

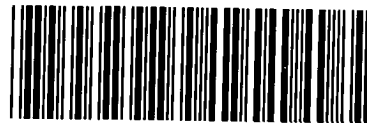
**London Academy of
Excellence**

**Annual Report and Financial
Statements**

31 August 2018

Company Limited by Guarantee Registration Number
07643795 (England and Wales)

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COMPANIES HOUSE

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Reference and administrative information

Members
Mr R Cairns
Mr B Lenon
Mr S Smith
Mr P Westbrook

Governors
Mr B Lenon (Chair)
Mr R Cairns (Vice Chair)
Mrs J Aisbitt
Dr I Archer
Mr S Baker
Mr M Beard
Mr M Cliff-Hodges
Mrs H Creamer
Ms J Deslandes
Ms C El-Mokadem
Mr N Fraser
Mr S Henderson
Mr C Jones
Ms R Lister
Mr A Pettitt
Mr S Smith
Dr M Syed
Dr M Stephen
Mr I Warwick
Mr P Westbrook

Senior Leadership Team
Head Master Mr S Baker (from 1 September 2017)
Business Director Ms D Agbodo
Deputy Head Miss C Harrison
Deputy Head Mr B Webster
Assistant Head Mr J Kane
Assistant Head Miss M St Amour
Director of External Relations Ms E Froud (resigned December 2017)

Registered office
Brighton College
Eastern Road
Brighton
East Sussex
BN2 0AL

Company registration number 07643795 (England & Wales)

Reference and administrative information

Independent auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers HSBC Bank PLC
Canary Wharf
8 Canada Square
London
E14 5HQ

Solicitors Browne Jacobson
15th Floor
6 Bevis Marks
London
EC3A 7BA

Governors' report Year to 31 August 2018

The Governors of London Academy of Excellence ("the Academy Trust") present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2018. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy Trust's memorandum and articles of association, applicable laws and "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 United Kingdom and Republic of Ireland (FRS 102)".

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee (company registration number 07643795) and an exempt charity. The memorandum of association signed on 20 May 2011 and articles of association are the primary governing documents of the Academy Trust. The Governors are the trustees and the directors of the Academy Trust. The Academy Trust is known as "London Academy of Excellence" or "LAE".

Details of the Governors who served during the year are set out in the Governance section on page 16. Current Governors are set out in the Reference and Administrative Details on page 1.

Members' liability

Each Member of the Academy Trust undertakes to contribute to the assets of the Academy Trust 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. The Members, who are also currently Governors, are R Cairns, B Lenon, S Smith and P Westbrook.

Principal activities

The main activity of the Academy Trust during the period under review was operating LAE, a free school for A level provision situated in the London Borough of Newham.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors

The Academy Trust is governed by a Board of Governors (the "Board" or the "Board of Governors"). The Governors are directors of the charitable company for the purposes of the Companies Act.

The Board has regard to any guidance as to the governance of academies that the Secretary of State may publish.

The Board of Governors comprises:

- a) the three original subscribers to the memorandum and articles of association of the Academy Trust: R Cairns, S Smith and P Westbrook (who along with the Chair of Governors comprise the Members);
- b) the heads of the partner schools who wish to sit on the board. In addition to R Cairns, six were Governors in the year ended 31 August 2018;
- c) others who are able to advance the objectives of LAE by virtue of their knowledge, skills and positions in particular areas (finance, law, business, PR, university access);
- d) up to two parent / carer Governors;
- e) the Head Master who is responsible for the day to day management of the Academy Trust (as Accounting Officer).

Governors in categories (b) and (c) above may number up to twenty. At the present time, the total number of such Governors is fifteen. Governors serve for a four-year term which is renewable. During the year, there were also four additional members of the Finance Committee, three additional members of the Education Committee and two additional members of the Development Committee who are not full Governors or in attendance at the full Board meeting.

The Deputy Head, the Business Director and the Clerk, who takes the minutes, are in attendance at Board meetings. From time to time other members of LAE staff are asked to address the Board.

Governors' report Year to 31 August 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors (continued)

Governor	Committee membership	Term of office
Mr B Lenon (Chair)	Nominations & Governance, Remuneration (Chair)	02 April 2016 – 01 April 2020
Mr R Cairns (Vice Chair)	Education, Nominations & Governance (Chair), Remuneration	23 May 2015 – 22 May 2019
Mrs J Aisbitt	Development	02 April 2016 – 01 April 2020
Dr I Archer	Education	02 April 2016 – 01 April 2020
Mr S Baker	Accounting Officer and Head Master	
Mr M Beard		01 June 2015 – 30 May 2019
Mr A Bird	Education	06 June 2014 – 17 May 2018
Mr M Cliff-Hodges		01 Sept 2016 – 31 Aug 2020
Mrs H Creamer	Finance, Development (Chair)	02 April 2016 – 01 April 2020
Ms J Deslandes		02 April 2016 – 01 April 2020
Ms C El-Mokadem	Development	02 Mar 2018 – 01 Mar 2022
Mr N Fraser	Education	02 Mar 2018 – 02 Mar 2022
Mr S Henderson		01 Sept 2015 – 31 Aug 2019
Mr C Jones		02 April 2016 – 01 April 2020
Ms R Lister	Development	01 Sept 2017 – 31 Aug 2021
Mr A Pettitt	Education	02 April 2016 – 01 April 2020
Mr S Smith	Finance, Nominations & Governance, Remuneration	23 May 2015 – 22 May 2019
Dr M Stephen	Development	02 April 2016 – 01 April 2020
Mr P Westbrook	Finance (Chair), Nominations & Governance, Remuneration	23 May 2015 – 22 May 2019
Additional Finance Committee members		
Ms H Ashour	Finance	14 May 2015 – 18 May 2018
Mr P Ganguly	Finance	21 Oct 2016 – 20 Oct 2020
Ms C Taylor	Finance	04 Feb 2016 – 03 Feb 2020
Mr J Pheasant	Finance	27 Sept 2016 – 26 Sept 2020
Additional Education Committee member		
Mr T Arbuthnott	Education	01 Sept 2017 – 31 Aug 2021
Mr D Gabriele	Education	01 Sept 2017 – 31 Aug 2021
Ms R Zaubzer	Education	25 Sept 2015 – 24 Sept 2019
Additional Development Committee member		
Mr S Sheridan	Development	30 May 2018 – 29 May 2022
Mrs A Henderson	Development	30 May 2018 – 29 May 2022

After the year end, Mr I Warwick and Dr M Syed were appointed as Governors.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors' indemnities

In accordance with normal industry practice the Academy Trust has purchased indemnity cover through participation in the government's Risk Protection Arrangement (RPA) Scheme to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provided unlimited cover on any one claim for the year ended 31 August 2018 and the charge for indemnity cover was included as part of a single payment for comprehensive cover.

Method of recruiting and appointing Governors

Appointments to the Board are considered by the Nominations and Governance Committee. Those put forward are voted on by the Board.

As referred to above, in addition to the Board, five committees exist to consider and drive various aspects of LAE. These committees advise the Board on related policies and procedures. These committees are:

- ♦ Education
- ♦ Finance
- ♦ Nominations and Governance
- ♦ Remuneration
- ♦ Development (from 30 May 2018)

Each committee comprises up to ten individuals with at least half of the committee members being Governors. Other committee members are appointed by the Chair of each committee, subject to the approval of the Chair of the Board. Committees aim to meet at least two weeks in advance of each Board meeting and at other times, as decided by the Chair of each committee. In addition to the committees above, the Board has a Management Committee which meets typically termly in between Board meetings and to which any Board member can come. This enables the Board to provide additional support to LAE and focus on particular aspects of LAE's business.

Policies and procedures adopted for the induction and training of Governors

New Governors are given a tour of LAE and the chance to meet staff, sixth formers and the Head Master, with a view to ensuring that all Governors have a thorough understanding of LAE's philosophy and day-to-day operations. They meet with the Chair of Governors and are given a comprehensive induction pack outlining their duties. A sixth former shadowing regime enables Governors to have the opportunity to spend a full day at LAE experiencing life as a sixth former. All Governors are invited to appropriate LAE events (e.g. Review of the Year) in order for them to experience the output of LAE sixth formers first-hand.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Governors
(continued)

Governors have relevant continuing professional development through their work outside the Academy Trust and/or also participate in training programmes relevant to their specific duties as governors of an academy trust.

Organisational structure and management

The Head Master is responsible for the internal organisation, management and day to day running of LAE, and for advising on and implementing its strategic framework. In particular, the Head Master and his Senior Leadership Team (SLT) formulate specific aims and objectives, policies and targets for the Board of Governors to consider adopting. The Head Master is responsible for discharging many responsibilities on the Board of Governors' behalf, as well as for discharging his own responsibilities. The Head Master and Business Director attend all meetings of the Board.

Financial probity is addressed by annual budgets being scrutinised by the Finance Committee and then recommending their adoption by the Board, such ratification taking place at the Board meeting in the summer term. Termly management accounts are produced and distributed to the members of the Finance Committee and Head Master with variances to budget having been analysed by the Business Director. A system of financial controls is in place and documented in a Delegation of Authority Framework.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel comprise: the Governors, the Head Master, Business Director, Deputy Head and Assistant Heads. The Remuneration Committee determines the salary arrangements for the Head Master, Deputy Head and Business Director while Assistant Heads are paid on a predetermined payscale which has also been considered by the Remuneration Committee. The Remuneration Committee meets every year to review salary arrangements in line with relevant public information.

Trade union facility time

There were no union arrangements in the Academy Trust in the year to 31 August 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships

LAE has six independent schools as academic partners providing intellectual sponsorship or other support for one or more particular areas of the school. The table below summarises the subject support received in the year. In the following table, HoD means Head of Department.

School	Subject/Area	Activity/Support
Brighton College	Physics	One day a week teaching in Physics
Caterham School	Modern Languages	HoD provides teacher training one day per week
Eton College	English	Part-time teaching secondment, three days per week
Highgate School	Modern Languages	Assistant support one day per week and two Highgate Chrysalis Fellows one day per week each

The Chair of Governors at LAE is the Chair of the Independent Schools Council (ISC) as well as a Trustee at the New Schools Network. Parties at the partner schools also support the areas of strategy; finance; procurement; HR; fundraising; and other major projects.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

LAE was set up with the object of advancing for the public benefit, education in the United Kingdom, by establishing and maintaining, operating and developing a sixth form free school offering an A level curriculum comprising a limited range of subjects that most facilitate access to Britain's best universities. The sole activity of LAE is to provide education for sixth formers of ages 16 to 19. LAE seeks to enable access for able 16-19 year-olds to the top universities in Britain (such as the research led Russell Group) and the rest of the world by offering an academic curriculum of currently fourteen facilitating subjects (Maths, Further Maths, Physics, Chemistry, Biology, Economics, Government & Politics, Geography, History, English Literature, Religious Studies, French, Spanish and Psychology). A tutor system ensures that monitoring and tracking of each sixth former's performance is regular and sustained.

Review of activities

The main activity during the period under review was operating LAE, a free school for A level provision in the London Borough of Newham. Key activities have been:

- ♦ the education of the Year 13 pupils in preparation for A2 examinations sat in June 2018;

OBJECTIVES AND ACTIVITIES (continued)

Review of activities (continued)

- ◆ the preparation of the Year 13 pupils for university entrance in Autumn 2018;
- ◆ the preparation of the Year 12 to make applications to university in Autumn 2019;
- ◆ the recruitment, induction of new staff and development of existing staff;
- ◆ the extension and further embedding of a broad range of extra-curricular activities and societies ("ECAS") and sporting opportunities, including competitive fixtures;
- ◆ the embedding of strong House identities;
- ◆ strengthening the pastoral and safeguarding provision, including actively promoting fundamental British values;
- ◆ the forging of strong relationships with the partner independent schools, not only between academic subjects but also between the schools and their namesake Houses;
- ◆ the forging of strong relationships with the community around LAE, in particular with local primary and secondary schools;
- ◆ the recruitment of the next cohort of sixth formers (to join LAE in September 2018) and the careful management of the applications that were received for the places on offer;
- ◆ the preparation and inception of a fundraising campaign to try to secure long-term financial support for LAE's broader provision;
- ◆ the continued embedding of a strong LAE brand and market presence; and
- ◆ ongoing rigorous and robust self-evaluation, drawing on both internal reflection and input from external observers, to ensure that LAE's aims are being met.
- ◆ identifying a suitable property for the period following the end of the current lease.

Public benefit

The Governors confirm that they have complied with the duty in the Charities (Accounts and Reports) Regulation 2008 in respect of having due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the Academy Trust.

STRATEGIC REPORT

Key achievements and performance

Demand for places

As a result of high academic results, excellent university admissions and word of mouth, demand from sixth formers is very strong. The number of applications from prospective students increased from 2,849 in 2017/18 to 3,290 in 2018/19. 248 new Year 12 students enrolled in August 2018, all of them having secured the 5 A*/A grade entry requirements.

Academic results

Sixth formers' A level results in the 2018 exams were very strong with 19% of all grades at A*, 61% of all grades A*/A and 90% of all grades A*/B. These results enabled the vast majority of LAE sixth formers to secure places at their chosen universities, including 123 to Russell Group universities, 15 to Oxbridge and 12 to study medicine, veterinary medicine and dentistry.

Dedication and effort

Each sixth former is required to be present from 8.20am until at least 3.20pm each school day. Throughout the year, standards of attendance, punctuality, behaviour and industry have been very high; this has been the recurring observation made by all visitors. Sixth formers have delivered their work on time, and have remained focused on it away from the confines of the classroom. Part of the vision of LAE is to foster a sense of belonging and collegiality. All sixth formers dress in a smart and business-like way, wearing a suit and a tie or badge. All sixth formers are attached to Houses, which organise their own activities and competitions. Sixth formers have been committed to the range of extra-curricular activities, sporting opportunities and House events.

Co-curricular

All sixth formers participate in a co-curricular programme, overseen by a member of staff and commit one afternoon a week to sport, including inter-school fixtures, and participate in at least one ECAS activity (including drama).

Outreach

Part of the vision of LAE is that its educational purpose should not be limited to those within its confines. Sixth formers have gone to local Newham secondary and primary schools on a weekly basis to support pupils there with their work, primarily to help with literacy and numeracy. Inevitably the pupils in the schools visited enquire and learn about LAE and the merits of further education through this contact; thus educational aspiration is spread well beyond LAE's site of Broadway House.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

Most of the Academy Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants from the Education and Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

A summary of the results for the period is included on page 28.

Total income for the year was £3,636,000 (2017 - £3,407,000), which included £2,688,000 (2017 - £2,654,000) of ESFA revenue grants.

Total expenditure for the year was £4,200,000 (2017 - £3,739,000), of which £2,423,000 (2017 - £2,067,000) related to staffing costs and the balance to the other costs of running the educational operations of the Academy Trust.

Taking into account the actuarial gain of £119,000 (2017 – loss of £1,000) on the revaluation of the Local Government Pension Scheme deficit, the net movement in funds for the year ended 31 August 2018 was a decrease of £445,000 (2017 - decrease of £333,000).

The operational deficit for the year was £30,000 (2017 – operational surplus of £108,000). This figure excludes movements on the tangible fixed assets, the defined benefit pension liability, and other non-recurring items. The operational deficit is after recognition of the grant received from HSBC totalling £500,000 (2017 - £500,000).

Reserves policy

The policy of the Governors is to maintain a level of reserves that is adequate to provide a stable base for the continuing operation of the Academy Trust whilst ensuring that excessive funds from public bodies are not accumulated. The reserves as at 31 August 2018 amounted to £2.184m (2017 - £2.629m) represented mainly by fixed assets of £1.581m (2017 - £1.935m) along with restricted reserves of £660,000 (2017 - £824,000), a pension deficit of £224,000 (2017 – deficit of £229,000) and an unrestricted general reserve (the Academy Trust's free reserves) of £167,000 (2017 - £99,000). Please see the Statement of Financial Activities (SoFA) on page 28 and the Balance Sheet on page 29 for more detail.

Investment policy

The Governors' policy is to invest surplus funds in low risk short term bank deposits with banks in the UK which are regulated by the Prudential Regulation Authority "PRA". Investments must not be of a speculative nature and selected financial instruments must protect the capital sums invested.

STRATEGIC REPORT (continued)

Financial review (continued)

Key financial performance indicators

The key financial performance indicator is whether there is sufficient incoming funding to cover the costs of the Academy Trust both on an annual basis and on an ongoing cash flow basis. All other financial key performance indicators are ancillary to this.

The budget for the forthcoming year considers sixth former numbers; funding per sixth former; staffing ratios and costs; and anticipated overheads. The financial impact of regulatory changes, the Academy Trust's Improvement Plan and new activities are also allowed for in the budget.

The Governors aim to identify donors and secure donations to enable the Academy Trust to offer other beneficial experiences or assistance to sixth formers that are not part of the core provision of education. In the absence of donations, these areas cannot be offered. Examples of these areas include: sponsored trips to universities to enable the sixth formers to better appreciate what it is they might aspire to; trips to museums; galleries; exchanges for those learning modern foreign languages; quality preparation for university application; healthy food offering; co-curricular breadth; additional support for those for whom English is a second language; the OutReach programme enabling sixth formers to go into local secondary schools; stretching the most able sixth formers as part of the Aiming for A*'s programme delivered by Academics in Residence and other enhancing activities.

Going concern

After making appropriate enquiries, the Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Principal Accounting Policies.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

A risk register sets out the principal risks facing LAE and the controls that are in place to mitigate their effect. LAE continues to develop the risk register to assess the risks facing it. The register acts as a tool for Governors to assess, monitor and review risks to LAE's success in the areas of teaching and learning, finance, facilities and safeguarding with a view to planning and prioritisation. Risk management considers both the probability of a risk occurring and its impact on LAE with mitigating action plans agreed and approved by the Governors.

The aim of the Governors has been to ensure there are sufficient committed funds from the ESFA and through donations to enable the school to achieve its vision of academic and co-curricular education.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk management (continued)

Downside financial risks were covered through contracts, insurance, attracting key financial supporters and through partner schools providing teachers and other support.

A ten year commercial lease for the use of Broadway House at 322 High Street in Stratford was signed effective July 2012 terminating in August 2022. LAE is currently exploring opportunities at other sites for further development.

The key risks facing LAE are principally external ones:

- ◆ Reduction in government funding;
- ◆ Identifying a suitable property for the period following the end of our lease; and
- ◆ Reduction in level of external donations.

There are few risks which would have a significant impact on the medium term for LAE.

FUNDRAISING

The Academy Trust has set up a Development Committee and appointed a part time member of staff (on a voluntary basis) to manage its fund raising activities. The Development Committee:

- has established a fund raising strategy for the Trust;
- is in the process of setting up a "Friends of LAE Stratford" programme; and
- is actively identifying individual, corporate and trust/foundation donor prospects who may wish to support education and social mobility for pupils from deprived post codes and making applications to them for funding.

Governors' report Year to 31 August 2018

FUTURE ACTIVITIES AND PLANS

These are encapsulated in LAE's Development Plan:

Priority	Objectives
Sixth former recruitment	Full cohorts in every year group, with no compromising of academic entrance requirements. To secure a student population that reflects the diversity of East London.
Sixth former achievement	A Level results comparable to other selective state providers nationally. Every student who aims for one receives an offer from a Russell Group university or for an equivalent course.
Sixth former well-being	Students feeling academically stimulated and challenged but also supported, nurtured and respected by their teachers, and LAE in general. Happy, healthy students who feel safe at LAE.
Sixth former experience	A varied and popular programme of extra- and co-curricular activities that helps students develop genuine enthusiasms and passions. Offsite trips and visits that broaden students' horizons and understanding. OutReach activity that develops in students a deeply embedded commitment to community service. Development of the broader employability skillset of students.
Teacher recruitment, performance and retention	Appointing subject-specialists with excellent qualifications who are, or who show they are likely to be, outstanding teachers. Positive, industrious and committed staff who exemplify LAE's ethos and values. Regular monitoring and mentoring of new teaching staff to ensure they are at the required level.
Partner relations	Productive partnerships with East London secondary schools, and with local primaries. Positive relationships with other sixth form providers. Developing regular and constructive contact with parents/carers. Developing regular and constructive contact with alumni.
Premises	A well-equipped building that is safe, and in which the facilities are fit for purpose including having appropriate technology, management information systems and virtual learning environment. Identification of and development of premises which are suitable for the longer term.
Finance	To ensure the systems for looking after the finances of the school comply with legal and academy requirements and that there are sufficient funds to enable the provision of LAE's vision. To identify and secure incremental income in support of LAE's vision.

Governors' report Year to 31 August 2018

Funds Held as Custodian Trustee on Behalf of Others

The Trust receives a Bursary Grant from the Education and Skills Funding Agency which is disbursed to students aimed at improving access to education for students who would otherwise struggle to engage. These funds are held in the Academy Trust's bank account and are accounted for separately. Funds are disbursed in line with the Academy Trust's policy which is published to students every year.

AUDITOR

In so far as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors on 16 November 2018 and signed on its behalf by:

 16/11/18

MR B LENO

Chair

Governance statement 31 August 2018

Scope of responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head Master, 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*. The Head Master is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
Mr B Lenon (Chair)	3	3
Mr R Cairns (Vice Chair)	3	3
Mrs J Aisbitt	3	3
Dr I Archer	1	3
Mr S Baker (Head Master and Accounting Officer)	3	3
Mr M Beard	2	3
Mr A Bird	1	1
Mr M Cliff-Hodges	3	3
Mrs H Creamer	3	3
Ms J Deslandes	3	3
Ms C El-Mokadem	2	2
Mr N Fraser	2	2
Mr S Henderson	3	3
Mr C Jones	3	3
Mr R Lister	3	3
Mr A Pettitt	3	3
Mr S Smith	2	3
Dr M Stephen	3	3
Mr P Westbrook	3	3

Governance review

The skills of the Governors are surveyed and regularly updated and care is taken to ensure that the Board always has Governors with a wide range of expertise to offer support and challenge to the Head Master and senior managers.

As part of an ongoing personal review process, Governors have usually identified where they would benefit from further support and arrangements are made to facilitate this.

Governance statement 31 August 2018

Governance (continued)

Strategic Plan and Policies: Governors continue to clearly set out and review the Academy Trust's mission, values and strategic priorities. There is a clear system and an annual cycle. All Academy Trust policies are assigned to individual pairs of Governors who undertake an annual review of these policies on behalf of the Board. These are then signed off by the Board, or relevant sub-committee.

Link Governor Scheme: A Link Governor scheme is in place whereby Governors make one or more link visits each year reflecting the priorities of the Academy Trust in that year. Governors complete a feedback form highlighting what they have seen to the Head Master and other Governors. Where appropriate the Head Master will follow up on any issues or opportunities arising from the visit.

Other Governor actions assessed at the review:

- ◆ Governors have read and checked all policies.
- ◆ Governors have read and checked all risk assessments and the risk register.
- ◆ Governors received and discussed minutes of the Health and Safety Committee.
- ◆ Governors have checked safeguarding systems, the single central register and files.
- ◆ Governors have commissioned an external audit.

The Board sets the high level direction, policy and strategy and is able to ensure that the LAE continues to improve for students and other stakeholders.

The **Finance Committee** is a sub-committee of the Board. The Finance Committee is authorised to advise the Board on all matters relating to finance, personnel strategy and capital projects and to monitor and review all matters within its terms of reference although the Board retains the ultimate decision on areas of strategy. At any given point in the year, the Finance Committee comprised three Governors, the Head Master and four co-opted members with the required expertise to ensure that the Committee fulfils its purpose.

Attendance at meetings in the year was as follows:

Finance Committee Member	Number of meetings attended	Out of a possible
Mr P Westbrook (Chair)	3	3
Ms H Ashour	1	3
Mr S Baker	3	3
Mrs H Creamer	3	3
Mr P Ganguly	3	3
Mr J Pheasant	3	3
Mr S Smith	3	3
Ms C Taylor	1	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

Review of value for money

As Accounting Officer the Head Master 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 the 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 and improved value for money during the year by:

- ◆ Securing donations of £500,000 from HSBC for ongoing educational delivery for the current year; and
- ◆ Securing donated services from partner schools which have resulted in staff cost savings of over £100,000.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors;

The risk and control framework (continued)

- ◆ regular reviews by the Finance 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 Board has considered the need for a specific internal audit function and has decided that a full annual internal audit is not required for the Academy Trust. However, at each of its meetings during the year, a member of the Finance Committee with expertise in control environments has looked at the control regime first hand and reported to the Finance Committee. The Academy Trust has implemented those recommendations that the Finance Committee considered appropriate. No matters of material significance were identified during the year.

The role of the Finance Committee member who conducts the review of controls includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current period included:

- ◆ testing of payroll systems;
- ◆ testing of purchase systems;
- ◆ testing of income invoices;
- ◆ testing of fixed asset additions; and
- ◆ testing of control account/ bank reconciliations/journals.

On a termly basis, the Finance Committee member reports to the board of trustees, through the Finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

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

- ◆ the Finance Committee member with internal control experience and a senior finance team member of one of the partner schools;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;


Governance statement 31 August 2018


Review of effectiveness (continued)

- ♦ the work of the executive managers 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 results of these reviews and, where necessary, plans to address recommendations and ensure continuous improvement of the system are in place.

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


(Chair) Mr B Lenon


16.11.18.
(Head Master and
Accounting Officer) Mr S Baker

Approved on: 16 November 2018

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of London Academy of Excellence, I have considered my responsibility to notify the Academy Trust's Board of Governors and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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 Governors and ESFA.

SBaker
16.11.18.

Accounting Officer

Mr S Baker

Date:

Statement of Governors' responsibilities 31 August 2018

The Governors (who act as trustees for the charitable activities of the Academy Trust and are also the directors of the Academy Trust for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Governors to prepare financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Academy Trust and of its income and expenditure for that period. In preparing these financial statements, the Governors are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy Trust will continue in operation.

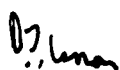
The Governors are responsible for keeping proper accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable them to ensure that the financial statements comply with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

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

The Governors are responsible for the maintenance and integrity of the charity and financial information included on the Academy Trust'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 Board of Governors on 16 November 2018 and signed on its behalf by:

Chair

 Mr. B. Lenon

Independent auditor's report Year to 31 August 2018

Independent auditor's report to the members of London Academy of Excellence

Opinion

We have audited the financial statements of London Academy of Excellence (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 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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 income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report Year to 31 August 2018

Conclusions relating to going concern (continued)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Governors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Governors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remuneration specified by law are not made; or

Independent auditor's report Year to 31 August 2018

Matters on which we are required to report by exception (continued)

- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the Governors' responsibilities statement, the Governors 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 Governors 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 Governors 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 Governors 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 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.



Katharine Patel (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

12 December 2018

Independent reporting accountant's report on regularity Year to 31 August 2018

Independent reporting accountant's assurance report on regularity to London Academy of Excellence and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by London Academy of Excellence during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of London Academy of Excellence's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of London Academy of Excellence's funding agreement with the Secretary of State for Education dated 20 August 2012 and the Academies Financial Handbook 2017, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Independent reporting accountant's report on regularity Year to 31 August 2018

Approach (continued)

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

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects:

- a) the expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament; and
- b) the financial transactions do not conform to the authorities which govern them.

B. A. A. C. T. LLP

Statutory Auditor
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

12 December 2018

Statement of financial activities Year to 31 August 2018
(including the income and expenditure account)

	Notes	Unrestricted general funds £000	Restricted funds		2018 Total funds £000	2017 Total funds £000
			Restricted general funds £000	Fixed assets funds £000		
Income from:						
Donations and capital grants	1	167	619	14	800	698
Charitable activities:						
· Funding for the Academy Trust's educational operations	4	—	2,688	—	2,688	2,654
Other trading activities	2	44	100	—	144	40
Investments	3	2	2	—	4	15
Total income		213	3,409	14	3,636	3,407
Expenditure on:						
Charitable activities:						
· Academy Trust's educational operations	5 & 6	145	3,621	434	4,200	3,739
Total expenditure		145	3,621	434	4,200	3,739
Net income (expenditure) before transfers		68	(212)	(420)	(564)	(332)
Transfers between funds	14	—	(66)	66	—	—
Net income (expenditure)		68	(278)	(354)	(564)	(332)
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	20	—	119	—	119	(1)
Net movement in funds		68	(159)	(354)	(445)	(333)
Fund balances brought forward at 1 September 2017		99	595	1,935	2,629	2,962
Fund balances carried forward at 31 August 2018		167	436	1,581	2,184	2,629

All of the Academy Trust's activities derived from continuing operations.

A separate statement of recognised gains and losses is not required as all gains and losses are included in the above Statement of Financial Activities.

Balance sheet 31 August 2018

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	11		1,581		1,935
Current assets					
Stock		2		—	
Debtors	12	157		129	
Cash at bank		1,647		1,666	
		<u>1,806</u>		<u>1,795</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(979)		(872)	
Net current assets			<u>827</u>		<u>923</u>
Total assets less current liabilities			<u>2,408</u>		<u>2,858</u>
Net assets excluding pension scheme liability			<u>2,408</u>		<u>2,858</u>
Pension scheme liability	20		(224)		(229)
Total net assets			<u>2,184</u>		<u>2,629</u>
The funds of the Academy Trust:					
Restricted funds	14				
Fixed assets fund			1,581		1,935
Restricted income fund			660		824
Pension reserve			(224)		(229)
Total restricted funds			<u>2,017</u>		<u>2,530</u>
Unrestricted income funds					
General fund	14		167		99
Total funds			<u>2,184</u>		<u>2,629</u>

Approved by the Board of Governors of London Academy of Excellence (Company Registration No. 07643795) (England and Wales) and signed on its behalf by:

Chair  Mr B Lenon

Approved on: 16 November 2018

Statement of cash flows Year to 31 August 2018

		2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	A	43	189
Cash flows from investing activities			
Net cash used in investing activities	B	(62)	(32)
Change in cash and cash equivalents in the year		(19)	157
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		1,666	1,509
Cash and cash equivalents at 31 August 2018	C	1,647	1,666

A Reconciliation of expenditure to cash flows from operating activities

	2018 £000	2017 £000
Net expenditure for the year (as per the Statement of Financial Activities)	(564)	(332)
Adjusted for:		
Depreciation (note 11)	434	423
Capital grants from DfE and other capital income	(14)	—
Interest receivable (note 3)	(4)	(1)
Defined benefit pension scheme cost less contributions payable (note 20)	113	58
Defined benefit pension scheme finance income (note 20)	(2)	(14)
(Increase) decrease in debtors	(28)	11
Increase in creditors	110	44
Increase in stocks	(2)	—
Net cash provided by operating activities	43	189

B Cash flows from investing activities

	2018 £000	2017 £000
Interest received (note 3)	4	1
Purchase of tangible fixed assets (note 11)	(80)	(33)
Capital grants from DfE/ESFA	14	—
Net cash used in investing activities	(62)	(32)

Statement of cash flows Year to 31 August 2018

C Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	1,647	1,666
Total cash and cash equivalents	1,647	1,666

Principal accounting policies Year to 31 August 2018

Statement of accounting policies

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

Basis of preparation

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

London Academy of Excellence meets the definition of a public benefit entity under FRS 102.

Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is 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.

Principal accounting policies Year to 31 August 2018

Income *(continued)*

Grants *(continued)*

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

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

Donations

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

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust is recognised at the value payable as salary plus on costs of a similar post-holder had they been directly employed in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. Donated services including seconded staff are recognised as donations in the period when those services are provided. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Expenditure on charitable activities

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

All expenditure is stated net of recoverable VAT.

Principal accounting policies Year to 31 August 2018

Tangible fixed assets

Assets costing £5,000 or more, including assets which are part of a capital project which aggregate to £5,000 or more, are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Leasehold building improvements	Over the life of the lease
Furniture and equipment	33%
Computer equipment	33%

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

A full year of depreciation is calculated in the year of acquisition and none in the year of disposal.

Liabilities

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

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial instruments

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

Principal accounting policies Year to 31 August 2018

Financial instruments (continued)

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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'). These are 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 prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and 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 recognised in the period to which they relate.

Principal accounting policies Year to 31 August 2018

Pensions benefits (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

The restricted fixed assets fund is for resources which are to be applied to specific capital purposes with conditions imposed by the providers.

The restricted general funds comprise all other restricted funds received and include grants from the DfE and the ESFA.

Critical accounting estimates and areas of judgement

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.

Principal accounting policies Year to 31 August 2018

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

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 for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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.

Notes to the financial statements Year to 31 August 2018

1 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Fixed asset funds £000	2018 Total funds £000	2017 Total funds £000
Capital grants	—	—	14	14	27
Donated services – seconded staff	117	—	—	117	103
Other donations	50	619	—	669	568
	167	619	14	800	698

The value included in the financial statements for donated services from partner schools is calculated as a salary equivalent of the time spent by their staff teaching in LAE classrooms. It therefore takes no account of the hugely valuable contribution of partner schools outside of the classroom in other areas. Such areas include: training teaching staff, supporting heads of department, considering educational best practice, monitoring quality of delivery, financial and strategic support, risk management oversight, fundraising support, meeting government representatives, and board and committee preparation and attendance time. If the total time contribution of partner schools were to be included in the donated services line, it would be a multiple of the figure included above. Given the calibre of partner schools and their staff, the true "value" of partner schools' input would be even greater.

2 Other trading activities

	Unrestricted funds £000	Restricted funds £000	2018 Total funds £000	2017 Total funds £000
Hire of facilities	44	—	44	8
Trip income	—	21	21	20
Catering income	—	62	62	—
Miscellaneous income	—	17	17	12
	44	100	144	40

3 Investment income

	Unrestricted funds £000	Restricted funds £000	2018 Total funds £000	2017 Total funds £000
Interest receivable	2	—	2	1
FRS 102 pension finance income (note 20)	—	2	2	14
	2	2	4	15

Notes to the financial statements Year to 31 August 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £000	Restricted funds £000	2018 Total funds £000	2017 Total funds £000
DfE/ESFA grants				
. General Annual Grant (GAG)	—	2,688	2,688	2,654
	—	2,688	2,688	2,654

5 Expenditure

	Staff costs (note 8) £000	Non pay expenditure		2018 Total funds £000	2017 Total funds £000
		Premises £000	Other costs £000		
Charitable activities					
. Academy Trust's educational operations					
.. Direct costs	1,904	58	444	2,406	2,153
.. Support costs	519	984	291	1,794	1,586
	2,423	1,042	735	4,200	3,739

Expenditure for the year includes:

Operating leases rentals – Land and buildings	397	397
Depreciation	434	423
Fees payable to auditor		
. Audit	13	13
. Other services	3	2

6 Academy Trust's educational operations

	2018 Total funds £000	2017 Total funds £000
Direct costs	2,406	2,153
Support costs	1,794	1,586
	4,200	3,739

	2018 Total funds £000	2017 Total funds £000
Analysis of support costs		
Support staff costs	519	373
Depreciation – leasehold building improvements	376	376
Technology costs	107	98
Premises costs	608	586
Other support costs	165	132
Governance costs	19	21
Total support costs	1,794	1,586

Notes to the financial statements Year to 31 August 2018

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Unrestricted general funds £000	Restricted funds		2017 Total funds £000
		Restricted general funds £000	Fixed assets funds £000	
Income from:				
Donations and capital grants	103	568	27	698
Charitable activities:				
· Funding for the Academy Trust's educational operations	—	2,654	—	2,654
Other trading activities	20	20	—	40
Investments	1	14	—	15
Total income	124	3,256	27	3,407
Expenditure on:				
Charitable activities:				
· Academy Trust's educational operations	103	3,213	423	3,739
Total expenditure	103	3,213	423	3,739
Net income (expenditure) before transfers	21	43	(396)	(332)
Transfers between funds	(6)	—	6	—
Net income (expenditure)	15	43	(390)	(332)
Other recognised gains and losses				
Actuarial losses on defined benefit pension schemes	—	(1)	—	(1)
Net movement in funds	15	42	(390)	(333)
Fund balances brought forward at 1 September 2016	84	553	2,325	2,962
Fund balances carried forward at 31 August 2017	99	595	1,935	2,629

Notes to the financial statements Year to 31 August 2018

8 Staff

(a) Staff costs

Staff costs during the year were:

	2018 Total funds £000	2017 Total funds £000
Wages and salaries	1,825	1,621
Social security costs	170	154
Pension costs (including FRS102 pension adjustment of £116,000 (2017 - £58,000))	359	276
	2,354	2,051
Supply teacher costs	69	16
	2,423	2,067

(b) Staff numbers

The average number of persons (including the senior management team) employed by the Academy Trust during the year ended 31 August 2018 was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	32	30
Administration and support	19	15
Management	6	6
	57	51

(c) Higher paid staff

The number of employees whose emoluments, excluding employer's pension contributions, fell within the following bands during the year was:

	2018 No.	2017 No.
£60,001 - £70,000	3	1
£100,000 – £110,000	1	1
	4	2

(d) Higher paid staff pension contributions

Three of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff members amounted to £36,923 (2017 – two staff members, £26,697).

(e) Key management personnel

The key management personnel of the Academy Trust comprise: the Governors, the Head Master, Business Director, Deputy Head and Assistant Heads. The total amount of employee benefits (including employer's pension contributions) received by key management personnel for their services to the Academy Trust was £501,645 (2017 - £491,195).

Notes to the financial statements Year to 31 August 2018

9 Governors' remuneration and expenses

The Head Master is the only staff Governor and only receives remuneration in respect of services provided undertaking the role of Head Master and not in respect of services as a Governor. Other Governors did not receive any payments, other than reimbursement of expenses, from the Academy Trust in respect of their role as Governors. The value of Governors' remuneration and employer's pension contributions was as follows:

Mr S Baker (Head Master and Governor):

Remuneration: £106,625 (2017 - £105,000)

Employer's pension contribution: £16,480 (2017 - £16,480)

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,317 were reimbursed to 3 Governors (2017 - £1,497 to 3 Governors).

Other related party transactions involving the Governors are set out in note 21.

10 Governors' indemnities

In accordance with normal industry practice the Academy Trust has purchased indemnity cover through participation in the government's Risk Protection Arrangement (RPA) Scheme to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provided unlimited cover on any one claim for the year ended 31 August 2018 and the charge for indemnity cover was included as part of a single payment for comprehensive cover.

11 Tangible fixed assets

	Leasehold building improve- ments £000	Furniture, and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2017	3,761	362	394	4,517
Additions	—	19	61	80
At 31 August 2018	3,761	381	455	4,597
Depreciation				
At 1 September 2017	1,868	339	375	2,582
Charge for the year	376	20	38	434
At 31 August 2018	2,244	359	413	3,016
Net book value				
At 31 August 2018	1,517	22	42	1,581
At 31 August 2017	1,893	23	19	1,935

Notes to the financial statements Year to 31 August 2018

12 Debtors

	Total 2018 £000	Total 2017 £000
VAT recoverable	40	29
Other debtors	17	20
Prepayments and accrued income	100	80
	157	129

13 Creditors: amounts falling due within one year

	Total 2018 £000	Total 2017 £000
Trade creditors	123	105
Taxation and social security	55	46
Other creditors	78	73
Accruals and deferred income	723	648
	979	872

Accruals and deferred income above includes the following deferred income balance:

	Total 2018 £000	Total 2017 £000
Deferred income at 1 September 2017	414	314
Resources deferred in the year	480	100
Amount released from previous year	(414)	—
Deferred income at 31 August 2018	480	414

The deferred income balance at 31 August 2018 comprises £363,000 (2017 - £314,000) of ESFA funding received in advance for the 2018/19 financial year together with a donation of £100,000 (2017 - £100,000) to support academics in residence posts for the 2018/19 financial year, and £17,000 (2017 - £nil) of other advanced donations.

Notes to the financial statements Year to 31 August 2018

14 Funds

	At 1 September 2017 £000	Income £000	Expenditure £000	Transfers and losses £000	At 31 August 2018 £000
Restricted general funds					
. General Annual Grant	613	2,688	(2,786)	(66)	449
. Other restricted funds	211	719	(719)	—	211
. Pension reserve	(229)	2	(116)	119	(224)
	<u>595</u>	<u>3,409</u>	<u>(3,621)</u>	<u>53</u>	<u>436</u>
Restricted fixed assets fund					
. DfE/ESFA capital grants	1,900	14	(399)	66	1,581
. Capital expenditure from GAG	35	—	(35)	—	—
	<u>1,935</u>	<u>14</u>	<u>(434)</u>	<u>66</u>	<u>1,581</u>
Total restricted funds	<u>2,530</u>	<u>3,423</u>	<u>(4,055)</u>	<u>119</u>	<u>2,017</u>
Unrestricted funds					
. General funds	99	213	(145)	—	167
Total unrestricted funds	<u>99</u>	<u>213</u>	<u>(145)</u>	<u>—</u>	<u>167</u>
Total funds	<u>2,629</u>	<u>3,636</u>	<u>(4,200)</u>	<u>119</u>	<u>2,184</u>

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

Other restricted general funds consist of donations carried forward from previous years and donations received in the year under review. The donations are restricted to supporting LAE's mission and have been applied for the funding of specific staff posts, co-curricular provision and widening participation programmes.

Capital transfers relate to the purchase of fixed assets from the GAG fund during the year.

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.

Notes to the financial statements Year to 31 August 2018

14 Funds (continued)

Comparative information

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

	At 1 September 2016 £000	Income £000	Expenditure £000	Transfers and losses £000	At 31 August 2017 £000
Restricted general funds					
· General Annual Grant	564	2,654	(2,605)	—	613
· Other restricted funds	173	588	(550)	—	211
· Pension reserve	(184)	14	(58)	(1)	(229)
	553	3,256	(3,213)	(1)	595
Restricted fixed assets fund					
· DfE/ESFA capital grants	2,249	27	(376)	—	1,900
· Capital expenditure from GAG	76	—	(47)	6	35
	2,325	27	(423)	6	1,935
Total restricted funds	2,878	3,283	(3,636)	5	2,530
Unrestricted funds					
· General funds	84	124	(103)	(6)	99
Total unrestricted funds	84	124	(103)	(6)	99
Total funds	2,962	3,407	(3,739)	(1)	2,629

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

	At 1 September 2016 £000	Income £000	Expenditure £000	Transfers and losses £000	At 31 August 2018 £000
Restricted general funds					
· General Annual Grant	564	5,342	(5,391)	(66)	449
· Other restricted funds	173	1,307	(1,269)	—	211
· Pension reserve	(184)	16	(174)	118	(224)
	553	6,665	(6,834)	52	436
Restricted fixed assets fund					
· DfE/ESFA capital grants	2,249	41	(775)	66	1581
· Capital expenditure from GAG	76	—	(82)	6	—
	2,325	41	(857)	72	1,581
Total restricted funds	2,878	6,706	(7,691)	124	2,017
Unrestricted funds					
· General funds	84	337	(248)	(6)	167
Total unrestricted funds	84	337	(248)	(6)	167
Total funds	2,962	7,043	(7,939)	118	2,184

Notes to the financial statements Year to 31 August 2018

15 Analysis of net assets between funds

		Restricted funds		
	Unrestricted funds £000	Restricted general funds £000	Fixed assets fund £000	Total 2018 £000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	1,581	1,581
Current assets	167	1,639	—	1,806
Current liabilities	—	(979)	—	(979)
Pension liability	—	(224)	—	(224)
Total net assets	167	436	1,581	2,184

16 Capital commitments

The Academy Trust had no capital commitments at 31 August 2018 (2017 – none).

17 Financial commitments

Operating leases

At 31 August 2018, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2018 £000	2017 £000
Amounts due within one year	397	398
Amounts due between two and five years inclusive	1,190	1,588
Amounts due after five years	—	398
	1,587	2,384

18 Contingent liabilities

The Academy Trust had no contingent liabilities at 31 August 2018 (2017 – none).

19 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while 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 cease to be a member.

20 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 London Borough of Newham. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £4,521 were payable to the schemes at 31 August 2018 (2017 - £3,588) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although Teachers are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- ♦ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge);

20 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed. Initial indications are that the employer's contribution rate will increase to 23.6% from September 2019 and that government funding will be made available to cover the increased costs.

The employer's pension costs paid to TPS in the period amounted to £208,000 (2017 - £190,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total employer's contributions for the year ended 31 August 2018 totalled £35,000 (2017 - £28,000).

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.

Notes to the financial statements Year to 31 August 2018

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.2	25.1
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	27.5	27.4

	Approx increase to defined benefit obligation £'000	Approx monetary value £'000
Sensitivity analysis for the year ended 31 August 2018		
0.1% decrease in real discount rate	(24.2%)	(124)
0.1% increase in the salary increase rate	23.2%	119
0.1% increase in the pension increase rate	24.2%	124

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	170	128
Gilts	10	10
Other bonds	28	20
Property	28	14
Cash	21	39
Alternative assets	31	10
Total market value of assets	288	221
Less: liabilities	(512)	(450)
Deficit in the scheme	(224)	(229)

Notes to the financial statements Year to 31 August 2018

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	151	86
Interest income	(14)	(22)
Interest cost	12	8
Total amount recognised in the SOFA	149	72

Amounts recognised in the Statement of Financial Activities	2018 £000	2017 £000
Current service costs (net of employers contributions)	116	58
Net interest income	(2)	(14)
Total operating charge	114	44

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	450	344
Current service cost	151	86
Interest cost	12	8
Employee contributions	19	14
Actuarial (gain) loss	(119)	2
Benefits paid	(1)	(4)
At 31 August 2018	512	450

Changes in the fair value of the Academy Trust's share of scheme assets:	2018 £000	2017 £000
At 1 September 2017	221	160
Interest income	14	22
Actuarial gain	—	1
Employer contributions	35	28
Employee contributions	19	14
Benefits paid	(1)	(4)
At 31 August 2018	288	221

Notes to the financial statements Year to 31 August 2018

21 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, transactions may take place with organisations in which a Governor has 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 following related party transactions took place in the period of account:

The Chairman of the Board of Governors of the Academy is also the Chairman of the Independent Schools Council. During the year ended 31 August 2017, an amount of £65 was paid for lunch costs for meetings held at their facility. There were no similar expenses in the year to 31 August 2018.

The Academy Trust received total donations of £10,000 from one Governor during the year ended 31 August 2018 (2017 - £7,500 from two Governors).

22 Agency arrangements

The Academy Trust administers the disbursement of discretionary support for learners, the 16-19 Bursary Funds, on behalf of the ESFA. In the year ended 31 August 2018, the Academy Trust received £38,601 (2017 - £34,143) and disbursed £33,002 (2017 - £31,953). Of the remaining balance, £1,930 (2017 - £1,707) was recognised in the Statement of Financial Activities to cover the cost of administration and £3,668 (2017 - £483) has been carried forward in creditors for the next year's Bursary Funds, in line with ESFA guidelines.