830
Creditors falling due within one year	-	(1,323)	-	(1,323)
Defined benefit pension liability	-	(2,036)	-	(2,036)
	<u>385</u>	<u>(1,914)</u>	<u>21,286</u>	<u>19,757</u>
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	19,436	19,436
Current assets	515	2,087	-	2,602
Creditors falling due within one year	-	(1,852)	-	(1,852)
Defined benefit pension liability	-	(2,227)	-	(2,227)
	<u>515</u>	<u>(1,992)</u>	<u>19,436</u>	<u>17,959</u>

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £378k (2017: £328k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.7 to 19.2% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	378	250
Employees' contributions	132	94
Total contributions	510	344

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.4	2.4
Rate of increase for pensions in payment/inflation	2.9	2.9
Discount rate for scheme liabilities	2.8	2.5

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

	2018 Years	2017 Years
Retiring today		
- Males	21.9	21.5
- Females	24.3	24.1
Retiring in 20 years		
- Males	23.8	24.1
- Females	26.4	26.2

Combined sensitivity analysis	Approximate % increase to Employer Liability	Approximate monetary amount
Change in assumptions at 31 August 2018		£
0.5% decrease in real discount rate	13%	950,000
0.5% increase in the salary increase rate	2%	161,000
0.5% increase in the pension increase rate	10-11%	775,000

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

	2018 Fair value £'000	2017 Fair value £'000
Equities	3,455	3,192
Bonds	895	753
Property	424	269
Total market value of assets	5,144	4,428

The actual return on scheme assets was £252,000 (2017: £467,000).

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations		(Continued)
Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	846	659
Past service cost	3	-
Interest income	(116)	(79)
Interest cost	178	145
Total operating charge	911	725
Changes in the present value of defined benefit obligations		2018 £'000
At 1 September 2017		6,655
Current service cost		846
Interest cost		178
Employee contributions		132
Actuarial (gain)/loss		(588)
Benefits paid		(46)
Past service cost		3
At 31 August 2018		7,180
Changes in the fair value of the academy trust's share of scheme assets		2018 £'000
At 1 September 2017		4,428
Interest income		116
Actuarial gain		136
Employer contributions		378
Employee contributions		132
Benefits paid		(46)
At 31 August 2018		5,144

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	1,074	4,759
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(2,284)	(6,139)
Investment income receivable	(1)	(2)
Defined benefit pension costs less contributions payable	471	(328)
Defined benefit pension net finance cost	62	1,498
Depreciation of tangible fixed assets	716	474
Decrease/(increase) in debtors	806	(314)
(Decrease)/increase in creditors	(528)	571
Net cash provided by operating activities	316	519

21 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	34	13
Amounts due in two and five years	26	18
	60	31

22 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the accounts	-	2,012

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

23 Related party transactions

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

The trustees have agreed that no purchases of goods or services may take place from organisations in which trustees have an interest.

During the year The Law Family Educational Trust (a trust member) donated £2,620k (2017: £3,504k) to the academy trust.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

24 Post balance sheet events

The trust has opened three free schools in September 2018 in Stockport and Tameside.

25 Members' liability

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

THE LAURUS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26 Teaching school trading account	2018		2017	
	£'000	£'000	£'000	£'000
Direct income				
Government grants		858		434
Other income		361		-
		<u>1,219</u>		<u>434</u>
Direct costs				
ITT bursaries	535		-	
Educational supplies and services	365		434	
Staff development	20		-	
Other direct costs	29		-	
	<u>949</u>		<u>434</u>	
Other costs				
Support staff costs	164		-	
Technology costs	1		-	
Recruitment and support	3		-	
Rent and rates	13		-	
Catering	2		-	
Other support costs	22		-	
Share of governance costs	4		-	
	<u>209</u>		<u>-</u>	
Total expenditure		(1,158)		(434)
Surplus/(deficit) from all sources		<u>61</u>		<u>-</u>
Teaching school balances at 1 September 2017		-		-
Teaching school balances at 31 August 2018		<u>61</u>		<u>-</u>

In 2017 Teaching school trading account disclosure related to ITT bursaries only.