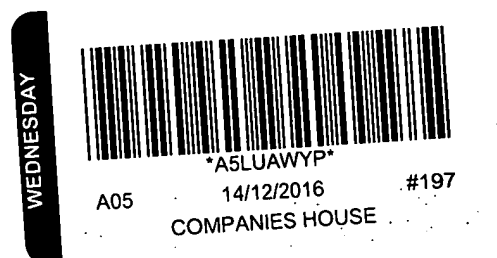


Company Registration No. 08135633 (England and Wales)

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**



# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) CONTENTS**

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# **LATCHMERE ACADEMY TRUST**

## **(FORMERLY LATCHMERE SCHOOL)**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

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#### **Governors**

Stephen Pritchard (Chair of Governors)  
Lou Anderson (Appointed 1 March 2016)  
Marion Ayres (Resigned 1 September 2016)  
Paul Clasper (Vice Chair) (Resigned 23 November 2015)  
Carolyn Coles  
Andree Frieze (Resigned 16 June 2016)  
Mary Hutchison  
Justin Jacobs  
Bethlyn Killey  
Lucy Lewis (Appointed 4 July 2016)  
Sarah McCarthy  
Ritu Patwari (Resigned 6 September 2016)  
Vivienne Renuhausay  
Julie Ritchie (Accounting Officer)  
Julian Potter (Resigned 16 September 2016)  
Rachel Russell (Appointed 4 July 2016)  
Alex Silver (Chair of Finance)  
Annalisa Steels  
Lisa Stone  
Raghu Venkatesam

#### **Senior management team**

Head Teacher	Julie Ritchie
Deputy Head	Anna Steels
Deputy Head	Jane Johnston
Inclusion Manager	Meg Young
Business Manager	Marianne Isbell
Early Years Leader	Elaine Booth

#### **Company secretary**

Clare Blake

#### **Company registration number**

08135633 (England and Wales)

#### **Registered office**

Latchmere Road  
Kingston upon Thames  
Surrey  
KT2 5TT

#### **Independent auditor**

RSM UK Audit LLP  
Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

#### **Bankers**

Royal Bank of Scotland  
747 Attercliffe Road  
Sheffield  
S9 3RF

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**

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**Solicitors**

Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT**

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The Governors present their annual report together with the financial statements and auditor's report of the Charitable Company for the year ended 31 August 2016.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

Latchmere Academy Trust (the Academy Trust or the Charitable Company) 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 Governors act as Trustees for the charitable activities of the Academy Trust and are also the Directors of the Charitable Company for the purposes the Companies Act 2006 and charities legislation.

On 20 September 2016 the Charitable Company changed its name from Latchmere School to Latchmere Academy Trust.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 1.

### **Members' liability**

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

### **Governors' indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect its Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim.

### **Principal activities**

The principal activity of the Academy Trust is to offer free education to children in the local community through a broad and balanced curriculum. The Charitable Company was incorporated on 9th July 2012.

### **Method of recruitment and appointment or election of Governors**

The standard term of office for Governors is four years.

The Governors have set up procedures that will enable regular reviews of the mix of skills, through the skills matrix, available to the Governing Body. New Governors will then be sought to add to the skills base.

To ensure a proper representation of parents, elections are held for parent Governors and these positions are limited to those having children who currently attend the school.

New Governors receive induction packs and meet with the Chair of Governors and Head Teacher to discuss the role of Governors and the requirements of the Academy Trust.

### **Policies and procedures adopted for the induction and training of Governors**

During the year under review the Governors held six full Governing Body meetings and 14 Governors' committee meetings.

The training and induction provided for new Governors is dependent on their experience. Where necessary the Academy will provide training on legal, educational and financial matters. All new Governors are given a tour of the Academy.

Copies of policies, procedures, minutes, accounts, budget plans and other documents are made available to Governors. All Governors are subject to DBS checks and informed about safeguarding procedures.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## **Organisational structure**

The Charitable Company's organisational structure consists of two levels: the Governors and the Executive who are the Leadership Team. The Governors' primary role is to approve the strategic direction and objectives of the Academy and consisted of three committees in the year ended 31 August 2016:

- Finance and Premises;
- Community and Staffing; and
- Curriculum and Achievement.

The committees monitor progress towards the objectives set in the School Development Plan (SDP), the risks identified through the risk register, and feed back to the full Governing Body which meets at least six times a year. Decisions are taken at meetings of the full Governing Body in consideration of reports and recommendations from Governors' committees. Members of staff, in addition to the Head Teacher and Deputy Head Teachers, attend committee meetings to present reports in their areas of responsibility, for example curriculum development and special educational needs.

The Governing Body has agreed a scheme of delegation which sets out a statement of internal control, and responsibilities.

Governors are responsible for setting general policy, adopting an annual plan and budget and are involved in major decisions including capital expenditure and senior staff appointments.

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

The Governors have delegated significant authority and responsibility in the day-to-day running of the Academy Trust to the Senior Leadership Team (SLT). The pay and remuneration of members of the SLT is determined in accordance with the Academy Trust's Performance Appraisal and Pay policies, which reflect the requirements of the School Teachers' Pay and Conditions Document (STPCD).

## **Related parties and other connected charities and organisations**

### **Latchmere Teaching School Alliance:**

Latchmere is a designated National Teaching School, working with strategic partners to provide high-quality training and development through the Latchmere Teaching School Alliance (LTSA).

Activities during 2015-16 have included initial teacher training through management of the School Direct programme, provision of induction training and certification for newly qualified teachers (NQTs), hosting training courses and conducting research and development projects for the National College for Teaching and Leadership (NCTL).

The LTSA receives grant funding from the NCTL for core activities and for School Direct trainees, it also generates its own income streams from the NQT programme and hosted training courses.

The finances of the LTSA are managed in parallel to the school budget, with funding, income and associated expenditure being accounted for separately. These are included in our financial statements and treated as ring-fenced restricted funds.

### **The North Kingston Children's Centre**

From 1 September 2013 responsibility for oversight of the North Kingston Children's Centre's programme of community activities reverted to the Royal Borough of Kingston Local Authority. The Academy continues to support the functioning of the Children's Centre through the provision and management of a range of peripheral services including caretaking, cleaning, premises maintenance and accounting.

There are no other related parties which either control or significantly influence the decisions and operations of the Academy Trust.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The principal objects and activities of the Charitable Company are the operation of the Academy known as Latchmere Academy Trust to provide a differentiated, free education for its pupils by providing a broad and balanced curriculum.

### **Objectives, strategies and activities**

The main objectives of the Academy are summarised below:

- To provide outstanding teaching and learning. Latchmere School aims to provide outstanding teaching to promote intellectual challenge and the highest possible achievement for all students;
- To care for the individual. The structures and ethos of the school ensure care for the individual and support the learning of each student;
- To provide a fit place to learn. Latchmere School aims to provide an inspirational and well run environment in which students can learn and grow;
- To provide aspirational leadership. Every leader in the Academy keeps their area of responsibility under review and strives to be the best;
- To provide an enriched curriculum whilst complying with statutory requirements;
- To provide value for money;
- To conduct the Academy's business in accordance with the highest standards of integrity, probity and openness; and
- To foster partnerships within the local community and the wider community.

### **Public benefit**

In setting the objectives the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

# LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)

## STRATEGIC REPORT

### Achievements and performance

#### 2016 results

Key Stage	Measure	Kingston	Richmond	National	Latchmere
EYFSP	Good Level of Development	75%	77%	69%	73%
Phonics	Y1 Expected Standard	88%	90%	81%	88.60%
KS1	RWM Expected	60%	64%	60%	64.70%
	RWM Greater Depth	10%	14%	9%	21%
	Reading Expected	76%	79%	74%	77.30%
	Reading Greater Depth	30%	36%	24%	37.80%
	Writing Expected	65%	68%	66%	72.30%
	Writing Greater Depth	16%	19%	13%	29.40%
	Maths Expected	75%	78%	73%	80.70%
	Maths Greater Depth	19%	28%	18%	28.60%
	Science Expected	85%	89%	82%	97.5%
KS2	RWM Expected Standard	59%	67%	53%	73%
	Reading Expected Standard	74%	81%	66%	81%
	Reading Average Scaled Score	104.8	106.6	103	108
	Writing Expected Standard (TA)	71%	77%	74%	86%
	Writing Greater Depth (TA)	13%	19%	-	27%
	GPS Expected Standard	79%	85%	72%	84%
	GPS Average Scaled Score	105.8	107.3	104	108
	Maths Expected Standard	78%	81%	70%	84%
	Maths Average Scaled Score	105.1	105.9	103	106
	Science Expected Standard (TA)	86%	87%	-	92%

As this is the first year of the new tests, the results will look different from those of previous years and cannot be directly compared with them. This is because the new curriculum is significantly more challenging than before with higher expectations of achievement for pupils. The previous levels are not comparable with scaled scores.

For each of the tests, children are awarded a 'raw' score (the number of marks gained) and this is converted to a 'scaled' score. Scaled scores range between 80 and 120, with 100 representing the expected standard in each test. Children receiving a scaled score of 100 or more are working at or above the expected standard in the subject.



# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## **Financial review**

Most of the Academy Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the 12 months ended 31 August 2016 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The Academy Trust also receives grants from the Royal Borough of Kingston to support pupils who have a Statement of Educational Need with associated funding allocation. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" such grants are shown as restricted income.

During the year ended 31 August 2016, financial expenditure of £4,908,767 was covered in part by recurrent grant funding from the DfE and other grant income. The Academy Trust is entrepreneurial in nature and has generated, and will aim to actively continue to generate alternative income streams to support its expenditure not covered by recurrent grant income.

The deficit for the year was £741,833 (excluding fixed asset funds and including the LGPS pension liability movement) for the year ended 31 August 2016.

Overall the Academy Trust has a healthy balance sheet and cash flow, projecting balanced budgets and stable balances over the next 3 years. This belies the published deficit which is almost entirely made up of the Local Government Pension Scheme liability. At 31 August 2016 the carry forward, excluding fixed assets and pension obligations was £427,675, of which £403,226 represents 'free reserves' to be allocated to School Development Plan priorities and in accordance with the Academy Trust's reserves policy.

## **Financial and risk management objectives and policies**

The Academy finance and risk policies are run with rigour. The committee structure ensures all decisions are debated appropriately.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## Reserves policy

The Academy Trust's reserves policy is informed by an analysis of the budgetary process (current year budget and 3-year projection), the strategic and operational plans (SDP) and the risk management process. This includes forecasts for levels of income and expenditure in future years on the basis of planned activity, analysis of future development needs and opportunities that could not be met out of annual income, and assessment of the financial implications of mitigating future uncertainties.

In determining an appropriate level of reserves consideration is given to:

- The risk of unforeseen emergency or other unexpected need for funds;
- Covering unforeseen day to day operational costs, for example employing temporary staff to cover long term sickness absence;
- Any uncertainty, turbulence or expected reduction in funding arrangements or income streams including the level of any transitional funding protection within GAG funding and its expiry date; and
- Planned commitments, or designations, that cannot be met by future income alone, for example plans for a major capital project.

Reserves are split between:

- Free reserves, where use is not formally identified (contingency); and
- Designated reserves, where surplus funds are being held or built up for specific future expenditure purposes.

There is no absolute level of free reserves that the Academy Trust should hold but generally these are maintained at no less than 1% and ideally around 5% of budget.

The amount allocated to designated reserves will be project dependant and will include the following:

- Planned / committed property developments;
- Property maintenance not covered by annual funding;
- Planned replacement of high value fixed assets; and
- Development of ICT infrastructure.

The total value of the Academy Trust's unrestricted fund balances (reserves) at 31 August 2015 was £311,659. Designated reserves amounting to £128,201 have been used to supplement government Capital Improvement Fund (CIF) grants for Security and Safeguarding, SEN extension and refurbishment of KS2 toilets. Funds have also been used for the refurbishment of the Year 3 corridor, including addressing fire risk assessment action points, replacement external doors, replacement and upgrading ICT equipment. Free reserves (contingency) remaining amounted to £183,458, representing approximately 4% of budget.

## Investment policy and powers

The Academy Trust has no investments other than bank deposits. The Academy Trust manages its funds carefully and routinely places spare funds on deposit with higher rates of interest.

## Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## **Plans for future periods**

The School Development Plan outlines the priorities for the coming year:

- To eliminate unnecessary marking – making it more manageable, meaningful and raising standards. Taking on board the findings of the review group;
- To embed the new inclusion team and base linking more closely with parents and the requirements of Educational Excellence Everywhere (white paper);
- To review the curriculum ensuring the rigour of the new testing system is highlighted and PSHE is central to pupil well-being;
- In 2015, Latchmere School placed a bid to become a MAT and sponsor school. This was successful and the school was designated a Sponsor/MAT in March 2016. The academies Bill will mean that all schools should look at forming or being part of a MAT;
- To establish a new lead for the Teaching School with the Head Teacher staying as head of Teaching School and in charge of School to School support; and
- To improve all learning environments.

## **Principal risks and uncertainties**

A risk register outlining low, medium and high risk factors has been drawn up by the Governors. The risk register identifies the key risks, the likelihood of these occurring, their potential impact on the Academy Trust and the actions taken to reduce and mitigate risks. Different aspects of the risk register are owned by the different committees and are discussed and reported on:

- Education Risk – Curriculum and Achievement committee;
- Finance and staff risk – Finance and Premises committee;
- Land and Property risks - Finance and Premises committee; and
- Governance and Legal risks - Full Governing Body.

As the Academy Trust has one main funder, being the DfE, there is a reliance on the funding remaining at a level to cover the financial requirements of the Academy Trust. This is outside the control of the Academy Trust; however the Academy Trust continues to develop and build its other income streams, including the servicing of programmes provided through the LTSA, wraparound childcare clubs and the letting of its facilities.

Successful bids for grants from the EFA Capital Improvement Fund (CIF) have provided funds for essential repairs and refurbishments of the Academy Trust's facilities, enabling the conservation of the Academy's educational funding. Over the past 3 years CIF grants have enabled the refurbishment of roofs, security and safeguarding improvements, extension of SEN accommodation and refurbishment of children's toilets.

The Academy Trust also benefits from the fundraising endeavours of the Latchmere School Parents Association (LSPA) whose energy and commitment is greatly valued. The LSPA finances the regular upkeep of the swimming pool as well as contributing substantial funds each year for targeted projects. In the year ended 31 August 2016 LSPA donations enabled the Academy to refurbish the outside play areas for children in Reception classes, including new play equipment and soft surfaces.

Additionally Latchmere Learning Fund (LLF) donations enabled further improvement works in the infant playground with the removal of the 'mound' in preparation for extending play areas which will be equipped during the 2016-17 academic year.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNORS' REPORT (CONTINUED)**

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## **AUDITOR**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

## **Statement as to disclosure of information to auditor**

In so far as the Governors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Governors 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 Governors' Report is approved by order of the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as the Directors at a meeting on 05 December 2016 and signed on its behalf by:



Stephen Pritchard  
**Chair of Governors**

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNANCE STATEMENT**

---

## **Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility 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 Academy Trust and the Secretary of State for Education, to the Head Teacher as Accounting Officer. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

## **Governance**

The Governing Body has formally met five times during the year. Attendance during the year at meetings of the Governing Body was as follows:

<b>Governors</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Stephen Pritchard (Chair of Governors)	5	5
Lou Anderson (Appointed 1 March 2016)	1	2
Marion Ayres (Resigned 1 September 2016)	4	5
Paul Clasper (Vice Chair) (Resigned 23 November 2015)	0	1
Carolyn Coles	3	5
Andree Frieze (Resigned 16 June 2016)	2	4
Mary Hutchison	5	5
Justin Jacobs	4	5
Bethlyn Killey	5	5
Lucy Lewis (Appointed 4 July 2016)	1	1
Sarah McCarthy	5	5
Ritu Patwari (Resigned 6 September 2016)	3	5
Vivienne Renuhausay	4	5
Julie Ritchie (Accounting Officer)	5	5
Julian Potter (Resigned 16 September 2016)	4	5
Rachel Russell (Appointed 4 July 2016)	0	1
Alex Silver (Chair of Finance)	4	5
Annalisa Steels	2	5
Lisa Stone	4	5
Raghu Venkatesam	5	5

# LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNANCE STATEMENT (CONTINUED)

The Finance and Premises Committee is a sub-committee of the main Governing Body.

Its purpose is to oversee the Academy Trust's financial affairs and to report to the Board of Governors. They regularly review financial policies and procedures, to monitor and review income and expenditure ensuring compliance with the overall financial plan for the Academy Trust. The chair of the Finance and Premises Committee summarises the management accounts and presents these to the Full Governing Body. The Committee also recommends the acceptance/non-acceptance of the Academy Trust's budget at the start of the financial year.

The Finance and Premises Committee has formally met six times during the year. Attendance during the year at meetings of the Committee was as follows:

Governors	Meetings attended	Out of possible
Stephen Pritchard (Chair of Governors)	2	6
Paul Clasper (Vice Chair) (Resigned 23 November 2015)	0	1
Carolyn Coles	5	6
Mary Hutchison	6	6
Sarah McCarthy	1	1
Ritu Patwari (Resigned 6 September 2016)	2	6
Vivienne Renuhausay	5	6
Julie Ritchie (Accounting Officer)	6	6
Alex Silver (Chair of Finance)	5	6
Raghu Venkatesam	5	6

## Review of value for money

As Accounting Officer the Head Teacher 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors 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 during the year by:

- Rigorous tracking of pupil progress and achievement to ensure interventions and support are targeted to realise best outcomes;
- Ensuring all pupil premium pupils achieved the expected progress in reading, writing and mathematics;
- Providing creative curriculum and extra curriculum activities to provide pupils with the opportunity to develop both academically and emotionally;
- Retaining and adding to an inspirational staff team;
- Ensuring pupil attainment and progress remain high; and
- Improving attendance.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) GOVERNANCE STATEMENT (CONTINUED)**

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## **Capacity to handle risk**

The Board of Governors has 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 Governors 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 period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

## **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 periodic financial reports which are reviewed and agreed by the Board of Governors;
- Regular reviews by the Finance and Premises committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

## **Review of effectiveness**

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

- The internal controls audit and report;
- The work of the external auditor; and
- The work of the management team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Governors on 05 December 2016 and signed on its behalf by:



Stephen Pritchard  
Chair of Governors



Julie Ritchie  
Accounting Officer

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of Latchmere Academy Trust I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust's Board of Governors 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 2015.

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 Governors and EFA.



Julie Ritchie  
**Accounting Officer**

05 December 2016



# **LATCHMERE ACADEMY TRUST (FORMERLY LATCHMERE SCHOOL) STATEMENT OF GOVERNORS' RESPONSIBILITIES**

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The Governors (who act as Trustees for Latchmere Academy Trust and are also the Directors of Latchmere Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Latchmere Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors 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 2015 to 2016;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 the DfE/EFA have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 05 December 2016 and signed on its behalf by:



Stephen Pritchard  
Chair of Governors

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LATCHMERE ACADEMY TRUST**

**YEAR ENDED 31 AUGUST 2016**

---

We have audited the financial statements of Latchmere Academy Trust for the year ended 31 August 2016 set out on pages 18 to 38. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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.

## **Respective responsibilities of Governors and Auditor**

As explained more fully in the statement of Governors' responsibilities set out on page 15, the Governors (who act as Trustees for the charitable activities of the Charitable Company, and are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 Companies Act 2006; and
- Have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Governors Report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LATCHMERE ACADEMY TRUST (CONTINUED)

YEAR ENDED 31 AUGUST 2016

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## Matters on which we are required to report by exception

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

- The charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Governors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

*RSM UK Audit LLP*

*KERRY GALLAGHER*  
(Senior Statutory Auditor)

for and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Davidson House

Forbury Square

Reading

Berkshire

RG1 3EU

Dated: *13 December 2016*

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	32,078	-	142,599	174,677	452,217
Charitable activities:						
- Funding for educational operations	4	439,873	3,917,318	-	4,357,191	4,054,143
Other trading activities	5	216,690	-	-	216,690	196,308
Investments	6	2,679	55,000	-	57,679	69,041
<b>Total income and endowments</b>		691,320	3,972,318	142,599	4,806,237	4,771,709
<b>Expenditure on:</b>						
Raising funds	7	137,072	239,120	-	376,192	361,934
Charitable activities:						
- Educational operations	8	413,656	3,859,623	259,296	4,532,575	4,317,939
<b>Total expenditure</b>	7	550,728	4,098,743	259,296	4,908,767	4,679,873
<b>Net income/(expenditure)</b>		140,592	(126,425)	(116,697)	(102,530)	91,836
Transfers between funds		(49,025)	49,025	-	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	(756,000)	-	(756,000)	(19,000)
<b>Net movement in funds</b>		91,567	(833,400)	(116,697)	(858,530)	72,836
<b>Reconciliation of funds</b>						
Total funds brought forward		311,659	(1,422,712)	13,432,995	12,321,942	12,249,106
Total funds carried forward		403,226	(2,256,112)	13,316,298	11,463,412	12,321,942

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	12		13,486,737		13,282,728
<b>Current assets</b>					
Debtors	13	56,013		73,049	
Cash at bank and in hand		704,021		862,206	
		<u>760,034</u>		<u>935,255</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(332,359)		(330,041)	
<b>Net current assets</b>			<u>427,675</u>		<u>605,214</u>
<b>Net assets excluding pension liability</b>			<u>13,914,412</u>		<u>13,887,942</u>
Defined benefit pension liability	22		(2,451,000)		(1,566,000)
<b>Net assets</b>			<u><u>11,463,412</u></u>		<u><u>12,321,942</u></u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	17				
- Restricted fixed asset funds			13,316,298		13,432,995
- Restricted general funds			194,888		143,288
- Pension reserve			(2,451,000)		(1,566,000)
<b>Total restricted funds</b>			<u>11,060,186</u>		<u>12,010,283</u>
<b>Unrestricted income funds</b>	17		<u>403,226</u>		<u>311,659</u>
<b>Total funds</b>			<u><u>11,463,412</u></u>		<u><u>12,321,942</u></u>

The financial statements set out on pages 18 to 38 were approved by the Board of Governors and authorised for issue on 05 December 2016 and are signed on its behalf by:



Stephen Pritchard  
Chair of Governors

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		113,234		122,994
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		57,679		69,041	
Capital grants from DfE and EFA		117,599		403,000	
Capital funding from sponsors and others		25,000		34,502	
Payments to acquire tangible fixed assets		(471,697)		(215,812)	
			(271,419)		290,731
<b>Change in cash and cash equivalents in the reporting period</b>			(158,185)		413,725
Cash and cash equivalents at beginning of the year			862,206		448,481
<b>Cash and cash equivalents at end of the year</b>			704,021		862,206

# **LATCHMERE ACADEMY TRUST**

## **(FORMERLY LATCHMERE SCHOOL)**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 AUGUST 2016**

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#### **1 Accounting policies**

The Academy Trust is a Charitable Company, limited by guarantee, incorporated and registered in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' Report.

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

##### **Basis of preparation**

The financial statements of the Academy Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Charitable Company. Monetary amounts in these financial statements are rounded to the nearest whole £1, unless otherwise indicated.

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

These financial statements are the first financial statements of The Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of The Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

##### **Going concern**

The Governors 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 Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 financial statements.

##### **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.

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies (Continued)**

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

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

Sponsorship income

Sponsorship income provided to the 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.

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 goods, facilities and services

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

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

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

**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.



**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies (Continued)**

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.

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**Tangible fixed assets and depreciation**

Assets costing £2,000 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold land and buildings	Land - 125 years / Buildings - 50 years
Assets under construction	Not depreciated
Computer equipment	3 - 5 years
Fixtures, fittings and equipment	5 - 10 years

Assets under construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

The full amount of annual depreciation is applied in the year of acquisition and no depreciation is applied in the year of disposal.

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

**Liabilities**

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

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies (Continued)**

**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.

**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'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately from those of the 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, the most recent valuation provided as at November 2016, and are updated at each balance sheet date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency.

**LATCHMERE ACADEMY TRUST  
(FORMERLY LATCHMERE SCHOOL)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2016**

---

**1 Accounting policies (Continued)**

**Financial instruments**

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

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

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

**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 22, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**3 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	117,599	117,599	403,000
Other donations	32,078	25,000	57,078	49,217
	<u>32,078</u>	<u>142,599</u>	<u>174,677</u>	<u>452,217</u>

The income from donations and capital grants was £174,677 (2015: £452,217) of which £32,078 was unrestricted (2015: £14,715) and £142,599 was restricted fixed assets (2015: £437,502).

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

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	3,043,886	3,043,886	2,921,820
Other DfE / EFA grants	-	440,033	440,033	317,753
	<u>-</u>	<u>3,483,919</u>	<u>3,483,919</u>	<u>3,239,573</u>
<b>Other government grants</b>				
Local authority grants	-	390,761	390,761	380,490
	<u>-</u>	<u>390,761</u>	<u>390,761</u>	<u>380,490</u>
<b>Other funds</b>				
Other incoming resources	439,873	42,638	482,511	434,080
	<u>439,873</u>	<u>42,638</u>	<u>482,511</u>	<u>434,080</u>
<b>Total funding</b>	<u>439,873</u>	<u>3,917,318</u>	<u>4,357,191</u>	<u>4,054,143</u>

The income from funding for educational operations was £4,357,191 (2015: £4,054,143) of which £439,873 was unrestricted (2015: £349,713) and £3,917,318 was restricted (2015: £3,704,430).

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	6,595	-	6,595	4,465
Catering income	119,788	-	119,788	110,907
Other income	90,307	-	90,307	80,936
	<u>216,690</u>	<u>-</u>	<u>216,690</u>	<u>196,308</u>

The income from other trading activities was £216,690 (2015: £196,308) of which £216,690 was unrestricted (2015: £196,308).

**6 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	2,679	-	2,679	2,041
Other investment income	-	55,000	55,000	67,000
	<u>2,679</u>	<u>55,000</u>	<u>57,679</u>	<u>69,041</u>

The income from investments was £57,679 (2015: £69,041) of which £2,679 was unrestricted (2015: £2,041) and £55,000 was restricted (2015: £67,000).

**7 Expenditure**

	Staff costs £	Non pay expenditure Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	164,004	-	212,188	376,192	361,934
Academy's educational operations					
- Direct costs	2,656,574	-	141,249	2,797,823	2,715,738
- Allocated support costs	694,195	383,538	657,019	1,734,752	1,602,201
	<u>3,514,773</u>	<u>383,538</u>	<u>1,010,456</u>	<u>4,908,767</u>	<u>4,679,873</u>
<b>Total expenditure</b>	<u>3,514,773</u>	<u>383,538</u>	<u>1,010,456</u>	<u>4,908,767</u>	<u>4,679,873</u>

The expenditure on raising funds was £376,192 (2015: £361,934) of which £137,072 was unrestricted (2015: £227,278) and £239,120 was restricted (2015: £134,656).

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**7 Expenditure (Continued)**

<b>Net income/(expenditure) for the year includes:</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to auditor		
- Audit	13,350	12,000
- Other services	4,200	2,750
Net interest on defined benefit pension liability	114,000	54,000
Depreciation of tangible fixed assets	267,688	245,912
	<u>          </u>	<u>          </u>

**8 Charitable activities**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2016</b>	<b>2015</b>
			<b>£</b>	<b>£</b>
Direct costs - educational operations	39,663	2,758,160	2,797,823	2,715,738
Support costs - educational operations	373,993	1,360,759	1,734,752	1,602,201
	<u>413,656</u>	<u>4,118,919</u>	<u>4,532,575</u>	<u>4,317,939</u>

The expenditure on educational operations was £4,532,575 (2015: £4,317,939) of which £413,656 was unrestricted (2015: £272,565), £3,859,623 was restricted (2015: £3,799,462) and £259,296 was restricted fixed assets (2015: £245,912).

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Analysis of support costs</b>		
Support staff costs	694,195	642,203
Depreciation	267,688	245,912
Technology costs	60,930	52,503
Premises costs	242,233	282,622
Other support costs	445,563	346,669
Governance costs	24,143	32,292
	<u>1,734,752</u>	<u>1,602,201</u>

**LATCHMERE ACADEMY TRUST**  
**(FORMERLY LATCHMERE SCHOOL)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9 Staff costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,626,843	2,634,633
Social security costs	200,295	176,437
Other pension costs	576,308	460,286
	<hr/>	<hr/>
Total staff costs	3,403,446	3,271,356
Supply staff costs	81,058	20,951
Staff restructuring costs	14,579	-
Staff development and other staff costs	15,690	16,528
	<hr/>	<hr/>
	<u>3,514,773</u>	<u>3,308,835</u>

**Staff numbers**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Teachers	47	46
Administration and support	91	96
Management	1	1
	<hr/>	<hr/>
	<u>139</u>	<u>143</u>

**Higher paid staff**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1
	<hr/>	<hr/>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,579 (2015: £nil). Individually, the payments were: £14,579.

**Key management personnel**

The key management personnel of the Academy Trust comprise the Governors 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 £449,141 (2015: £425,246).

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**10 Governors' remuneration and expenses**

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head teacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff members under their contracts of employment, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

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

The value of the Head Teacher's remuneration was £103,634 (2015: £101,221) in the year. The Head Teacher is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £17,079 (2015: £14,272).

The value of staff Governors' remuneration was £155,064 (2015: £139,133). The staff Governors are accruing retirement benefits under the Teachers' Pension Scheme and the Local Government Pension Scheme and contributions paid in the year amounted to £15,852 (2015: £11,822) and £15,432 (2015: £14,350) respectively.

During the year ended 31 August 2016, expenses relating to gifts to staff totalling £155 (2015: £138) were reimbursed to one Governor (2015: two).

**11 Governors and officers insurance**

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

**12 Tangible fixed assets**

	Long leasehold land and buildings	Assets under construction	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2015	13,529,764	9,400	237,260	218,840	13,995,264
Transfer	9,400	(9,400)	-	-	-
Additions	391,294	-	15,457	64,946	471,697
At 31 August 2016	13,930,458	-	252,717	283,786	14,466,961
<b>Depreciation</b>					
At 1 September 2015	515,940	-	132,027	64,569	712,536
Charge for the year	185,404	-	44,594	37,690	267,688
At 31 August 2016	701,344	-	176,621	102,259	980,224
<b>Net book value</b>					
At 31 August 2016	13,229,114	-	76,096	181,527	13,486,737
At 31 August 2015	13,013,824	9,400	105,233	154,271	13,282,728



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<b>13 Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other debtors	20,787	43,666
Prepayments and accrued income	35,226	29,383
	<u>56,013</u>	<u>73,049</u>
<b>14 Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	58,895	51,214
Other creditors	41,260	47,289
Accruals and deferred income	232,204	231,538
	<u>332,359</u>	<u>330,041</u>
<b>15 Deferred income</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>122,695</u>	<u>105,821</u>
Deferred income at 1 September 2015	105,821	105,247
Released from previous years	(105,821)	(105,247)
Amounts deferred in the year	<u>122,695</u>	<u>105,821</u>
<b>Deferred income at 31 August 2016</b>	<u>122,695</u>	<u>105,821</u>
At the balance sheet date the Academy Trust was holding funds received in advance for rates funding and UIFSM income for the year to 31 March 2017 as well as money collected for school meals and wrap around care costs for the autumn term.		
<b>16 Financial instruments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>18,681</u>	<u>16,307</u>
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(157,068)</u>	<u>(145,226)</u>

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**17 Funds**

	Balance at 1 September 2015	Income	Expenditure	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant	1,023	3,043,886	(3,014,358)	30,923	61,474
Other DfE / EFA grants	149,026	440,033	(480,098)	-	108,961
Other government grants	29,526	390,761	(420,287)	-	-
Other restricted funds	(36,287)	42,638	-	18,102	24,453
	<u>143,288</u>	<u>3,917,318</u>	<u>(3,914,743)</u>	<u>49,025</u>	<u>194,888</u>
Funds excluding pensions					
Pension reserve	(1,566,000)	55,000	(184,000)	(756,000)	(2,451,000)
	<u>(1,422,712)</u>	<u>3,972,318</u>	<u>(4,098,743)</u>	<u>(706,975)</u>	<u>(2,256,112)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	450,817	117,599	(21,891)	-	546,525
Inherited funds	12,767,093	-	(185,585)	-	12,581,508
Capital expenditure from GAG	183,110	-	(38,377)	-	144,733
Private sector capital sponsorship	31,975	25,000	(13,443)	-	43,532
	<u>13,432,995</u>	<u>142,599</u>	<u>(259,296)</u>	<u>-</u>	<u>13,316,298</u>
<b>Total restricted funds</b>	<u>12,010,283</u>	<u>4,114,917</u>	<u>(4,358,039)</u>	<u>(706,975)</u>	<u>11,060,186</u>
<b>Unrestricted funds</b>					
General funds	311,659	691,320	(550,728)	(49,025)	403,226
	<u>311,659</u>	<u>691,320</u>	<u>(550,728)</u>	<u>(49,025)</u>	<u>403,226</u>
<b>Total funds</b>	<u>12,321,942</u>	<u>4,806,237</u>	<u>(4,908,767)</u>	<u>(756,000)</u>	<u>11,463,412</u>

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**17 Funds (Continued)**

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy that has been provided to the Academy Trust via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Academy Trust upon conversion which represent the school sites including the freehold and long leasehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The LGPS deficit fund represents the separately identifiable pension scheme deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised. The other ring-fenced restricted income fund represents all sundry sources of restricted income from various sources that are individually immaterial in value. The relevant restricted expenditure is then also recorded through this fund.

**18 Analysis of net assets between funds**

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£	£	£	£
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	223,481	-	13,263,256	13,486,737
Current assets	561,129	145,863	53,042	760,034
Creditors falling due within one year	(332,359)	-	-	(332,359)
Defined benefit pension liability	-	(2,451,000)	-	(2,451,000)
	<u>452,251</u>	<u>(2,305,137)</u>	<u>13,316,298</u>	<u>11,463,412</u>
Balance to allocate	(49,025)	49,025	-	-
Per balance sheet	403,226	(2,256,112)	13,316,298	11,463,412

**19 Capital commitments**

	2016 £	2015 £
Expenditure contracted for but not provided in the financial statements	-	197,940

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**20 Reconciliation of net income/(expenditure) to net cash flows from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period	(102,530)	91,836
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(142,599)	(437,502)
Interest receivable	(57,679)	(69,041)
Defined benefit pension scheme cost less contributions payable	70,000	75,000
Defined benefit pension scheme finance cost	59,000	54,000
Depreciation of tangible fixed assets	267,688	245,912
Decrease in debtors	17,036	129,608
Increase in creditors	2,318	33,181
<b>Net cash provided by operating activities</b>	<b>113,234</b>	<b>122,994</b>

**21 Members' liability**

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while 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.

**22 Pensions 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 Royal Borough of Kingston upon Thames. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

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**22 Pensions and similar obligations (Continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £255,575 (2015: £215,246).

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.5% 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.

<b>Total contributions made</b>	<b>2016 £</b>	<b>2015 £</b>
Employer's contributions	250,734	245,000
Employees' contributions	58,008	78,000
<b>Total contributions</b>	<b>308,742</b>	<b>323,000</b>

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**22 Pensions and similar obligations (Continued)**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

<b>Principal actuarial assumptions</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	4.1	4.5
Rate of increase for pensions in payment	2.1	2.6
Discount rate	2.0	3.7
Inflation assumption (CPI)	2.0	2.3

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

	<b>2016</b>	<b>2015</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	22.5	22.5
- Females	24.7	24.7
Retiring in 20 years		
- Males	24.6	24.6
- Females	27.0	27.0

<b>The Academy Trust's share of the assets in the scheme</b>	<b>2016</b>	<b>2015</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	1,359,000	949,000
Bonds	485,000	339,000
Cash	19,000	14,000
Property	78,000	54,000
Total fair value of assets	1,941,000	1,356,000
Actual return on scheme assets - gain/(loss)	316,000	(46,000)

<b>Amounts recognised in the statement of financial activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current service cost	323,000	320,000
Net interest cost	59,000	54,000

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**22 Pensions and similar obligations (Continued)**

<b>Changes in the present value of defined benefit obligations</b>	<b>2016 £</b>
Obligations at 1 September 2015	2,922,000
Current service cost	323,000
Interest cost	114,000
Employee contributions	60,000
Actuarial loss	1,017,000
Benefits paid	(44,000)
At 31 August 2016	4,392,000
<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>	<b>2016 £</b>
Assets at 1 September 2015	1,356,000
Interest income	55,000
Return on plan assets (excluding net interest on the net defined pension liability)	261,000
Employer contributions	253,000
Employee contributions	60,000
Benefits paid	(44,000)
At 31 August 2016	1,941,000

**23 Related party transactions**

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

The Academy Trust was responsible for running the North Kingston Children's Centre on behalf of the Royal Borough of Kingston local authority. During the period the Academy Trust received £30,000 (2015: £73,907) of funding from the council, and £5,105 (2015: £4,738) income generated by the Children's Centre activities, to run the Centre, which incurred costs of £41,134 (2015: £37,119). At the year end the Academy Trust held £41,260 (2015: £47,289) on behalf of the Royal Borough of Kingston. The income and expenditure on this has been excluded from the Academy Trust's financial statements.

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**24 Reconciliations on adoption of FRS 102**

**Reconciliation of funds for the previous financial period**

	<b>1 September 2014 £</b>	<b>31 August 2015 £</b>
Funds as reported under previous UK GAAP and under FRS 102	12,249,106	12,321,942
	<u>                    </u>	<u>                    </u>

**Reconciliation of net income for the previous financial period**

	<b>Notes</b>	<b>2015 £</b>
Net income as reported under previous UK GAAP		115,836
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest costs		(24,000)
Net income reported under FRS 102		<u>91,836</u>

**Notes to reconciliations on adoption of FRS 102**

**Defined benefit pension scheme**

Under FRS 102 there is a difference in the way that the movements on the pension scheme assets and liabilities are measured. As a result of this change, the net interest payable in the year ended 31 August 2015 has been increased by £24,000 and a compensating credit of £24,000 is recognised as an addition actuarial gain. The pension balances at 31 August 2015, the net balance taken to reserves and the balances within each reserve have not been affected by this change.