

Company Registration No. 09148738 (England and Wales)

LEARNING IN HARMONY MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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



LEARNING IN HARMONY MULTI ACADEMY TRUST

CONTENTS

| | Page |
|--|---------|
| Reference and administrative details | 1 - 2 |
| Directors' report | 3 - 15 |
| Governance statement | 16 - 18 |
| Statement on regularity, propriety and compliance | 19 |
| Statement of Directors' responsibilities | 20 |
| Independent auditor's report on the financial statements | 21 - 23 |
| Independent reporting accountant's report on regularity | 24 - 25 |
| Statement of financial activities including income and expenditure account | 26 - 27 |
| Balance sheet | 28 |
| Statement of cash flows | 29 |
| Notes to the financial statements including accounting policies | 30 - 51 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

P Grant (resigned 23 April 2018)
A Harun (resigned 23 April 2018)
H Hinchliffe
R Matthew
F Hartle (appointed 12 May 2018)

Directors

H Hinchliffe
J King
I Mussa (Resigned 17 October 2017)
P Quinn (Chair to 20 October 2018)
D Rochford
G Wilkie (Accounting Officer)
N Turvey
P Haslett
J Marriott (Resigned 12 May 2018)
R Field (Resigned 2 July 2018)
K Rotheram (Appointed 17 October 2017)
J Brown (Chair from 30 October 2018) (Appointed 17 October 2017)
K Sewell (Appointed 17 October 2017 and resigned 12 May 2018)
L Udenwoke (Appointed 20 March 2018)
R Keller (Appointed 30 October 2018)

Senior management team

| | |
|------------|---|
| G Wilkie | - Chief Executive Officer |
| N Turvey | - Trust Executive Headteacher |
| P Hill | - Chief Finance Officer |
| J Naish | - Head of People, Governance, Risk & Compliance |
| A Eastwood | - Trust Executive Headteacher |
| E Peltier | - Trust Executive Headteacher |
| D Woollard | - Trust Executive Headteacher |

Company registration number

09148738 (England and Wales)

Registered office

Hartley Primary School
Hartley Avenue
London
London
E6 1NT
United Kingdom

LEARNING IN HARMONY MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

Hartley Primary School
Upton Cross Primary
John F Kennedy School
Sheringham Primary School
Learning in Harmony Trust
Blenheim Primary School
Drew Primary School
Greenways Primary School

Location

East Ham
Upton Park
Stratford
Manor Park

Leigh-on-Sea
Silvertown
Southend-on-Sea

Principal

L McClay
N Turvey
J Newman and S Dodds
K Sewell
G Wilkie
D Woollard
E Peltier
A Eastwood

Trust operation

Learning in Harmony

Location

East Ham

CEO

G Wilkie

Independent auditor

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Bankers

Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their 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 trustees' report and a director's report under company law.

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For that period, the Trust operated 8 academies in the London Borough of Newham and in the Borough of Southend-on-Sea.

London Borough of Newham:

- John F Kennedy Special School, for pupils aged 4 to 19. In the school census on 18/01/2018, John F Kennedy Special School had a pupil capacity of 110 and had a roll of 114.
- Sheringham Primary School, for pupils aged 4 to 11. In the school census on 18/01/2018, Sheringham Primary School had a pupil capacity of 690 and had a roll of 658.
- Upton Cross Primary School, for pupils aged 3 to 11. In the school census on 18/01/2018, Upton Cross Primary School had a pupil capacity of 1200, and had a roll of 993.
- Hartley Primary School, for pupils aged 3 to 11. In the school census on 18/01/2018, Hartley Primary School had a pupil capacity of 960 and had a roll of 903.
- Drew Primary school, for pupils aged 4 to 11. In the school census on 18/01/2018, Drew Primary School had a pupil capacity of 480 and a roll of 443.

Borough of Southend on Sea:

- Blenheim Primary School, for pupils aged 3 to 11. In the school census on 18/01/2018, Blenheim Primary School had a pupil capacity of 676 and a roll of 642.
- Federation of Greenways Infant and Junior Schools, In the school census on 18/01/2018, Greenways Infant School had a pupil capacity of 450 and a roll of 425 and Greenways Junior School had a pupil capacity of 510 and a roll of 505.

Structure, governance and management

Constitution

The Multi Academy Trust is a company limited by guarantee with no share capital (registration no. 09148738) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy.

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The Directors act as the Trustees for the charitable activities of Learning in Harmony Multi Academy Trust and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Learning in Harmony Trust. Details of the Directors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

The Learning in Harmony Multi Academy Trust was incorporated on 28 July 2014 and obtained Academy status for J F Kennedy School and Sheringham Primary School from 1 September 2014, Upton Cross Primary School from 1 September 2015, Hartley Primary School from the 1 April 2016, Drew Primary School on 1 January 2017, Blenheim on 1 September 2016 and Greenways Primary School on 1 October 2016. Temple Sutton Primary School joined the Trust on 1 September 2018.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Members' liability

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

Principal activities

The principal activity of the Multi Academy Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Method of recruitment and appointment or election of directors

The members of the Learning in Harmony Multi Academy Trust Board shall comprise the signatories to the Memorandum until such time as they resign or otherwise cease to be members, and any person appointed under Article 15A, the minimum number shall be not less than 3.

The Articles of Association of the Trust were renewed on 12 May 2018. The number of Directors shall be not less than 3, but shall not be subject to a maximum. The Academy Trust shall have the following Directors: up to 9 Directors appointed by the members, the Chief Executive Officer may be appointed as a Trustee by the members. The parental representation at the Trust is through 2 parent governors at each of the Local Governing Bodies. The Trust may also have any Co-opted Directors, a person who is appointed to be a Director by being co-opted by Directors who have not themselves been so appointed. The Directors may not co-opt an employee of the Multi Academy Trust as a Co-opted Director if the number of Directors who are employed by the Multi Academy Trust would thereby exceed one third of the total number of Directors (including the Chief Executive Officer and Principals).

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any Director shall be 4 years, save that this time limit shall not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Director, Directors may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of directors

During the period under review the Directors held 5 meetings. The training and induction provided for new Directors will depend on their existing experience. All new Directors will be given a tour of the Trust's Academies and the chance to meet with staff and students. All relevant Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only two or three new Directors a period, induction tends to be done informally and is tailored specifically to the individual.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The Board of Trustees has delegated responsibility for delivering the vision, mission and strategic objectives to the Chief Executive (CEO), who is also the Accounting Officer for the multi-academy trust. The Board will hold the CEO to account for the performance of the Trust, including the performance of the academies within the Trust. The Board of Trustees also decides the level of delegation to the Local Governing Bodies of the schools and to the Audit and Finance Committee. The levels of delegation are set out in the Board's Scheme of Delegation. This will be kept under regular review.

The Local Governing Bodies are accountable to the Trustees. They are responsible for ensuring that the schools are working within the vision, mission and policies of the Trust to achieve the strategic priorities and to assure the educational and financial performance of the schools. The terms of reference for the Local Governing Bodies will also be kept under regular review.

The Audit and Finance Committee will ensure that all the Trust's property and assets are under the control of the Trustees, and that measures are in place to prevent losses or misuse, including maintenance of fixed asset registers. The committee will monitor and ensure that the bank accounts, financial systems and financial records are operated by more than one person and that full and accurate accounting records support the proposed Trust's annual accounts. The committee will report to the Trustees, but can refer significant issues directly to Members where Trustees fail to act appropriately. The terms of reference for this committee will be kept under regular review.

To ensure that Trustees have the opportunity to consult, inform and involve Local Governing Bodies at all levels of the organisation, a number of Governance Advisory Groups have been set up. Representatives from all Local Governing Bodies are invited to these themed meetings, and the view of these groups is sometimes formally sought when the Trustees are considering changes to the way that the Trust as a whole operates.

On 23rd May 2018 the Board of Trustees approved the establishment of a Corporate Leadership Group to undertake the functions of, and replace, the Trust School Standards and Improvement Group.

On 12 May 2018 the Trust held an annual Governance Day to which all governors, Trustees and Members were invited to attend.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

The Trust Senior Leadership Team is made up of the Chief Executive Officer the Trust Executive Headteachers, the Finance Director and the Head of People, Governance, Risk & Compliance. The arrangements for setting their pay and remuneration are:

Chief Executive Officer (CEO)

The salary and job description of the Chief Executive Officer is determined annually by a committee of directors. If part of the costs of the CEO's salary is met by one of the schools in the trust a representative of the Local Governing Body from that school will also form part of the committee. The Chief Executive's salary is based upon three elements-

- The total pupil numbers within the trust (taking into account any special arrangements for pupils with Special Needs)
- An element recognising the role as an Executive Head Teacher within the trust.
- An element recognising the additional responsibilities identified in the CEO job description

The CEO's salary is also externally benchmarked at least every three years. In autumn 2016 this benchmarking exercise was carried out by the Trust's solicitors Stone King.

The Trust has responded to all communication with the Department for Education with regards to the rationale and evidence to support decisions relating to Executive Pay levels.

Executive Head Teachers

The directors of the trust will nominate a number of Head Teachers from within member schools who are able to demonstrate a history of having an outstanding impact upon learning. These Executive Head Teachers will co-ordinate the work of the Corporate Leadership Group, be responsible for elements of the Trust's strategic plan and are likely to lead work in other schools – particularly sponsored academies. Executive Head Teachers will have an additional element to their salary as determined by the committee of directors who oversee the CEO's salary and job description.

Finance Director and the Head of People, Governance, Risk & Compliance

The job description and salary of the Finance Director and the Head of People, Governance, Risk & Compliance is evaluated and benchmarked regularly by the Trust's external HR advisors.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

1.00

Percentage of time spent on facility time.

Percentage of time

Number of employees

0%

-

1%-50%

1

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

17

Total pay bill

22,916

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and activities

Objects and aims

Vision and Values

In the Learning in Harmony Trust we believe that doing things in harmony means a commitment to working collaboratively and effectively using everyone's strengths to meet a common aim. We do not follow a school-in-a-box model, and instead work collaboratively at all levels within and across each school to maximise potential through continuous challenge and support. And while there is a presumption for partnership within our Trust, there is also a commitment to schools retaining their own identity.

Learning in Harmony Trust has four key values:

We Enable Everyone to Succeed

- Strong relationships built on a foundation of trust and honesty, coupled with high aspirations for all our learners, enable us to strive for excellence.
- Support and challenge is at the heart of what we do and we have a relentless focus on the best possible outcomes for all our learners.

We Act with Integrity

- We believe in doing things the right way.
- We are not a top down organisation and effective collaboration is at the heart of what we do. Our schools are not identical and each has its own unique strengths. This approach enables us to continue our learning journey in a harmonious and rewarding way.
- We are a Nurturing Community
- We know that it is vital to nurture and grow the whole child, regardless of their background, to provide all with an opportunity to succeed.
- We strongly believe that learners flourish when they are well looked after, this starts with our staff, happy and fulfilled staff have the greatest impact upon pupil learning.

We are a Nurturing Community

- We know that it is vital to nurture and grow the whole child, regardless of their background, to provide all with an opportunity to succeed.
- We strongly believe that learners flourish when they are well looked after, this starts with our staff, happy and fulfilled staff have the greatest impact upon pupil learning.

We Encourage Innovation

- Our approach to professional development is bespoke and enabling, and there are many opportunities to learn from others both within and outside of the Trust.
- Because we act with integrity, our innovative approach is always underpinned by the best research.

We encourage our staff to continue to learn and to take risks in their practice to support our quest for excellence.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Much of the focus of the Trust's central resource in 2017/18 was spent on further enhancing back office capacity to accommodate growth and on ensuring core compliance. In place at the end of that year was:

- A central team comprising a full time CEO, a full time Finance Director, a full time project officer, an Executive School Business Manager, a Strategic ICT lead, a trainee management accountant and a Head of People, Governance, Risk and Compliance.
- 5 Trust Wide Leaders were appointed during the year; the purpose of these roles is to provide succession planning for leadership positions and capacity for school improvement in key areas.
- Outsourced arrangements for HR and Payroll, Premises Management and Core Compliance, Governance, Health and Safety Management, ICT strategic support for MIS.
- Improved resources for governors and governance.
- New Trust wide policies for Health & Safety and some HR policies

Central resources support the continued commonality across the Trust of:

- Financial Software
- Three Year Budgeting Software
- MIS System
- Safeguarding Processes, procedures and ICT systems
- Health and Safety Management System
- Premises Core Compliance Policy, procedure and ICT systems
- Recruitment Processes and ICT systems
- Educational Visit Risk assessments and ICT systems
- Assessment and Testing systems

Central Funding was also targeted at:

School Improvement

Through a continued partnership with the NAHT Edison Aspire Project the trust has developed a consistent language of school improvement. There are rigorous processes in place that support peer moderation, support and challenge. A Corporate Leadership Group was established to monitor individual school performance, and to ensure that resources and expertise are targeted to individual schools who have the greatest need. Furthermore the Trust schools continued to embed the use of NFER tests in years 1, 3, 4 and 5 to

Inclusion

Since the Trust's formation in 2014, JFK has provided timely support, guidance and advice of excellent quality for inclusion teams and the support staff who work with some of our most challenging pupils. As well as JFK staff going into other schools to advise, Teachers and support staff from across the schools had the opportunity to spend time at JFK to learn from their nationally recognised practice. In May 2018 JFK was designated as a Teaching School by the DfE, and this will be an integral part of ensuring adequate resource is targeted at pupils with SEND.

Safeguarding

The Trust now has a standardised approach to safeguarding across its schools developed through facilitated sharing of best practice. All schools now use the same cloud based software solution for reporting and tracking safeguarding concerns. During the academic year a bespoke safeguarding audit was developed and deployed within all Trust schools.

General Data Protection Regulation Compliance

The Trust invested resources in upskilling members of staff to GDPR Practitioner level and using external consultants to facilitate a project to ensure compliance with core aspects of the new regulations, along with the appointment of an external Data Protection Officer.

Recruitment, Retention and Marketing

The Trust has worked with a leading education marketing agency to develop a consistent brand image for the Trust and launch new websites for the family of Trust schools. A Media and Communications Officer was seconded to the central team to facilitate the development of websites and ensuring consistency of recruitment and retention messages and statutory website compliance.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

NQT recruitment is centralised with the majority of the 25 2017/18 NQTs having carried out a teaching practice at a trust school. In 16/17, 20 NQTs across the Trust worked together on selected training sessions as well as taking part in a weekend training event together.

In autumn 2017 a leading Education Recruitment Agency facilitated a visit to Australia of two senior leaders from the trust and this resulted in the recruitment of 15 teachers across the schools. A follow-up visit was held in September 2018.

Staff Wellbeing

We continue to provide all staff on payroll have free access to a variety of wellbeing and medical support provided by Schools Advisory Services and Perkbox. These include counselling services, physiotherapy, serious illness support, online GP with video consultation, a 24h GP Helpline, lifestyle and health screenings, and fast-tracked access to a range of medical operations.

Staff and Leadership Development

The Trust has continued to support development of staff and leadership. In addition to a comprehensive range of online CPD resources having been made available to all staff working within the Trust leadership programmes has been provided to both support and teaching staff looking to progress within the Trust. A key focus has been the development of coaching, with senior leaders from all schools undertaking significant training. The Assessment Centre process has continued for appointment of leadership positions within the Trust and is used to enable teachers looking for promotion to understand and demonstrate the competencies required. The apprenticeship levy has enabled the Trust to offer Masters degree programmes to a number of members of teaching staff.

HR and Payroll Services

A key focus during 2017/18 was to procure efficient and effective HR and payroll services. During the year the procurement process was developed and delivered with agreement reached in July 2018 for the transition to the new provider to commence in September 2018.

Public benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the Multi-Academy Trust's aim and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

The Admissions policy for each school can be found on the website.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

Key Stage Two - All Measures (Unvalidated)

| Measure | Blenheim | Drew | Greenways | Hartley | Sheringham | Upton Cross |
|--|----------|----------|-----------|----------|--|---------------------|
| Cohort Size | 89 | 59 | 90 | 118 | 117 | 118 |
| Reading, Writing (TA), Maths: Achieving Expected Standard <i>National 64%</i> | ▼ 76.4% | ▲ 79.7% | ▲ 66.1% | ▼ 47.8% | ▲ 59.8% (Expected Validated (EV) 65%) | ▲ 70.4% (EV 77%) |
| Reading, Writing (TA), Maths: Achieving Higher Standard | ▼ 11.2% | ▼ 1.7% | ▼ 6.8% | ▼ 4.4% | ▲ 11.1% | ▲ 9.6% |
| Reading: Overall Progress Score | ▼ 1.81 | ▲ 4.03 | ▼ -1.34 | ▼ 1.81 | ▲ 0.03 | ▲ 0.37 |
| Reading: Average Scaled Score <i>National 105.1</i> | ▲ 106.59 | ▲ 105.90 | 105.54 | ▼ 100.80 | ▲ 104.09 | ▲ 104.36 |
| Reading: Achieving Expected Standard <i>National 75%</i> | ▼ 83.1% | ▲ 86.4% | ▲ 78.8% | ▼ 56.7% | ▲ 67.5% (EV 71%) | ▲ 75.9% (EV 84%) |
| Reading: Achieving a High Scaled Score <i>National 28.1%</i> | ▲ 32.6% | ▲ 27.1% | 27.1% | ▲ 12.2% | ▲ 26.5% | ▲ 25.9% |
| Writing: Overall Progress Score | ▼ 0.94 | ▲ 3.01 | ▼ -3.00 | ▼ 4.42 | ▼ 0.81 | ▲ 2.06 |
| Writing (TA): Working at Expected Standard <i>National 78.2%</i> | ▲ 88.8% | ▲ 86.4% | ▲ 74.6% | ▼ 73.3% | ▲ 76.9% | ▼ 76.7% |
| Writing (TA): Working at Greater Depth within Expected Standard <i>National 19.8%</i> | ▼ 14.6% | ▲ 11.9% | ▲ 13.6% | ▼ 12.2% | ▼ 20.5% | ▲ 29.3% |
| Maths: Overall Progress Score | ▼ 3.40 | ▲ 4.88 | ▲ -1.42 | ▼ 3.86 | ▲ 2.12 | ▲ 1.22 |
| Maths: Average Scaled Score <i>National 104.4</i> | ▲ 107.46 | ▲ 106.17 | 104.50 | ▼ 103.03 | ▲ 105.79 | ▲ 105.20 |
| Maths: Achieving Expected Standard <i>National 75.5 %</i> | ▼ 88.8% | ▲ 93.2% | ▲ 82.2% | ▼ 72.2% | ▲ 78.6% (EV 81%) | ▲ 80.9% (EV 88%) |

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Year 2

| | Expected National | Blenheim | Drew | Hartley | Greenways | Shering ham | Upton Cross |
|----------------------------|-------------------|----------|------|---------|-----------|-------------|-------------|
| Reading expected % | 75.5 | 83 | 73 | 64 | 73 | 70 | 62 |
| Reading at greater depth % | | 26 | 15 | 14 | 28 | 15 | 16 |
| Writing expected % | 70 | 76 | 75 | 59 | 63 | 65 | 60 |
| Writing at greater depth % | | 18 | 7 | 0 | 16 | 12 | 20 |
| Maths expected % | 76.1 | 78 | 82 | 79 | 67 | 74 | 70 |
| Maths at greater depth % | | 21 | 16 | 14 | 18 | 14 | 32 |
| RWM expected % | 65.4 | 71 | 73 | 57 | 53 | 62 | 55 |
| RWM at greater depth % | | 13 | 7 | 0 | 12 | 6 | 10 |

Reception

| | National | Blenheim | Drew | Hartley | Greenways | Shering ham | Upton Cross |
|---------|----------|----------|------|---------|-----------|-------------|-------------|
| GLD (%) | | 82 | 75 | 62 | 76 | 63 | 70 |

John F Kennedy Special School (JFK)

JFK considers a range of different assessment information that supports personalised progress for all our students in key stages 1-5 when assessing achievement. Our focus on enriching our curriculum offer at all phases, extending accreditation. Students there continue to make excellent progress in all key areas of learning, especially in communication and through accessing learning opportunities and events in the local community.

The exceptional impact made by the school on its pupils was recognised by the Outstanding grading at its Ofsted inspection in May 2017.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Strategic Priorities

The Directors have agreed four key strategic priorities for the trust -

A. All schools in the trust are enabled to reach good or better outcomes.

B. To establish a self-sustaining, system-led, collaborative approach to improvement.

C. To ensure high quality leadership and governance at Trust Board, Local Governing Board and academy level.

D. To ensure that an effective and efficient business infrastructure operates throughout the trust, supporting school leaders in achieving excellent outcomes for pupils.

The success criteria for success by 2020 are

SCA1. Outcomes and progress at Foundation Stage, Key Stage 1 and Key Stage 2 are at or above national levels across the Trust and in each academy.

- Outcomes in Y1 phonics are above national levels across the Trust and in each academy.
- The impact on learning of teaching at all schools within the trust is good or better.
- All pupil groups are progressing at least in line with their peers and achievement gaps are narrowing.
- All academies are judged to be good or outstanding in OFSTED inspections.
- All academies benefit from Trust co-ordinated frequent support, monitoring and evaluation in line with the academy's current needs.
- On-going support and development work is delivered increasingly by academy colleagues, in close consultation with Trust-employed consultants.
- The Trust is engaged in the deployment of training places and there is evidence of recruitment coming from this pool of trainees.

SCC1. The Trust Board is recognised as being high-performing and has the full trust of the Regional Schools Commissioner and the academies to lead the organisation forward.

SCC2. Leadership, including governance, is judged through our own systems and by inspectors to be good and outstanding in each academy.

SCC3. Local Governing Boards demonstrate clearly through their minutes and monitoring role, that they provide appropriate challenge and are clearly focused on raising standards in teaching and learning.

SCC4. Substantive leadership at senior level and well-developed middle leaders, are demonstrating clear progress in each academy

SCC5. All on-going safeguarding, health and safety and legal responsibilities continue to be met.

SCD1. The Trust has grown to include at least 10 schools with at least 14 forms of entry in both Newham and Southend.

SCD2. Academies express high levels of satisfaction with trust central services

SCD3. The staffing structure is clearly developed to manage school improvement, finance and human resources effectively.

SCD4. The Trust Board is able to effectively deliver growth and improved services across the Trust (see also Aim 3 above for governance).

SCD5. Financial forecasts indicate a stable budget position going forward, with no deficits corporately or in individual academies.

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Multi 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 Statement of Accounting Policies.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

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

The Multi Academy Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018, total expenditure of £35,159k (2017: £27,914k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £2,207k (2017: £60k).

At 31 August 2018 the net book value of fixed assets was £74,548k (2017: £74,473k). Movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Multi Academy Trust.

The Newham Council Pension Fund and Southend Borough Council fund, in which the Trust participates, showed a deficit of £8,562k (2017: £9,417k) at 31 August 2018.

Reserves policy

The Directors review the reserve levels of the Multi Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £2,704k (2017: £2,529k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Multi Academy Trust's current level of free reserves of £2,940k (2017: £2,452k) (total funds less the amount held in fixed assets and restricted funds).

Investment policy

Under the Memorandum and Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial Position

The Multi Academy Trust held fund balances at 31 August 2018 of £68,926k (2017: £68,957k) comprising £65,986k (2017: £66,105) of restricted funds and £2,940k (2017: £2,452k) of unrestricted general funds. Of the restricted funds, £74,548k (2017: £74,473k) is represented by tangible fixed assets.

The Pension reserve which is considered part of restricted funds was £8,562k (2017: £9,417k) in deficit.

LEARNING IN HARMONY MULTI ACADEMY TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

One of the main financial risks which Learning in Harmony Multi Academy Trust is exposed, taking account of the mitigations in place, relate the risk of an income shortfall due to the likelihood of further government spending reductions affecting our general grant. This risk is mitigated by careful management of Trust funds and a comprehensive budgeting process, which includes scenario planning for different funding modes. Other risks identified by Directors include:

- The need to balance both the desire to grow and the capacity to grow;
- The need to recruit further Trustees to the Board following the revisions to the Articles of Association.

A risk arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £8,562k (2017: £9,417k).

The Trust maintains a comprehensive Risk Policy and Risk Register, listing all identified risks and specifying current mitigation and additional mitigation to be put in place. This is regularly reviewed and updated by the Trust Business and Infrastructure Group, and has been regularly approved by Directors.

Financial and risk management objectives and policies

The Directors have assessed the major risks to which the Multi Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Directors have implemented a number of systems to assess risks that the Trust's schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Directors are introducing systems, including operational procedures of internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Multi Academy Trust has an effective system of internal financial controls.

Plans for future periods

The Multi Academy Trust will continue striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education once they leave.

The Trust's schools have a good understanding of its strengths and areas for development based on rigorous analysis of data and monitoring of teaching and learning. The Trust's schools also make good use of external validation to secure its judgement on the quality of provision and subsequent outcomes.

The Trust plans to expand by adding new Academies which subscribe to the Trust's ethos, aims and objectives and where the Board consider that mutual benefits will arise.

The Learning in Harmony Multi Academy Trust identified four key areas for strategic improvement in the 2017/2020 Strategic plan:-

- All schools in the Trust are enabled to reach good or better outcomes
- To establish a self-sustaining, system-led, collaborative approach to school improvement
- To ensure high quality leadership and governance at Trust Board, Local Governing Body and Academy level
- To ensure that an effective and efficient business structure operates throughout the Trust, supporting school leaders in achieving excellent outcomes for pupils.

Key activities to deliver the desired outcomes above across the Trust are:

- a focus on the implementation and embedding of responsive teaching
- further alignment of effective practice, as school leaders continue to work support and challenge each other across our schools
- the development of a high quality curriculum to be delivered in 2019/20
- greater alignment of summative assessment processes

The Trust plans to expand by adding new Academies which subscribe to the Trust's ethos, aims and objectives and where the Board consider that mutual benefits will arise. Temple Sutton Primary School joined the Trust from 1st September 2018.

LEARNING IN HARMONY MULTI ACADEMY TRUST

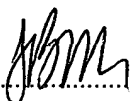
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

So far as the Directors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the Learning in Harmony Multi Academy Trusts auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make them aware of any audit information and to establish that the Trusts auditors are aware of that information.

The Directors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10th December 2018 and signed on its behalf by:



.....
J Brown
Chair

LEARNING IN HARMONY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Board of the Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Learning in Harmony Multi Academy Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Directors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| H Hinchliffe | 3 | 5 |
| J King | 1 | 5 |
| I Mussa (Resigned 17 October 2017) | 0 | 5 |
| P Quinn (Chair to 20 October 2018) | 5 | 5 |
| D Rochford | 5 | 5 |
| G Wilkie (Accounting Officer) | 5 | 5 |
| N Turvey | 3 | 5 |
| P Haslett | 3 | 5 |
| J Marriott (Resigned 12 May 2018) | 2 | 4 |
| R Field (Resigned 2 July 2018) | 2 | 3 |
| K Rotheram (Appointed 17 October 2017) | 5 | 5 |
| J Brown (Chair from 30 October 2018) (Appointed 17 October 2017) | 5 | 5 |
| K Sewell (Appointed 17 October 2017 and resigned 12 May 2018) | 2 | 3 |
| L Udenwoke (Appointed 20 March 2018) | 0 | 0 |
| R Keller (Appointed 30 October 2018) | 0 | 0 |

During December 2017 the Trustee Board undertook a governance review which comprised of a SWOT analysis and skills audit. The review coincided with work being undertaken to amend and revise the Articles of Association to enable skills based Trustee membership, as the existing Articles allowed for representational Trustees from schools. The skills review and SWOT analysis enabled Trustees to review the effectiveness of the board and look at the skills that would be required in the future. In July 2018 the Members were invited to attend the Trustee Board meeting to engage in a dialogue about accountability for the strategic vision.

The Audit and Finance is a Committee of the main Board of Directors. Its purpose is to monitor budgets and challenge variances, to consider personnel issues, and make recommendations for budget approval to the Trustee Board based on information from the CFO and CEO. The Committee also review the reports produced by the Internal Auditor and ensure all issues raised are addressed. This Committee formally met 5 times during the period.

LEARNING IN HARMONY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at meetings in the year was as follows;

| Directors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| H Hinchliffe | 3 | 5 |
| I Mussa (Resigned 17 October 2017) | 1 | 1 |
| P Quinn (Chair to 20 October 2018) | 0 | 5 |
| G Wilkie (Accounting Officer) | 5 | 5 |
| K Rotheram (Appointed 17 October 2017) | 4 | 4 |
| R Keller (Appointed 30 October 2018) | | |

In addition the Local Governor Representatives A Bhatti attended 5 meetings out of a possible 5 and L Cartmell attended 4 meetings out of a possible 5.

Review of value for money

As Accounting Officer, the CEO has responsibility for ensuring that the Multi Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources have provided good value for money during each academic period, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available.

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

- Developing a transparent ethos of support and challenge across the trust schools.
- Working together to share and develop expertise
- Where appropriate, having trust-wide service level agreements with external providers
- Enhancing financial controls and procedures throughout the trust, specifically directed at achieving value for money, for example by competitive tendering.
- Employing and commissioning high quality advice to support the self-evaluation of administrative procedures.

The purpose of the system of internal control

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

Capacity to handle risk

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

LEARNING IN HARMONY MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The risk and control framework

The Multi 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 Directors;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint a responsible officer. However, the Directors have appointed Wilkins Kennedy LLP to complete the internal audit function. In addition, in June 2015 the Multi Academy Trust appointed a lead Trust Finance Officer whose role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems. In particular, the checks carried out in the current period include:

Testing of control systems
Testing of control account / bank reconciliation
Review of policies and procedures and adherence thereon
Review of governance and training of Governors

Wilkins Kennedy LLP reports to the Governing body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The role is carried out by a separate office at Wilkins Kennedy LLP with no connection to the audit team, this is to ensure the reviews are carried out independently.

The Directors confirm the internal auditor has delivered their schedule of work as planned, and no material control issues arose as a result of the internal auditor's work.


Review of effectiveness


As Accounting Officer, the Trust's Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- the work of the interim Internal Audit Review;
- the financial management and governance self assessment process;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors' on 10/12/2018 and signed on its behalf by:


G Wilkie
Chief Executive Officer


J Brown
Chair from 30 October 2018

LEARNING IN HARMONY MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE


FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

G Wilkie
Accounting Officer



10-12-2018

LEARNING IN HARMONY MULTI ACADEMY TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The directors (who also act as trustees for Learning in Harmony Multi Academy Trust) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

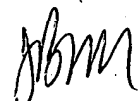
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the board of directors on 10/12/2018 and signed on its behalf by:



J Brown
Chair

LEARNING IN HARMONY MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEARNING IN HARMONY MULTI ACADEMY TRUST

Opinion

We have audited the financial statements of Learning in Harmony Multi Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the 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), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Other information

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

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

We have nothing to report in this regard.

LEARNING IN HARMONY MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEARNING IN HARMONY MULTI ACADEMY TRUST (CONTINUED)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of Directors' responsibilities, the directors 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 directors 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 directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

LEARNING IN HARMONY MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEARNING IN HARMONY MULTI ACADEMY TRUST (CONTINUED)

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.

Wilks Kennedy Audit Services

Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilks Kennedy Audit Services

13/12/18

Statutory Auditor
Chartered Accountants

Greytown House
221-227 High Street
Orpington
BR6 ONZ

LEARNING IN HARMONY MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEARNING IN HARMONY MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 28 January 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Learning in Harmony Multi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Learning in Harmony Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Learning in Harmony Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 August 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

LEARNING IN HARMONY MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEARNING IN HARMONY MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Conclusion

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

Wilks Kennedy Audit Services

Reporting Accountant

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
BR6 ONZ

Dated: 13/12/18

LEARNING IN HARMONY MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

| | | Unrestricted Funds £'000 | Restricted funds: General Fixed asset £'000 £'000 | | Total 2018 £'000 | Total 2017 £'000 |
|---|-------|--------------------------------|---|---------------|------------------------|------------------------|
| | Notes | | | | | |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 190 | - | 817 | 1,007 | 717 |
| Donations - transfer from local authority on conversion | | - | - | - | - | 28,384 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 30,487 | - | 30,487 | 28,547 |
| Other trading activities | 5 | 1,302 | - | - | 1,302 | 1,060 |
| Investments | 6 | 9 | - | - | 9 | 2 |
| Total | | <u>1,501</u> | <u>30,487</u> | <u>817</u> | <u>32,805</u> | <u>58,710</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | 891 | 33,304 | 964 | 35,159 | 30,771 |
| Total | 7 | <u>891</u> | <u>33,304</u> | <u>964</u> | <u>35,159</u> | <u>30,771</u> |
| Net income/(expenditure) | | 610 | (2,817) | (147) | (2,354) | 27,939 |
| Transfers between funds | 19 | (122) | (100) | 222 | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains on defined benefit pension schemes | 21 | - | 2,323 | - | 2,323 | 2,700 |
| Net movement in funds | | 488 | (594) | 75 | (31) | 30,639 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 2,452 | (7,968) | 74,473 | 68,957 | 38,318 |
| Total funds carried forward | | <u>2,940</u> | <u>(8,562)</u> | <u>74,548</u> | <u>68,926</u> | <u>68,957</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

| Comparative year information Year ended 31 August 2017 | Notes | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2017 £'000 |
|---|-------|--------------------------------|---------------------------------------|----------------------|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 155 | 27 | 535 | 717 |
| Donations - transfer from local authority on conversion | | 1,513 | (4,759) | 31,630 | 28,384 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 28,547 | - | 28,547 |
| Other trading activities | 5 | 1,060 | - | - | 1,060 |
| Investments | 6 | 2 | - | - | 2 |
| Total | | <u>2,730</u> | <u>23,815</u> | <u>32,165</u> | <u>58,710</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 503 | 29,348 | 920 | 30,771 |
| Total | 7 | <u>503</u> | <u>29,348</u> | <u>920</u> | <u>30,771</u> |
| Net income/(expenditure) | | 2,227 | (5,533) | 31,245 | 27,939 |
| Transfers between funds | 19 | (197) | 524 | (327) | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains on defined benefit pension schemes | 21 | - | 2,700 | - | 2,700 |
| Net movement in funds | | 2,030 | (2,309) | 30,918 | 30,639 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 422 | (5,659) | 43,555 | 38,318 |
| Total funds carried forward | | <u>2,452</u> | <u>(7,968)</u> | <u>74,473</u> | <u>68,957</u> |


LEARNING IN HARMONY MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 14 | 74,548 | 74,473 |
| Current assets | | | |
| Debtors | 15 | 1,636 | 2,425 |
| Cash at bank and in hand | | 5,113 | 3,875 |
| | | <u>6,749</u> | <u>6,300</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 17 | <u>(3,809)</u> | <u>(2,399)</u> |
| Net current assets | | 2,940 | 3,901 |
| Net assets excluding pension liability | | 77,488 | 78,374 |
| Defined benefit pension scheme liability | 21 | <u>(8,562)</u> | <u>(9,417)</u> |
| Net assets | | <u>68,926</u> | <u>68,957</u> |
| Funds of the academy trust: | | | |
| Restricted funds | 19 | | |
| - Fixed asset funds | | 74,548 | 74,473 |
| - Restricted income funds | | - | 1,449 |
| - Pension reserve | | <u>(8,562)</u> | <u>(9,417)</u> |
| Total restricted funds | | 65,986 | 66,505 |
| Unrestricted income funds | 19 | <u>2,940</u> | <u>2,452</u> |
| Total funds | | <u>68,926</u> | <u>68,957</u> |

The financial statements on pages 26 to 51 were approved by the directors and authorised for issue on 15/12/18..... and are signed on their behalf by:


 J Brown
 Chair

Company Number 09148738

LEARNING IN HARMONY MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|---------|---------------|---------------|
| Cash flows from operating activities | | | |
| Net cash provided by (used in) operating activities | 22 | 1,451 | (336) |
| Cash funds transferred on conversion | | - | 1,513 |
| | | <u>1,451</u> | <u>1,177</u> |
| Cash flows from investing activities | | | |
| Dividends, interest and rents from investments | 9 | 2 | |
| Capital grants from DfE and ESFA | 827 | 535 | |
| Capital funding from sponsors and others | (10) | - | |
| Payments to acquire tangible fixed assets | (1,039) | (208) | |
| | | <u>(213)</u> | <u>329</u> |
| Change in cash and cash equivalents in the reporting period | | <u>1,238</u> | <u>1,506</u> |
| Cash and cash equivalents at 1 September 2017 | | 3,875 | 2,369 |
| Cash and cash equivalents at 31 August 2018 | | <u>5,113</u> | <u>3,875</u> |
| Relating to: | | | |
| Bank and cash balances | | 4,113 | 3,875 |
| Short term deposits | | <u>1,000</u> | <u>-</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Learning in Harmony Multi Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors' report.

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

1.1 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Learning in Harmony Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The directors 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.

1.3 Income

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

Grants

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

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

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

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.

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. 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 the academy trust's policies.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, Directors' meetings and reimbursed expenses.

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds the cost is transferred to the restricted fixed asset fund, depreciation on such assets is charged to the restricted fixed asset fund.

The Properties at John F Kennedy School, Sheringam Primary School and Upton Cross Primary School have been included at the valuation provided by the EFA when completing their desktop valuation.

The Hartey Primary School land and buildings have been included at the valuation provided by the London Borough of Newham as at 31 March 2016.

The properties at Blenheim Primary School, Drew Primary School and Thorpe Greenways Infants and Junior School have been included at the valuations provided by Stanley Hicks Chartered Surveyors as at October 2017.

The trust has a 125 year lease from the date of conversion of each school for the use of the land and buildings with the local authority.

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 life, as follows:

| | |
|--------------------------------|--------------------------------|
| Land and buildings | buildings, 50 years. Land, nil |
| Computer equipment | 3 years |
| Fixtures, fittings & equipment | 3 years |

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

1.6 Liabilities

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

1.7 Leasing commitments

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

1.8 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.

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial assets

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

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

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

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

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

1.11 Fund accounting

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

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

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

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | - | 817 | 817 | 535 |
| Other donations | 190 | - | 190 | 182 |
| | <u>190</u> | <u>817</u> | <u>1,007</u> | <u>717</u> |

4 Funding for the academy trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 21,455 | 21,455 | 19,887 |
| Start up grants | - | - | - | 50 |
| Other DfE / ESFA grants | - | 2,476 | 2,476 | 2,381 |
| | <u>-</u> | <u>23,931</u> | <u>23,931</u> | <u>22,318</u> |
| Other government grants | | | | |
| Local authority grants | - | 4,108 | 4,108 | 4,029 |
| Other government grants | - | 2,448 | 2,448 | 2,190 |
| | <u>-</u> | <u>6,556</u> | <u>6,556</u> | <u>6,219</u> |
| Other funds | | | | |
| Other incoming resources | - | - | - | 10 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>10</u> |
| Total funding | <u>-</u> | <u>30,487</u> | <u>30,487</u> | <u>28,547</u> |

5 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 132 | - | 132 | 116 |
| Catering income | 119 | - | 119 | 111 |
| Other income | 1,051 | - | 1,051 | 833 |
| | <u>1,302</u> | <u>-</u> | <u>1,302</u> | <u>1,060</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 9 | - | 9 | 2 |

7 Expenditure

| | Staff costs £'000 | Non Pay Expenditure Premises £'000 | Other £'000 | Total 2018 £'000 | Total 2017 £'000 |
|----------------------------------|----------------------|--|----------------|------------------------|------------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 21,731 | 817 | 1,160 | 23,708 | 21,173 |
| - Allocated support costs | 4,900 | 3,405 | 3,146 | 11,451 | 9,598 |
| | 26,631 | 4,222 | 4,306 | 35,159 | 30,771 |

Net income/(expenditure) for the year includes:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Fees payable to auditor for: | | |
| - Audit | 25 | 24 |
| - Other services | 11 | 7 |
| Operating lease rentals | 10 | 10 |
| Depreciation of tangible fixed assets | 964 | 920 |
| Net interest on defined benefit pension liability | 231 | 254 |

8 Central services

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

- human resources;
- financial services;
- legal services;
- catering costs
- insurance
- recruitment

The academy trust charges for these services on the following basis:

- 6.25% (2016: 6%) of GAG School Budget Share

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Central services

(Continued)

The amounts charged during the year were as follows:

| | 2018 £'000 | 2017 £'000 |
|---------------------------|---------------|---------------|
| Hartley Primary School | 273 | 254 |
| Upton Cross Primary | 314 | 236 |
| John F Kennedy School | 247 | 240 |
| Sheringham Primary School | 257 | 249 |
| Learning in Harmony Trust | - | - |
| Blenheim Primary School | 158 | 186 |
| Drew Primary School | 175 | 195 |
| Greenways Primary School | 227 | 195 |
| | <u>1,651</u> | <u>1,555</u> |

9 Charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Direct costs | | | | |
| Educational operations | 176 | 23,532 | 23,708 | 21,173 |
| Support costs | | | | |
| Educational operations | 715 | 10,736 | 11,451 | 9,598 |
| | <u>891</u> | <u>34,268</u> | <u>35,159</u> | <u>30,771</u> |

| | 2018 £'000 | 2017 £'000 |
|----------------------------------|---------------|---------------|
| Analysis of support costs | | |
| Support staff costs | 4,900 | 4,388 |
| Depreciation | 147 | 150 |
| Technology costs | 280 | 429 |
| Premises costs | 3,258 | 2,174 |
| Other support costs | 2,782 | 2,399 |
| Governance costs | 84 | 58 |
| | <u>11,451</u> | <u>9,598</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Governance costs

| | Total 2018 £'000 | Total 2017 £'000 |
|--|------------------------|------------------------|
| All from restricted funds: | | |
| Amounts included in support costs | | |
| Legal and professional fees | 48 | 27 |
| Auditor's remuneration | | |
| - Audit of financial statements | 25 | 24 |
| - Other audit costs | 11 | 7 |
| | <u>84</u> | <u>58</u> |

11 Staff costs

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Wages and salaries | 18,398 | 16,837 |
| Social security costs | 1,714 | 1,556 |
| Operating costs of defined benefit pension schemes | 4,018 | 3,258 |
| Apprenticeship levy | - | 31 |
| | <u>24,130</u> | <u>21,682</u> |
| Staff costs | 24,130 | 21,682 |
| Supply staff costs | 2,074 | 1,636 |
| Staff restructuring costs | 26 | 65 |
| Staff development and other staff costs | 401 | 215 |
| | <u>26,631</u> | <u>23,598</u> |
| Total staff expenditure | 26,631 | 23,598 |

Staff numbers

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

| | 2018 Number | 2017 Number |
|----------------------------|----------------|----------------|
| Teachers | 248 | 230 |
| Administration and support | 494 | 484 |
| Management | 48 | 48 |
| | <u>790</u> | <u>762</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Staff costs

(Continued)

Higher paid staff

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

| | 2018 Number | 2017 Number |
|---------------------|----------------|----------------|
| £60,000- £70,000 | 16 | 7 |
| £70,001- £80,000 | 4 | 8 |
| £80,001 - £90,000 | 3 | 1 |
| £90,001 - £100,000 | 2 | - |
| £100,001 - £110,000 | 1 | 1 |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | - | 1 |
| £130,001- £140,000 | 1 | - |

Key management personnel

The key management personnel of the academy trust comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the academy trust was £808k (2017: £506k).

During the year the trust paid £26k (2017: £65k) to three member of staff for a non contractual compromise agreement. The individual amounts were £12k, £8k and £5k.

12 Directors' remuneration and expenses

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

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

G Wilkie (CEO):

- Remuneration £130,000 - £135,000 (2017: £125,000 - £130,000)
- Employer's pension contributions £20,000 - £25,000 (2017: £20,000 - £25,000)

D Rochford (John F Kennedy School Executive Headteacher)

- Remuneration £55,000 - £60,000 (2017: £90,000 - £95,000)
- Employer's pension contributions £5,000 - £10,000 (2017: £15,000 - £20,000)

N Turvey (Upton Cross Primary School Headteacher)

- Remuneration £100,000 - £105,000 (2017: £105,000 - £110,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

During the year, curriculum consumables and travel costs of £2,410 (2017: £2,562) were reimbursed to three directors (2017: three directors).

Other related party transactions involving the directors are set out within the related parties note.

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Directors and officers insurance

John F Kennedy Special School

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

Sheringham Primary School, Upton Cross Primary School, Hartley Primary School, Blenheim Primary School, Drew Primary School and The Federation of Greenways Schools.

In accordance with normal commercial practice, Sheringham Primary School, Upton Cross Primary School, Hartley Primary School, Blenheim Primary School, Drew Primary School and The Federation of Greenways Schools, have purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 and 31 August 2017 cannot be ascertained as it is included in the general insurance premium.

14 Tangible fixed assets

| | Land and buildings | Computer equipment | Fixtures, fittings & equipment | Total |
|-----------------------|-----------------------|-----------------------|--------------------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 September 2017 | 75,686 | 306 | 261 | 76,253 |
| Additions | 692 | 185 | 162 | 1,039 |
| At 31 August 2018 | 76,378 | 491 | 423 | 77,292 |
| Depreciation | | | | |
| At 1 September 2017 | 1,461 | 224 | 95 | 1,780 |
| Charge for the year | 817 | 67 | 80 | 964 |
| At 31 August 2018 | 2,278 | 291 | 175 | 2,744 |
| Net book value | | | | |
| At 31 August 2018 | 74,100 | 200 | 248 | 74,548 |
| At 31 August 2017 | 74,225 | 82 | 166 | 74,473 |

Land and building additions in the year included new building works at Drew Primary School and Sheringham Primary School.

Included in land and buildings is land valued at £34,868k (2016: £14,833k) which is not depreciated.

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

| | | |
|---|--------------|--------------|
| 15 Debtors | 2018 | 2017 |
| | £'000 | £'000 |
| Trade debtors | 147 | 82 |
| VAT recoverable | 895 | 833 |
| Other debtors | 27 | 993 |
| Prepayments and accrued income | 567 | 517 |
| | <u>1,636</u> | <u>2,425</u> |
| 16 Current asset investments | | |
| Included in cash at bank is £1,000k (2017: £nil) held in short term deposit accounts. | | |
| 17 Creditors: amounts falling due within one year | 2018 | 2017 |
| | £'000 | £'000 |
| Trade creditors | 1,576 | 924 |
| Other taxation and social security | 474 | 436 |
| Other creditors | 372 | 389 |
| Accruals and deferred income | 1,387 | 650 |
| | <u>3,809</u> | <u>2,399</u> |
| 18 Deferred income | 2018 | 2017 |
| | £'000 | £'000 |
| Deferred income is included within: | | |
| Creditors due within one year | <u>1,249</u> | <u>505</u> |
| Deferred income at 1 September 2017 | 505 | 484 |
| Released from previous years | (505) | (484) |
| Resources deferred in the year | <u>1,249</u> | <u>505</u> |
| Deferred income at 31 August 2018 | <u>1,249</u> | <u>505</u> |

At the balance sheet date the academy trust was holding funds received in advance for universal infant free school meals, growth funding, early years funding, SEN funding and rates relief relating to 2018/19.

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

19 Funds

| | Balance at 1 September 2017 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,424 | 21,455 | (22,779) | (100) | - |
| Start up grants | 25 | - | (25) | - | - |
| Other DfE / ESFA grants | - | 2,476 | (2,476) | - | - |
| Other government grants | - | 6,556 | (6,556) | - | - |
| Pension reserve | (9,417) | - | (1,468) | 2,323 | (8,562) |
| | <u>(7,968)</u> | <u>30,487</u> | <u>(33,304)</u> | <u>2,223</u> | <u>(8,562)</u> |
| Restricted fixed asset funds | | | | | |
| DfE group capital grants | - | 817 | - | (817) | - |
| General fixed assets | 74,473 | - | (964) | 1,039 | 74,548 |
| | <u>74,473</u> | <u>817</u> | <u>(964)</u> | <u>222</u> | <u>74,548</u> |
| Total restricted funds | <u>66,505</u> | <u>31,304</u> | <u>(34,268)</u> | <u>2,445</u> | <u>65,986</u> |
| Unrestricted funds | | | | | |
| General funds | <u>2,452</u> | <u>1,501</u> | <u>(891)</u> | <u>(122)</u> | <u>2,940</u> |
| Total funds | <u>68,957</u> | <u>32,805</u> | <u>(35,159)</u> | <u>2,323</u> | <u>68,926</u> |

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Start up grants: This includes the ESFA start up grant.

Other DfE/ESFA grants: This includes the pupil premium rates relief, insurance, UIFSM and sports funding grant.

Other government grants: This includes SEN funding, good to great grant, reading one to one tuition grant, growth fund, educational guarantee contribution and additional pupil premium received from the Local Authority.

Other restricted funds: This includes the lottery grant and restricted donations.

DfE/ESFA capital grants: This includes Devolved Formula Capital and Condition improvement grants.

The transfer of funds relate to the purchase of fixed assets during the period and the excess of expenditure over income.

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

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

| | Balance at 1 September 2016 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2017 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 233 | 19,887 | (19,220) | 524 | 1,424 |
| Start up grants | - | 50 | (25) | - | 25 |
| Other DfE / ESFA grants | 356 | 2,381 | (2,737) | - | - |
| Other government grants | - | 6,219 | (6,219) | - | - |
| Other restricted funds | - | 37 | (37) | - | - |
| Pension reserve | (6,248) | (4,759) | (1,110) | 2,700 | (9,417) |
| | <u>(5,659)</u> | <u>23,815</u> | <u>(29,348)</u> | <u>3,224</u> | <u>(7,968)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | 31,630 | - | (31,630) | - |
| DfE group capital grants | - | 535 | - | (535) | - |
| General fixed assets | 43,555 | - | (920) | 31,838 | 74,473 |
| | <u>43,555</u> | <u>32,165</u> | <u>(920)</u> | <u>(327)</u> | <u>74,473</u> |
| Total restricted funds | <u>37,896</u> | <u>55,980</u> | <u>(30,268)</u> | <u>2,897</u> | <u>66,505</u> |
| Unrestricted funds | | | | | |
| General funds | 422 | 2,730 | (503) | (197) | 2,452 |
| | <u>422</u> | <u>2,730</u> | <u>(503)</u> | <u>(197)</u> | <u>2,452</u> |
| Total funds | <u>38,318</u> | <u>58,710</u> | <u>(30,771)</u> | <u>2,700</u> | <u>68,957</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

19 Funds

(Continued)

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

| | Balance at 1 September 2016 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 233 | 41,342 | (41,999) | 424 | - |
| Start up grants | - | 50 | (50) | - | - |
| Other DfE / ESFA grants | 356 | 4,857 | (5,213) | - | - |
| Other government grants | - | 12,775 | (12,775) | - | - |
| Other restricted funds | - | 37 | (37) | - | - |
| Pension reserve | (6,248) | (4,759) | (2,578) | 5,023 | (8,562) |
| | <u>(5,659)</u> | <u>54,302</u> | <u>(62,652)</u> | <u>5,447</u> | <u>(8,562)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | 31,630 | - | (31,630) | - |
| DfE group capital grants | - | 1,352 | - | (1,352) | - |
| General fixed assets | 43,555 | - | (1,884) | 32,877 | 74,548 |
| | <u>43,555</u> | <u>32,982</u> | <u>(1,884)</u> | <u>(105)</u> | <u>74,548</u> |
| Total restricted funds | <u>37,896</u> | <u>87,284</u> | <u>(64,536)</u> | <u>5,342</u> | <u>65,986</u> |
| Unrestricted funds | | | | | |
| General funds | 422 | 4,231 | (1,394) | (319) | 2,940 |
| | <u>422</u> | <u>4,231</u> | <u>(1,394)</u> | <u>(319)</u> | <u>2,940</u> |
| Total funds | <u>38,318</u> | <u>91,515</u> | <u>(65,930)</u> | <u>5,023</u> | <u>68,926</u> |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

Total funds analysis by academy

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Fund balances at 31 August 2018 were allocated as follows: | | |
| Hartley Primary School | 1 | 1 |
| Upton Cross Primary | 1 | 1 |
| John F Kennedy School | 1 | 1 |
| Sheringham Primary School | 1 | 1 |
| Learning in Harmony Trust | 2,933 | 3,894 |
| Blenheim Primary School | 1 | 1 |
| Drew Primary School | 1 | 1 |
| Greenways Primary School | 1 | 1 |
| Total before fixed assets fund and pension reserve | 2,940 | 3,901 |
| Restricted fixed asset fund | 74,548 | 74,473 |
| Pension reserve | (8,562) | (9,417) |
| Total funds | 68,926 | 68,957 |

Total cost analysis by academy

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

| | Teaching and educational support staff £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs excluding depreciation £'000 | Total £'000 |
|---------------------------|---|---------------------------------------|----------------------------------|---|----------------|
| Hartley Primary School | 3,560 | 345 | 75 | 805 | 4,785 |
| Upton Cross Primary | 3,873 | 245 | 64 | 972 | 5,154 |
| John F Kennedy School | 3,314 | 445 | 20 | 503 | 4,282 |
| Sheringham Primary School | 3,320 | 412 | 93 | 1,076 | 4,901 |
| Learning in Harmony Trust | 287 | 1,633 | 74 | 813 | 2,807 |
| Blenheim Primary School | 1,985 | 920 | 37 | 387 | 3,329 |
| Drew Primary School | 1,960 | 251 | 42 | 758 | 3,011 |
| Greenways Primary School | 3,031 | 649 | 80 | 695 | 4,455 |
| | 21,330 | 4,900 | 485 | 6,009 | 32,724 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

20 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2018 are represented by: | | | | |
| Tangible fixed assets | - | - | 74,548 | 74,548 |
| Current assets | 2,940 | 3,809 | - | 6,749 |
| Creditors falling due within one year | - | (3,809) | - | (3,809) |
| Defined benefit pension liability | - | (8,562) | - | (8,562) |
| Total net assets | 2,940 | (8,562) | 74,548 | 68,926 |

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 74,473 | 74,473 |
| Current assets | 2,452 | 3,848 | - | 6,300 |
| Creditors falling due within one year | - | (2,399) | - | (2,399) |
| Defined benefit pension liability | - | (9,417) | - | (9,417) |
| Total net assets | 2,452 | (7,968) | 74,473 | 68,957 |

21 Pensions and similar obligations

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

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

Contributions amounting to £368k (2017: £323k) were payable to the schemes at 31 August 2018 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pensions and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £1,657k (2017: £1,653k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £435k.

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

| Total contributions made | 2018 £'000 | 2017 £'000 |
|--------------------------|---------------|---------------|
| Employer's contributions | 1,163 | 687 |
| Employees' contributions | 332 | 227 |
| Total contributions | 1,495 | 914 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pensions and similar obligations

(Continued)

| Principal actuarial assumptions | 2018 % | 2017 % |
|--|-----------|-----------|
| Rate of increases in salaries | 3.8 | 4.2 |
| Rate of increase for pensions in payment | 2.3 | 2.7 |
| Discount rate | 2.7 | 2.6 |
| Inflation assumption (CPI) | 2.3 | 2.7 |

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

| | 2018 Years | 2017 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 22.4 | 22.3 |
| - Females | 24.9 | 24.5 |
| Retiring in 20 years | | |
| - Males | 24.6 | 24.8 |
| - Females | 27.2 | 27.1 |

Scheme liabilities would have been affected by changes in assumptions as follows:

| | 2018 £'000 | 2017 £'000 |
|-------------------------------|---------------|---------------|
| Discount rate + 0.1% | -410 | (205) |
| Discount rate - 0.1% | 422 | 211 |
| Mortality assumption + 1 year | 496 | 213 |
| Mortality assumption - 1 year | -480 | 208 |
| Pension rate +0.1% | 371 | 175 |
| Pension rate -0.1% | -358 | (170) |
| Salary rate +0.1% | 53 | 35 |
| Salary rate -0.1% | -53 | (35) |

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

| | 2018 Fair value £'000 | 2017 Fair value £'000 |
|--|-----------------------------|-----------------------------|
| Equities | 4,198 | 3,089 |
| Other bonds | 562 | 631 |
| Cash | 400 | 621 |
| Alternative assets | 284 | 363 |
| Property | 648 | 391 |
| Other assets | 795 | - |
| Total market value of assets | 6,887 | 5,095 |
| Actual return on scheme assets - gain/(loss) | 337 | 320 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

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

21 Pensions and similar obligations

(Continued)

| Amounts recognised in the statement of financial activities | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Current service cost | 2,400 | 1,667 |
| Interest income | (151) | (95) |
| Interest cost | 382 | 349 |
| Total operating charge | 2,631 | 1,921 |
| Changes in the present value of defined benefit obligations | 2018 £'000 | 2017 £'000 |
| Obligations at 1 September 2017 | 14,512 | 8,342 |
| Obligations acquired on conversion | - | 6,410 |
| Current service cost | 2,400 | 1,667 |
| Interest cost | 382 | 349 |
| Employee contributions | 332 | 227 |
| Actuarial gain | (2,137) | (2,475) |
| Benefits paid | (40) | (8) |
| At 31 August 2018 | 15,449 | 14,512 |
| Changes in the fair value of the academy trust's share of scheme assets | 2018 £'000 | 2017 £'000 |
| Assets at 1 September 2017 | 5,095 | 2,094 |
| Assets acquired on conversion | - | 1,775 |
| Interest income | 151 | 95 |
| Actuarial gain | 186 | 225 |
| Employer contributions | 1,163 | 687 |
| Employee contributions | 332 | 227 |
| Benefits paid | (40) | (8) |
| At 31 August 2018 | 6,887 | 5,095 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities) | (2,354) | 27,940 |
| Adjusted for: | | |
| Net surplus on conversion to academy | - | (28,384) |
| Capital grants from DfE/ESFA and other capital income | (817) | (535) |
| Investment income receivable | (9) | (2) |
| Defined benefit pension costs less contributions payable | 1,237 | 856 |
| Defined benefit pension net finance cost | 231 | 254 |
| Depreciation of tangible fixed assets | 964 | 920 |
| Decrease/(increase) in debtors | 789 | (1,601) |
| Increase in creditors | 1,410 | 216 |
| Net cash provided by/(used in) operating activities | 1,451 | (336) |

23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 Commitments under operating leases

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

| | 2018 £'000 | 2017 £'000 |
|-----------------------------------|---------------|---------------|
| Amounts due within one year | 33 | 63 |
| Amounts due in two and five years | 84 | 117 |
| | 117 | 180 |

LEARNING IN HARMONY MULTI ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

25 Related party transactions

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

During the year the academy trust paid £nil (2017: £8,400) to Best Practice Network Ltd, of which P Haslet is a director for leadership and professional development courses. At the balance sheet date, the academy trust owed £nil (2017: £nil) to Best Practice Network.

26 Post balance sheet events

After the year end, Temple Sutton Primary School converted to academy trust status and joined Learning in Harmony Multi Academy Trust.

27 Members' liability

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

28 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £6k (2017: £6k) and disbursed £6k (2017: £6k) from the fund.