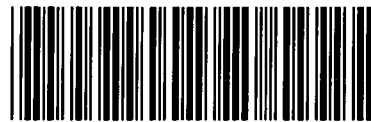


Company Registration No. 08135633 (England and Wales)

LATCHMERE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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LATCHMERE ACADEMY TRUST

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LATCHMERE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Stephen Pritchard
Carolyn Coles (Resigned 25 January 2018)
Justin Jacobs (Vice Chair of Trustees and Chair of School Improvement and Standards Committee)
Bethlyn Killey
Lucy Lewis (Resigned 26 January 2018)
Sarah McCarthy (Chair of Trustees)
Vivienne Renuhausay (Resigned 25 September 2017)
Julie Ritchie (Accounting Officer)
Annalisa Steels (Resigned 26 January 2018)
Lisa Stone (Chair of Latchmere School Local Governing Body)
Raghu Venkatesam (Chair of Finance and Resources Committee)
Bradley Price (Resigned 25 September 2017)
Madeline Maguire (Chair of Nelson School Local Advisory Board) (Appointed 1 April 2018)
Clare Reeve (Appointed 1 April 2018)

Senior management team

| | |
|--------------------------|-----------------|
| - Executive Head Teacher | Julie Ritchie |
| - Deputy Head | Michael Ray |
| - Deputy Head | Jane Johnston |
| - Inclusion Manager | Carolyn Coles |
| - Business Manager | Marianne Isbell |
| - Early Years Leader | Elaine Booth |

Company secretary

Clare Blake

Company registration number

08135633 (England and Wales)

Principal and registered office

Latchmere Road
Kingston upon Thames
Surrey
KT2 5TT

Academies operated

Latchmere School
Nelson Primary School

Location

Kingston upon Thames
Twickenham

Head Teacher

Julie Ritchie
Annalisa Steels

Independent auditor

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

Bankers

Royal Bank of Scotland
5 Church Street
Sheffield
S1 1HF

LATCHMERE ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Stone King LLP
13 Queen Square
Bath
BA1 2HJ

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the Charitable Company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates two primary academies: Latchmere School in the Royal Borough of Kingston and Nelson Primary School in the London Borough of Richmond. Nelson Primary School joined Latchmere Academy Trust on 1 September 2017; transferring from The Waldergrave Trust.

Latchmere School has a pupil capacity of 948 and had a roll of 936 in the school census of 4 October 2018. Nelson Primary School has a pupil capacity of 630 and had a roll of 441 in the school census on 4 October 2018. Nelson's Pupil Admission Number (PAN) will reduce from 90 to 60 in September 2019.

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 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.

Details of the Trustees 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.

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect its Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover.

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 9 July 2012.

Method of recruitment and appointment or election of Trustees

The standard term of office for Trustees is four years.

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

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of Trustees

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

During the year under review the Trustees held four full Board of Trustees meetings and six Trustees' committee meetings. In addition six meetings of the Local Advisory Board (LAB) at Nelson Primary School, and four meetings of the Local Governing Body (LGB) at Latchmere School were held.

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

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

Organisational structure

The Charitable Company's organisational structure consists of two levels: the Trustees and the Executive who are the Leadership Team.

The Trustees' primary role is to approve the strategic direction and objectives of the Academy Trust and consisted of two committees in the year ended 31 August 2018:

- Finance and Resources;
- School Improvement and Standards.

Additionally, each school has its own Governors who form at Nelson a LAB, and at Latchmere a LGB.

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 Board of Trustees which meets at least five times a year. Decisions are taken at meetings of the full Board of Trustees in consideration of reports and recommendations from Trustees' committees.

Members of staff, in addition to the Executive Head Teacher and the Head of School at Nelson, attend committee, LAB and LGB meetings to present reports in their areas of responsibility, for example curriculum development and special educational needs.

The Trustees have agreed a scheme of delegation which sets out a statement of internal control, and responsibilities.

Trustees 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 Trustees have delegated significant authority and responsibility in the day-to-day running of the Academy Trust to the Executive Head Teacher and Senior Leadership Team (SLT). The pay and remuneration of members of the SLT and Executive Head Teacher 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).

Trade union facility time

No employees were officials of any relevant trade unions in the year ended 31 August 2018. Therefore, none of their time was spent on union activities.

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

Related parties and co-operation with other 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 2017-18 have included initial teacher training through management of the School Direct programme, provision of induction training and certification for newly qualified teachers (NQTs) and hosting training courses.

The LTSA receives grant funding from the National College for Teaching and Leadership (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 Academy Trust 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.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal objects and activities of the Charitable Company are the operation of the Academies known as Latchmere School and Nelson Primary School 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 charitable company are summarised below:

- To provide outstanding teaching and learning;
- To care for the individual. The structures and ethos of the school ensure care for the individual;
- To provide a fit place to learn. The Academy Trust aims to provide an inspirational and well run school;
- To provide aspirational leadership;
- To provide an enriched curriculum whilst complying with statutory requirements;
- To provide value for money;
- To conduct the Academy Trust's business in accordance with the highest standards of integrity and probity;
- To foster partnerships within the local community and the wider community.

Public benefit

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

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Achievements and performance for Latchmere and Nelson.

2018 results

| EYFSP | Good Level of Development | 72% | 74% | 62% |
|---------|--------------------------------|-----|-----|-----|
| | | | | |
| Phonics | Y1 Expected Standard | 83% | 92% | 77% |
| | | | | |
| KS1 | RWM Expected | 65% | 74% | 62% |
| | RWM Greater Depth | 12% | 23% | 8% |
| | Reading Expected | 76% | 82% | 71% |
| | Reading Greater Depth | 26% | 45% | 24% |
| | Writing Expected | 70% | 78% | 64% |
| | Writing Greater Depth | 16% | 32% | 11% |
| | Maths Expected | 76% | 84% | 71% |
| | Maths Greater Depth | 22% | 28% | 24% |
| | Science Expected | 83% | 94% | 68% |
| | | | | |
| KS2 | RWM Expected Standard | 64% | 80% | 76% |
| | High RWM | 10% | 21% | |
| | Reading Expected Standard | 75% | 93% | 84% |
| | High Reading | 28% | 50% | 24% |
| | Writing Expected Standard (TA) | 78% | 88% | 78% |
| | High Writing (TA) | 20% | 27% | 16% |
| | GPS Expected Standard | 78% | 88% | 87% |
| | High GPS | 34% | 54% | 26% |
| | Maths Expected Standard | 76% | 87% | 85% |
| | High Maths | 24% | 44% | 24% |
| | Science Expected Standard (TA) | 82% | 92% | 83% |

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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.

KPI: to meet the targets set in 2017 for 2018 outcomes and increase the outcomes for 2018 – linked to SDP objective one - To develop comprehension skills in order to improve outcomes for pupils by 3%. This will be done through extending pupils' knowledge of words and their ability to put forward a reasoned argument through debate; .this was achieved in both schools.

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 2018 and the associated expenditure is shown as restricted funds in the statement of financial activities.

The Academy Trust also receives grants from Kingston and Richmond Local Authorities 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 2018, financial expenditure of £7,957,189 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 surplus for the year was £282,410 (excluding fixed asset funds and excluding the LGPS pension liability movement) for the year ended 31 August 2018.

At 31 August 2018 the carry forward, excluding fixed assets and pension obligations was £953,338 of which £460,759 represents 'free reserves' to be allocated to School Development Plan priorities and in accordance with the Academy Trust's reserves policy.

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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.

Principal risks and uncertainties

A risk register outlining low, medium and high risk factors has been drawn up by the Trustees. 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 – School Improvement and Standards committee;
- Staff risk – Finance and Resources committee;
- Land and Property risks - Finance and Resources committee; and
- Governance and Legal risks - Full Board of Trustees.

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 ESFA 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 5 years CIF grants have enabled the refurbishment of roofs, security and safeguarding improvements, extension of SEN accommodation, refurbishment of children's toilets, a classroom extension and improved fire safety measures.

The Academy Trust does not carry out any fundraising activities itself. Parent representative at both schools organise weekly cake sales for their classes, the proceeds of which are donated for the respective class to buy additional resources for pupils.

The Academy Trust also benefits from the fundraising endeavors of the Latchmere School Parents Association (LSPA) and the Nelson Primary School Parent Teacher Association (PTA) whose energy and commitment is greatly valued. The LSPA finances the regular upkeep of the Latchmere swimming pool, and both the LSPA and the PTA contribute substantial funds each year for targeted projects. In the year ended 31 August 2018 LSPA and PTA donations have helped us to substantially upgrade the IT facilities in classrooms at both schools.

Additionally, the Latchmere Learning Fund (LLF) donations enabled further improvement works in the infant playground at Latchmere.

Financial sustainability for the Academy Trust means ensuring the longevity of the organisation by being able to mobilise resources that support its strategic plans, managing core costs within its means, embracing initiatives and opportunities to innovate and secure new income streams. In this context, Trust expansion presents opportunities to strengthen sustainability, but also creates potential risk. The Academy Trust's approach is to move at a sensible pace with proper due diligence; employing robust governance, management and monitoring processes to ensure that identified risks are minimised.

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

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 cover staff;
- Any uncertainty, turbulence or expected reduction in funding arrangements or income streams; and
- Planned commitments, or designations, that cannot be met by future income alone.

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.

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 budgeted expenditure.

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's cash reserves at 1 September 2017 was £304,063. This was supplemented by the transfer of Nelson's cash balance during the year. Designated reserves included the Teaching School balance of £19,517 and proposed contributions totalling £30,000 toward successful CIF bids for toilet refurbishments at Nelson and fire safety improvements at both Latchmere and Nelson. Funds totalling £30,900 have also been used at Latchmere for refurbishment works on Innovation House roof and in Discovery House (Reception and Year 1 classrooms), and at Nelson £8,650 for IT infrastructure upgrades. Free (cash) reserves remaining at 31 August 2018 amounted to £492,200 representing approximately 7% of budget.

Investment policy

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 Trustees have 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.

Plans for future periods

The SDP outlines the priorities for the coming year for both schools with objective 1 of the SDP the same for both schools as linked to standards. Further objectives differ to meet the individual needs of the schools:

Nelson and Latchmere - Objective 1 - Writing - to extend the outcome for greater depth in writing by 3%.

Latchmere

- behaviour management plan for Y5/6 linked to secondary expectations and nurture;
- PPA cover to improve in quality across all areas - look at value added;
- PSHE - nurture linked to Y5/6 behaviour and to match the offers in EYFS and KS1.

Nelson

- To ensure pupils work is well presented and the marking policy is used consistently across the school;
- To establish Emerald as a nurture provision - matching the provision within the Academy Trust;
- To develop the role of subject leaders - working with Latchmere subject leaders.

LATCHMERE ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

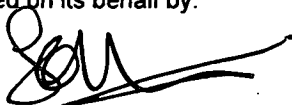
Auditor

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

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the Directors at a meeting on 05 December 2018 and signed on its behalf by:



Sarah McCarthy
Chair of Trustees

LATCHMERE ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

Governance

The information on governance included here supplements that described in the Trustees' Report and the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Stephen Pritchard | 4 | 4 |
| Carolyn Coles (Resigned 25 January 2018) | | |
| Justin Jacobs (Vice Chair of Trustees and Chair of School Improvement and Standards Committee) | 4 | 4 |
| Bethlyn Killey | 3 | 4 |
| Lucy Lewis (Resigned 26 January 2018) | | |
| Sarah McCarthy (Chair of Trustees) | 3 | 4 |
| Vivienne Renuhausay (Resigned 25 September 2017) | | |
| Julie Ritchie (Accounting Officer) | 4 | 4 |
| Annalisa Steels (Resigned 26 January 2018) | | |
| Lisa Stone (Chair of Latchmere School Local Governing Body) | 4 | 4 |
| Raghu Venkatesam (Chair of Finance and Resources Committee) | 3 | 4 |
| Bradley Price (Resigned 25 September 2017) | | |
| Madeline Maguire (Chair of Nelson School Local Advisory Board) (Appointed 1 April 2018) | 1 | 2 |
| Clare Reeve (Appointed 1 April 2018) | 2 | 2 |

LATCHMERE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Over the year under review we have only seen a couple of changes to the Board of Trustees of Latchmere Academy Trust. During the year we have added 2 new Trustees to fill skills gaps that we identified. Madeleine Maguire and Clare Reeve. In addition, we elected a new Chair of the Board of Trustees, Sarah McCarthy, an existing Trustee.

The Board of Trustees continues to work with the Executive Head in the following 3 areas:

- Strategic Leadership
- Financial Oversight
- Educational Standards

As a Board we continue to review our working practices in line with our legislative and regulatory responsibilities and have endeavored to close any knowledge gaps through participating in CPD, seeking out opportunities for face-to-face training where possible. A number of our trustees and governors are currently participating in the Govern Ed programmes funded by the DfE.

We have introduced a new reporting process at Trust level to ensure the Trustees have access to the data they need. This process is working well and has enabled the Trustees to have like-for-like information for both schools in the Trust.

Latchmere Academy Trust has completed it's first year with two schools, after the inclusion of Nelson Primary School into the MAT in September 2017. During this first year with two schools, the Trustees focused on the following:

1. Separation of Members and Trustees, specifically by accelerating the search for additional Members who can add value to the Trust based on their skills & experience. This search is continuing.
2. Rebalancing the governing boards of Latchmere and Nelson based on the skills assessment undertaken, by adding new governors to close identified gaps.
3. Training opportunities were provided and reinforced for all Trustees
4. Established a clear scheme of delegation between the Trust and school governing bodies

The Trust will undertake a self evaluation of its governance practices before 30 June 2019. Where necessary, it will also seek external advice on improving its governance processes before 30 June 2019.

Governance reviews

The Finance and Resources Committee is a sub-committee of the Board of Trustees.

Its purpose is to oversee the Academy Trust's financial affairs and to report to the Board of Trustees. 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 Resources Committee summarises the management accounts and presents these to the Full Board of Trustees. The Committee also recommends the acceptance/non-acceptance of the Academy Trust's budget at the start of the financial year.

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

LATCHMERE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

| Trustees | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Stephen Pritchard | 2 | 4 |
| Julie Ritchie (Accounting Officer) | 4 | 4 |
| Lisa Stone (Chair of Latchmere School Local Governing Body) | 1 | 4 |
| Raghu Venkatesam (Chair of Finance and Resources Committee) | 4 | 4 |
| Madeline Maguire (Chair of Nelson School Local Advisory Board) (Appointed 1 April 2018) | 1 | 2 |
| Clare Reeve (Appointed 1 April 2018) | 2 | 2 |

Review of value for money

As Accounting Officer the Executive 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 2017 to 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 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 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 period 1 September 2017 to 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.

LATCHMERE ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

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

The Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have requested RSM Risk Assurance Services LLP carry out a supplementary programme of works. This work is carried out as agreed with the directors. The last review was carried out in March 2018. The final report was provided on 20 April 2018, with no material control issues arising.

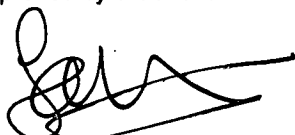
Review of effectiveness

As Accounting Officer the Executive 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.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 05 December 2018 and signed on its behalf by:



Sarah McCarthy
Chair of Trustees



Julie Ritchie
Accounting Officer

LATCHMERE ACADEMY TRUST

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 & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 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.



Julie Ritchie
Accounting Officer

05 December 2018

LATCHMERE ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

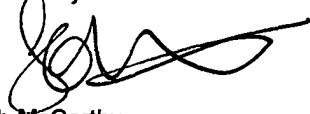
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 05 December 2018 and signed on its behalf by:



Sarah McCarthy
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LATCHMERE ACADEMY TRUST

Opinion

We have audited the financial statements of Latchmere Academy Trust (the "Charitable Company") 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Trustees (who act as Trustees for the charitable activities of the Charitable Company are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

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
17 December 2018

LATCHMERE ACADEMY TRUST

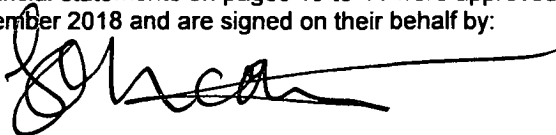
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed asset Funds £ | Total 2018 £ | Total 2017 £ |
|---|----------|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 4 | 51,893 | - | 599,044 | 650,937 | 266,842 |
| Donations - Transfer of existing Academy into the Academy Trust | 26 | 103,324 | (194,205) | 10,513,234 | 10,422,353 | - |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 5 | 456,319 | 6,009,732 | - | 6,466,051 | 4,273,317 |
| - Funding for teaching school | 25 | - | 143,200 | - | 143,200 | 146,200 |
| Other trading activities | 6 | 325,958 | 33,385 | - | 359,343 | 260,089 |
| Investments | 7 | 1,599 | - | - | 1,599 | 2,318 |
| Total | | 939,093 | 5,992,112 | 11,112,278 | 18,043,483 | 4,948,766 |
| Expenditure on: | | | | | | |
| Raising funds | 8 | 170,381 | - | - | 170,381 | 90,588 |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | 729,411 | 6,389,733 | 478,394 | 7,597,538 | 4,870,389 |
| - Teaching school | | - | 189,270 | - | 189,270 | 186,283 |
| Total | 8 | 899,792 | 6,579,003 | 478,394 | 7,957,189 | 5,147,260 |
| Net income/(expenditure) | | 39,301 | (586,891) | 10,633,884 | 10,086,294 | (198,494) |
| Transfers between funds | 19 | (115,081) | 115,081 | - | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains on defined benefit pension schemes | 23 | - | 598,000 | - | 598,000 | 1,077,000 |
| Net movement in funds | | (75,780) | 126,190 | 10,633,884 | 10,684,294 | 878,506 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 536,539 | (1,489,611) | 13,294,990 | 12,341,918 | 11,463,412 |
| Total funds carried forward | | 460,759 | (1,363,421) | 23,928,874 | 23,026,212 | 12,341,918 |

LATCHMERE ACADEMY TRUST**BALANCE SHEET****AS AT 31 AUGUST 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|-------------|-------------|
| Fixed assets | | | |
| Tangible assets | 14 | 24,383,179 | 13,661,856 |
| Current assets | | | |
| Debtors | 15 | 200,641 | 188,396 |
| Cash at bank and in hand | | 884,914 | 578,364 |
| | | 1,085,555 | 766,760 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 16 | (586,522) | (462,698) |
| Net current assets | | 499,033 | 304,062 |
| Net assets excluding pension liability | | 24,882,212 | 13,965,918 |
| Defined benefit pension scheme liability | 23 | (1,856,000) | (1,624,000) |
| Net assets | | 23,026,212 | 12,341,918 |
| Funds of the Academy Trust: | | | |
| Restricted funds | 19 | | |
| - Restricted fixed asset funds | | 23,928,874 | 13,294,990 |
| - Restricted income funds | | 492,579 | 134,389 |
| - Pension reserve | | (1,856,000) | (1,624,000) |
| Total restricted funds | | 22,565,453 | 11,805,379 |
| Unrestricted income funds | 19 | 460,759 | 536,539 |
| Total funds | | 23,026,212 | 12,341,918 |

The financial statements on pages 19 to 44 were approved by the Board of Trustees and authorised for issue on 05 December 2018 and are signed on their behalf by:


 Sarah McCarthy
 Chair of Trustees

LATCHMERE ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|---|-------|------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Net cash (used in)/provided by operating activities | 21 | (21,173) | | 87,790 | |
| Cash funds transferred on Academy joining Academy Trust | 26 | 444,413 | | - | |
| | | <u>423,240</u> | | <u>87,790</u> | |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 1,599 | | 2,318 | |
| Capital grants from DfE Group | | 532,553 | | 118,995 | |
| Capital funding received from sponsors and others | | 66,491 | | 118,449 | |
| Purchase of tangible fixed assets | | <u>(717,333)</u> | | <u>(453,209)</u> | |
| Net cash used in investing activities | | <u>(116,690)</u> | | <u>(213,447)</u> | |
| Net increase/(decrease) in cash and cash equivalents in the reporting period | | 306,550 | | (125,657) | |
| Cash and cash equivalents at beginning of the year | | 578,364 | | 704,021 | |
| Cash and cash equivalents at end of the year | | <u>884,914</u> | | <u>578,364</u> | |

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

Latchmere Academy Trust is a private 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 Trustees' report.

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

Basis of preparation

The financial statements of the 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, to all years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

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 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.

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.

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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.

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 at fair value of the consideration received or receivable in the period it is received and to the extent the Academy Trust has provided the goods or services.

Interest receivable

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

Transfer of assets from existing academies

The transfer of Nelson School into the Academy Trust, involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The net assets transferred to the Academy Trust have been valued at their fair values. The fair value has been derived based on that of equivalent items. The amount has been recognised under the appropriate balance sheet categories, with a corresponding amount in Donations - transfer to the Academy Trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

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.

Expenditure on raising funds

The Academy Trust raises funds from parents' voluntary contributions to support a programme of curriculum enhancement for all pupils. This includes trips and visits as well as in-school workshops that support the curriculum.

Charitable activities

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

LATCHMERE ACADEMY TRUST

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

1 Accounting policies (Continued)

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. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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

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

| | |
|-----------------------------------|--|
| Long leasehold land and buildings | Land - 125 years / Buildings - 25-50 years |
| Computer equipment | 3 - 5 years |
| Fixtures, fittings and equipment | 3 - 10 years |

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

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

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial 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 agreement 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.

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 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 reporting 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.

LATCHMERE ACADEMY TRUST

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

1 Accounting policies (Continued)

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 Department for Education Group.

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 23, 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.

3 Change in disclosure requirements

Due to changes in requirements to disclose amounts relating to Teaching School these figures have now been split out causing the prior year allocations to differ to the financial statements for the year ended 31 August 2017. There has been no change to the net income/(expenditure).

4 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 532,553 | 532,553 | 118,995 |
| Other donations | 51,893 | 66,491 | 118,384 | 147,847 |
| | <u>51,893</u> | <u>599,044</u> | <u>650,937</u> | <u>266,842</u> |

The income from donations and capital grants was £650,937 (2017: £266,842) of which £51,893 was unrestricted (2017: £29,398) and £599,044 was restricted fixed assets (2017: £237,444).

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Funding for the Academy Trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 4,908,101 | 4,908,101 | 3,115,699 |
| Other DfE group grants | - | 496,426 | 496,426 | 299,654 |
| Teaching school income | - | 143,200 | 143,200 | 146,200 |
| | - | 5,547,727 | 5,547,727 | 3,561,553 |
| Other government grants | | | | |
| Local authority grants | - | 605,205 | 605,205 | 370,510 |
| Other income | 456,319 | - | 456,319 | 487,454 |
| | 456,319 | 6,152,932 | 6,609,251 | 4,419,517 |

The income from funding for educational operations was £6,609,251 (2017: £4,419,517) of which £456,319 was unrestricted (2017: £487,454) and £6,152,932 was restricted (2017: £3,932,063).

6 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 21,137 | - | 21,137 | 10,585 |
| Catering income | 168,475 | - | 168,475 | 125,736 |
| Teaching school income | - | 33,385 | 33,385 | 35,147 |
| Other income | 136,346 | - | 136,346 | 88,621 |
| | 325,958 | 33,385 | 359,343 | 260,089 |

The income from other trading activities was £359,343 (2017: £260,089) of which £325,958 was unrestricted (2017: £224,942) and £33,385 was restricted (2017: £35,147).

7 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|-----------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Interest from short term deposits | 1,599 | - | 1,599 | 2,318 |

The income from funding for investment income was £1,599 (2017: £2,318) of which £1,599 was unrestricted (2017: £2,318).

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Expenditure

| | Staff costs £ | Non Pay Expenditure Premises £ | Other £ | Total 2018 £ | Total 2017 £ |
|----------------------------------|------------------|--------------------------------------|------------|--------------------|--------------------|
| Expenditure on raising funds | | | | | |
| - Direct costs | - | - | 170,381 | 170,381 | 90,588 |
| Academy's educational operations | | | | | |
| - Direct costs | 4,277,063 | - | 224,068 | 4,501,131 | 2,885,747 |
| - Allocated support costs | 1,569,053 | 914,434 | 612,920 | 3,096,407 | 1,984,642 |
| Teaching school | | | | | |
| - Direct costs | 48,794 | - | 100,476 | 149,270 | 156,283 |
| - Allocated support costs | - | - | 40,000 | 40,000 | 30,000 |
| Total support costs | 5,894,910 | 914,434 | 1,147,845 | 7,957,189 | 5,147,260 |

The expenditure on raising funds was £170,381 (2017: £90,588) of which £170,381 was unrestricted (2017: £90,588).

Net income/(expenditure) for the year includes:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets | 505,754 | 278,090 |
| Net interest on defined benefit pension liability | 54,000 | 51,000 |
| Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows: | | |
| - Audit | 15,000 | 12,950 |
| - Other services | 5,700 | 4,095 |
| - Internal audit services | 2,300 | 2,295 |
| - Other audit services | 5,550 | 3,725 |

9 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Educational operations | 67,538 | 4,433,593 | 4,501,131 | 2,885,747 |
| Teaching school | - | 149,270 | 149,270 | 156,283 |
| Support costs | | | | |
| Educational operations | 661,873 | 2,434,534 | 3,096,407 | 1,984,642 |
| Teaching school | - | 40,000 | 40,000 | 30,000 |
| | 729,411 | 7,057,397 | 7,786,808 | 5,056,672 |

The expenditure on charitable activities was £7,786,808 (2017: £5,056,672) of which £729,411 was unrestricted (2017: £520,211), £6,579,003 was restricted (2017: £4,277,709) and £478,394 was restricted fixed assets (2017: £258,752).

LATCHMERE ACADEMY TRUST

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

9 Charitable activities (Continued)

| | Teaching school | Educational operations | Total 2018 | Total 2017 |
|----------------------------------|-----------------|------------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Analysis of support costs | | | | |
| Support staff costs | - | 1,569,053 | 1,569,053 | 1,078,902 |
| Depreciation | - | 505,754 | 505,754 | 278,090 |
| Technology costs | - | 67,905 | 67,905 | 44,040 |
| Premises costs | - | 408,680 | 408,680 | 229,219 |
| Other support costs | 40,000 | 502,926 | 542,926 | 340,918 |
| Governance costs | - | 42,089 | 42,089 | 43,473 |
| | <u>40,000</u> | <u>3,096,407</u> | <u>3,136,407</u> | <u>2,014,642</u> |

10 Staff

Staff costs

Staff costs during the year were:

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Wages and salaries | 4,287,817 | 2,817,583 |
| Social security costs | 384,783 | 258,983 |
| Pension costs | 1,127,895 | 745,742 |
| Staff costs | <u>5,800,495</u> | <u>3,822,308</u> |
| Agency staff costs | 70,121 | 21,959 |
| Staff development and other staff costs | 24,294 | 38,450 |
| Total staff expenditure | <u>5,894,910</u> | <u>3,882,717</u> |

Non-statutory/non-contractual staff/severance payments

Included in other staff costs are non-statutory/non-contractual severance payments totalling £5,000 (2017: £14,775). Individually, the payments were £5,000 (2017: £14,775).

Staff numbers

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

| | 2018 Number | 2017 Number |
|----------------------------|----------------|----------------|
| Teachers | 79 | 54 |
| Administration and support | 136 | 91 |
| Management | 2 | 1 |
| | <u>217</u> | <u>146</u> |

LATCHMERE ACADEMY TRUST

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

10 Staff (Continued)

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 | 3 | 1 |
| £70,001 - £80,000 | 1 | - |
| £100,001 - £110,000 | - | 1 |
| £120,001 - £130,000 | 1 | - |
| | <u> </u> | <u> </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 £697,349 (2017: £501,599).

11 Central services

The Academy Trust has provided the following central services to its academies during the year:

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

The Academy Trust charged for these services on the following basis:

- 5% of GAG
- other bases as arising.

The amounts charged during the year were as follows:

| | 2018 £ | 2017 £ |
|-----------------------|---------------|-----------|
| Nelson Primary School | 83,518 | - |
| | <u>83,518</u> | <u>-</u> |

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Trustees' remuneration and expenses

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

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

The value of the Executive Head Teacher's remuneration was £123,074 (2017: £104,673) in the year. The Executive Head Teacher is accruing retirement benefits under the Teachers' Pension Scheme and contributions paid in the year amounted to £20,283 (2017: £17,250).

The value of three (2017: four) staff Governors' remuneration was £160,422 (2017: £160,582) in the year. 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 £26,438 (2017: £21,875) and £nil (2017: £6,975) respectively.

During the year ended 31 August 2018, expenses relating to gifts to staff, travel costs and car repairs totalling £1,140 (2017: £121) were reimbursed to two Governors (2017: two).

13 Trustees 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.

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Tangible fixed assets

| | Long leasehold land and buildings £ | Computer equipment £ | Fixtures, fittings and equipment £ | Total £ |
|--|---|----------------------------|---|------------|
| Cost | | | | |
| At 1 September 2017 | 14,296,527 | 295,063 | 328,580 | 14,920,170 |
| Transfer from existing Academy joining the Academy Trust | 10,491,414 | 9,398 | 8,932 | 10,509,744 |
| Additions | 630,644 | 67,524 | 19,165 | 717,333 |
| At 31 August 2018 | 25,418,585 | 371,985 | 356,677 | 26,147,247 |
| Depreciation | | | | |
| At 1 September 2017 | 889,333 | 222,594 | 146,387 | 1,258,314 |
| Charge for the year | 409,961 | 46,061 | 49,732 | 505,754 |
| At 31 August 2018 | 1,299,294 | 268,655 | 196,119 | 1,764,068 |
| Net book value | | | | |
| At 31 August 2018 | 24,119,291 | 103,330 | 160,558 | 24,383,179 |
| At 31 August 2017 | 13,407,194 | 72,469 | 182,193 | 13,661,856 |

15 Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|-----------|-----------|
| Other debtors | 50,593 | 136,284 |
| Prepayments and accrued income | 150,048 | 52,112 |
| | 200,641 | 188,396 |

16 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Other taxation and social security | 85,977 | 61,360 |
| Other creditors | 149 | 7,167 |
| Accruals and deferred income (see note 17) | 500,396 | 394,171 |
| | 586,522 | 462,698 |

LATCHMERE ACADEMY TRUST

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

| 17 | Deferred income | 2018 | 2017 |
|-----------|--|-------------------|-------------------|
| | | £ | £ |
| | Deferred income is included within: | | |
| | Creditors due within one year | 163,419 | 178,169 |
| | | <u> </u> | <u> </u> |
| | Deferred income at 1 September 2017 | 178,169 | 122,695 |
| | Released from previous years | (178,169) | (122,695) |
| | Resources deferred in the year | 163,419 | 178,169 |
| | | <u> </u> | <u> </u> |
| | Deferred income at 31 August 2018 | 163,419 | 178,169 |
| | | <u> </u> | <u> </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 2019 as well as money collected for school meals and wrap around care costs for the autumn term.

| 18 | Financial instruments | 2018 | 2017 |
|-----------|---|-------------------|-------------------|
| | | £ | £ |
| | Carrying amount of financial assets | | |
| | Debt instruments measured at amortised cost | 126,771 | 129,678 |
| | | <u> </u> | <u> </u> |
| | Carrying amount of financial liabilities | | |
| | Measured at amortised cost | 337,126 | 223,169 |
| | | <u> </u> | <u> </u> |

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|-------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 2 | 5,189,253 | (4,908,102) | - | 281,153 |
| Other DfE / ESFA grants | 114,870 | 566,039 | (496,426) | - | 184,483 |
| Other government grants | - | 490,124 | (605,205) | 115,081 | - |
| Teaching school | 19,517 | 176,585 | (189,270) | - | 6,832 |
| Other restricted funds | - | 20,111 | - | - | 20,111 |
| Pension reserve | (1,624,000) | (450,000) | (380,000) | 598,000 | (1,856,000) |
| | <u>(1,489,611)</u> | <u>5,992,112</u> | <u>(6,579,003)</u> | <u>713,081</u> | <u>(1,363,421)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 12,397,923 | 7,503,524 | (333,993) | - | 19,567,454 |
| DfE group capital grants | 643,481 | 1,497,853 | (60,461) | - | 2,080,873 |
| Capital expenditure from GAG | 104,412 | 4,045 | (19,434) | - | 89,023 |
| Local authority | - | 2,026,956 | (44,580) | - | 1,982,376 |
| Other restricted fixed asset fund | 149,174 | 79,900 | (19,926) | - | 209,148 |
| | <u>13,294,990</u> | <u>11,112,278</u> | <u>(478,394)</u> | <u>-</u> | <u>23,928,874</u> |
| Total restricted funds | <u>11,805,379</u> | <u>17,104,390</u> | <u>(7,057,397)</u> | <u>713,081</u> | <u>22,565,453</u> |
| Unrestricted funds | | | | | |
| General funds | <u>536,539</u> | <u>939,093</u> | <u>(899,792)</u> | <u>(115,081)</u> | <u>460,759</u> |
| Total funds | <u>12,341,918</u> | <u>18,043,483</u> | <u>(7,957,189)</u> | <u>598,000</u> | <u>23,026,212</u> |

LATCHMERE ACADEMY TRUST

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

19 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 2018.

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.

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds (Continued)

Funds prior year

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 61,474 | 3,115,699 | (3,177,171) | - | 2 |
| Other DfE / ESFA grants | 108,961 | 299,654 | (293,745) | - | 114,870 |
| Other government grants | - | 370,510 | (370,510) | - | - |
| Teaching school | 24,453 | 181,347 | (186,283) | - | 19,517 |
| Pension reserve | (2,451,000) | - | (250,000) | 1,077,000 | (1,624,000) |
| | <u>(2,256,112)</u> | <u>3,967,210</u> | <u>(4,277,709)</u> | <u>1,077,000</u> | <u>(1,489,611)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 12,581,508 | - | (183,585) | - | 12,397,923 |
| DfE group capital grants | 546,525 | 118,995 | (22,039) | - | 643,481 |
| Capital expenditure from GAG | 144,733 | - | (40,321) | - | 104,412 |
| Other restricted fixed asset fund | 43,532 | 118,449 | (12,807) | - | 149,174 |
| | <u>13,316,298</u> | <u>237,444</u> | <u>(258,752)</u> | <u>-</u> | <u>13,294,990</u> |
| Total restricted funds | <u>11,060,186</u> | <u>4,204,654</u> | <u>(4,536,461)</u> | <u>1,077,000</u> | <u>11,805,379</u> |
| Unrestricted funds | | | | | |
| General funds | <u>403,226</u> | <u>744,112</u> | <u>(610,799)</u> | <u>-</u> | <u>536,539</u> |
| Total funds | <u>11,463,412</u> | <u>4,948,766</u> | <u>(5,147,260)</u> | <u>1,077,000</u> | <u>12,341,918</u> |

Total funds analysis by academy

| | 2018 £ | 2017 £ |
|--|-------------------|-------------------|
| Fund balances at 31 August 2018 were allocated as follows: | | |
| Latchmere School | 513,209 | 670,928 |
| Nelson Primary School | 440,129 | - |
| Total before fixed assets fund and pension reserve | <u>953,338</u> | <u>670,928</u> |
| Restricted fixed asset fund | 23,928,874 | 13,294,990 |
| Pension reserve | (1,856,000) | (1,624,000) |
| Total funds | <u>23,026,212</u> | <u>12,341,918</u> |

LATCHMERE ACADEMY TRUST

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

19 Funds (Continued)

Total cost analysis by academy

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

| | Teaching and educational support staff | Other support staff costs | Educational supplies | Other costs excluding depreciation | Total |
|-----------------------|--|------------------------------|-------------------------|--|------------------|
| | £ | £ | £ | £ | £ |
| Latchmere School | 2,848,942 | 987,319 | 183,427 | 780,760 | 4,800,448 |
| Nelson Primary School | 1,476,915 | 255,734 | 133,995 | 404,343 | 2,270,987 |
| | <u>4,325,857</u> | <u>1,243,053</u> | <u>317,422</u> | <u>1,185,103</u> | <u>7,071,435</u> |

20 Analysis of net assets between funds

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--|-----------------------|--------------------------------|------------------------------------|-------------------|
| | £ | £ | £ | £ |
| Fund balances at 31 August 2018 are represented by: | | | | |
| Tangible fixed assets | 426,129 | - | 23,957,050 | 24,383,179 |
| Current assets | 149,711 | 935,844 | - | 1,085,555 |
| Creditors falling due within one year | (115,081) | (443,265) | (28,176) | (586,522) |
| Defined benefit pension liability | - | (1,856,000) | - | (1,856,000) |
| Total net assets | <u>460,759</u> | <u>(1,363,421)</u> | <u>23,928,874</u> | <u>23,026,212</u> |

| | Unrestricted Funds | Restricted funds: General | Fixed asset | Total Funds |
|--|-----------------------|------------------------------|-------------------|-------------------|
| | £ | £ | £ | £ |
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | 391,825 | - | 13,270,031 | 13,661,856 |
| Current assets | 144,714 | 597,087 | 24,959 | 766,760 |
| Creditors falling due within one year | - | (462,698) | - | (462,698) |
| Defined benefit pension liability | - | (1,624,000) | - | (1,624,000) |
| Total net assets | <u>536,539</u> | <u>(1,489,611)</u> | <u>13,294,990</u> | <u>12,341,918</u> |

LATCHMERE ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2018 £ | 2017 £ |
|--|-----------------|---------------|
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 10,086,294 | (198,494) |
| Adjusted for: | | |
| Net surplus on conversion to academy | (10,422,353) | - |
| Capital grants from DfE/ESFA and other capital income | (599,044) | (237,444) |
| Interest receivable | (1,599) | (2,318) |
| Defined benefit pension scheme cost less contributions payable | 326,000 | 199,000 |
| Defined benefit pension scheme finance cost | 54,000 | 51,000 |
| Depreciation of tangible fixed assets | 505,754 | 278,090 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 178,752 | (132,383) |
| (Decrease)/increase in creditors | (148,977) | 130,339 |
| Net cash (used in)/provided by operating activities | (21,173) | 87,790 |

22 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.

23 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 Royal Borough of Kingston upon Thames. Both are multi-employer defined benefit schemes.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the transfer in from another Academy Trust who were already members of the scheme and new employees who were eligible to and did join the Scheme whose cumulative retirement benefit was transferred to the Academy Trust in the year.

During the year Nelson Primary School transferred into the Academy Trust. The obligation in respect of employees who transferred with Nelson Primary School to the Academy Trust representing their cumulative service to the predecessor employer was recognised in the Statement of Financial Activities as part of the gain on transfer as set out in note 25.

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

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

LATCHMERE ACADEMY TRUST

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

23 Pension and similar obligations (Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to the TPS in the period amounted to £419,222 (2017: £281,494).

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

LATCHMERE ACADEMY TRUST

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

23 Pension and similar obligations (Continued)

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:

Employers

| | |
|---------|-------|
| 2017-18 | 25.5% |
| 2018-19 | 24.5% |
| 2019-20 | 23.5% |

Employees

Rates range from 5.5% - 12.5% depending on pay amount.

The LGPS obligation relates to the employees of the Academy Trust who were employees transferred as part of the conversion from the maintained school (as described in note 26) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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 £ | 2017 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 383,000 | 268,000 |
| Employees' contributions | 97,000 | 68,000 |
| Total contributions | 480,000 | 336,000 |

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

| | 2018 % | 2017 % |
|--|-----------|-----------|
| Rate of increase in salaries | 2.8-3.8 | 2.8 |
| Rate of increase for pensions in payment/inflation | 2.3-2.4 | 2.4 |
| Discount rate for scheme liabilities | 2.7-2.8 | 2.5 |
| Inflation assumption (CPI) | 2.3-2.4 | 2.4 |

LATCHMERE ACADEMY TRUST

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

23 Pension and similar obligations (Continued)

The assumed life expectations on retirement age 65 are:

| | 2018 Years | 2017 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 22.5-24.5 | 22.5 |
| - Females | 24.8-26.1 | 24.8 |
| Retiring in 20 years | | |
| - Males | 24.2-26.8 | 24.2 |
| - Females | 26.7-28.5 | 26.7 |

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

| | 2018 Fair value £ | 2017 Fair value £ |
|----------------------------|-------------------------|-------------------------|
| Equities | 2,617,380 | 1,802,160 |
| Bonds | 689,200 | 525,630 |
| Cash | 154,300 | 75,090 |
| Multi-asset fund | 95,000 | - |
| Property | 82,120 | 100,120 |
| Total fair value of assets | 3,638,000 | 2,503,000 |

The actual return on scheme assets was £219,000 (2017: £270,000).

Amount recognised in the Statement of Financial Activities

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Current service cost | 709,000 | 467,000 |
| Net interest cost | 54,000 | 51,000 |
| Total operating charge | 763,000 | 518,000 |

Changes in the present value of defined benefit obligations

| | 2018 £ |
|--|-----------|
| At 1 September 2017 | 4,127,000 |
| Transferred in on existing academies joining the Academy Trust | 937,000 |
| Current service cost | 709,000 |
| Interest cost | 135,000 |
| Employee contributions | 97,000 |
| Actuarial gain | (460,000) |
| Benefits paid | (51,000) |
| At 31 August 2018 | 5,494,000 |

LATCHMERE ACADEMY TRUST

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

23 Pension and similar obligations (Continued)

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

| | 2018 £ |
|---|-----------|
| At 1 September 2017 | 2,503,000 |
| Transferred in on existing academies joining the Academy Trust | 487,000 |
| Interest income | 81,000 |
| Actuarial return on plan assets (excluding net interest on the net defined pension liability) | 138,000 |
| Employer contributions | 383,000 |
| Employee contributions | 97,000 |
| Benefits paid | (51,000) |
| | <hr/> |
| At 31 August 2018 | 3,638,000 |
| | <hr/> |

24 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 £3,941 (2017: £17,500) of funding from the council, and £9,744 (2017: £2,666) income generated by the Children's Centre activities, to run the Centre, which incurred costs of £20,703 (2017: £36,760). At the year end the Academy Trust held £149 (2017: £7,167) on behalf of the Royal Borough of Kingston. The income and expenditure on this has been excluded from the Academy Trust's financial statements.

LATCHMERE ACADEMY TRUST

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

| 25 Teaching school trading account | 2018 | | 2017 | |
|---|----------------|--------------|----------------|---------------|
| | £ | £ | £ | £ |
| Direct income | | | | |
| External funding | | 143,200 | | 146,200 |
| Other income | | | | |
| Other trading activities | | 33,385 | | 35,147 |
| Total income | | 176,585 | | 181,347 |
| Direct costs | | | | |
| Direct staff costs | 48,794 | | 48,066 | |
| Other direct costs | 100,476 | | 108,217 | |
| | <u>149,270</u> | | <u>156,283</u> | |
| Other costs | | | | |
| Other support costs | 40,000 | | 30,000 | |
| Total expenditure | | (189,270) | | (186,283) |
| Deficit from all sources | | (12,685) | | (4,936) |
| Teaching school balances at 1 September 2017 | | 19,517 | | 24,453 |
| Teaching school balances at 31 August 2018 | | <u>6,832</u> | | <u>19,517</u> |

26 Transfer of an academy

On 1 September 2017 Nelson Primary School left the Waldegrave Academy Trust and all the operations and assets and liabilities were transferred to Latchmere Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations – transfer of existing Academy into the Trust.

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

| Academy | Location | Date of transfer |
|-----------------------|------------|------------------|
| Nelson Primary School | Twickenham | 1 September 2017 |

LATCHMERE ACADEMY TRUST

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

26 Transfer of an academy (Continued)

| | 2018 £ |
|--------------------------------|-------------------|
| Net assets transferred: | |
| Leasehold land and buildings | 10,491,414 |
| Other tangible fixed assets | 18,330 |
| Cash | 444,413 |
| LGPS pension surplus/(deficit) | (450,000) |
| Current assets | 190,997 |
| Current liabilities | (272,801) |
| | <u>10,422,353</u> |

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total 2018 £ |
|---|----------------------------|-----------------------------------|-------------------|--------------------|
| Funds surplus/(deficit) transferred: | | | | |
| Inherited fixed asset funds | - | - | 9,543,889 | 9,543,889 |
| DfE group capital grants | - | - | 965,300 | 965,300 |
| Capital expenditure from GAG | - | - | 4,045 | 4,045 |
| General Annual Grant (GAG) | - | 281,152 | - | 281,152 |
| Other DfE / ESFA grants | - | 69,613 | - | 69,613 |
| Other government grants | - | (115,081) | - | (115,081) |
| LGPS pension funds | - | (450,000) | - | (450,000) |
| Other funds | 103,324 | 20,111 | - | 123,435 |
| | <u>103,324</u> | <u>(194,205)</u> | <u>10,513,234</u> | <u>10,422,353</u> |