

THE LAIDLAW SCHOOLS TRUST
(a company limited by guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013

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THE LAIDLAW SCHOOLS TRUST
COMPANY INFORMATION
Year ended 31 August 2013

Board of Trustees (Academy Trust Board)	Date of appointment	Position
Lord Laidlaw of Rothiemay	9 March 2006	Member
Mr P C Fair	9 March 2006	Chair
Mrs P Marshall	1 April 2007	Member

Board of Directors

Lord Laidlaw of Rothiemay
Mr P C Fair*
Mr C Jobe*
Prof N Harris resigned 31st August 2013
Mr M Strudwick
Mr A Hunter
Mr M Sehgal* resigned 31st August 2013
Mrs L Conlon
Mrs M Martin appointed 8th March 2013
Mrs P Sehgal* appointed 8th March 2013
Ms R Ward
Mr F Okukusie appointed 8th March 2013

* Members of the Finance and General Purposes Committee

Company Secretary

Mr P Snowden

Principal and Registered Office:

Denton Road
Newcastle upon Tyne
NE15 6AF

Company Registration number:

05735093

Auditors:

Baker Tilly UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Bankers:

Barclays Bank plc
446 Westgate Road
Newcastle upon Tyne
NE4 9BN

Solicitors:

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

THE LAIDLAW SCHOOLS TRUST
GOVERNORS' REPORT
Year ended 31 August 2013

The Governors present their report together with the financial statements of the charitable company for the year ended 31 August 2013

The financial statements have been prepared in accordance with the accounting policies of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities", the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (registration no 05735093) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Federation. Members of the charitable company are nominated by Lord Laidlaw, the main sponsor of the Academy. The articles of association require the members of the charitable company to appoint at least four governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy. The Articles of Association were last amended on 22 June 2012.

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 year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before he/she ceases to be a member.

Principal Activities

The principal object and activity of the charitable company is the operation of the Trust to advance for the public benefit education for pupils of different abilities at Atkinson Road Primary Academy for pupils aged between 4 and 11 and at Excelsior Academy for pupils aged between 11 and 18 years of age.

Governors

The governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

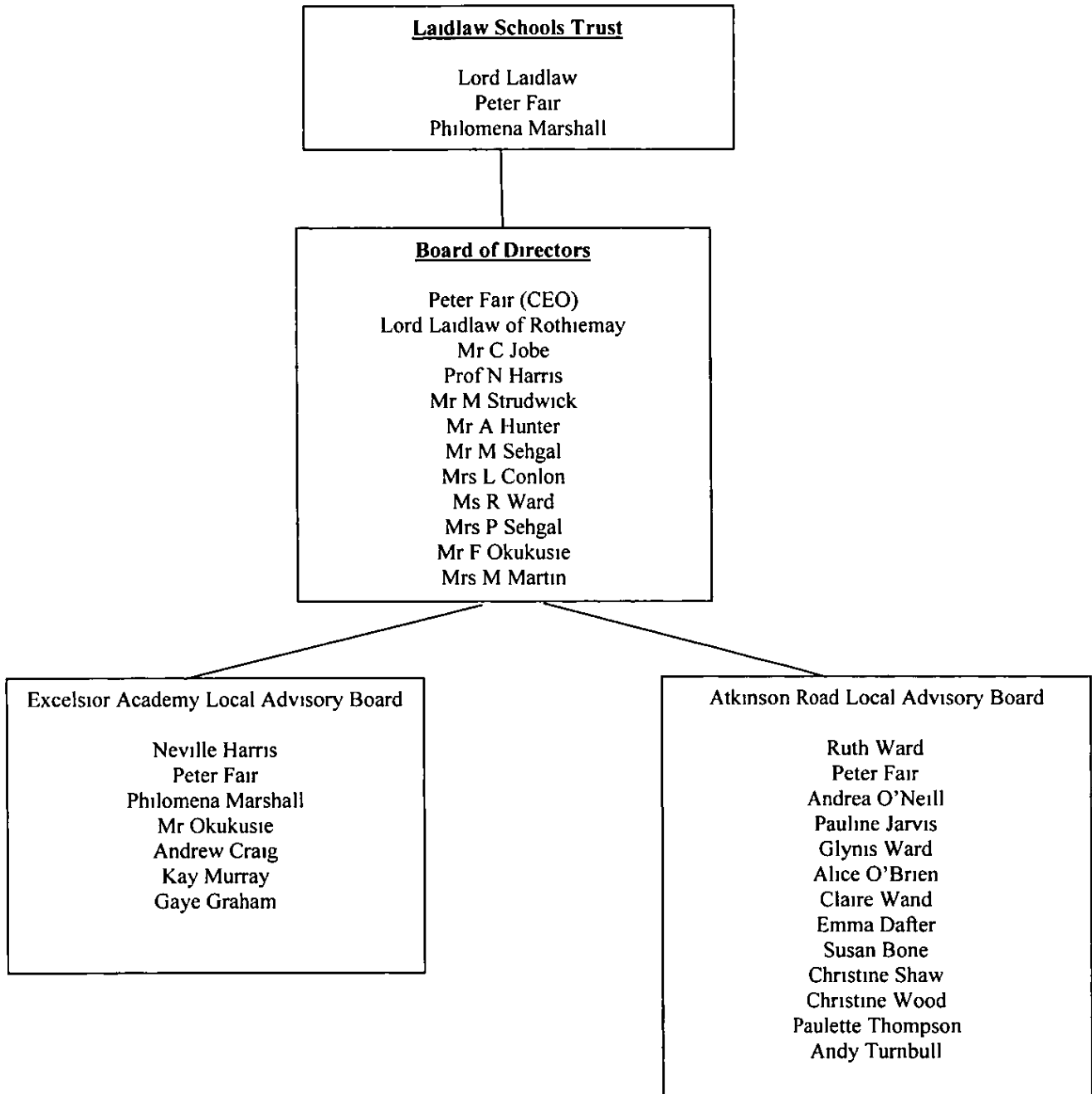
Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. Governors retire after four years in office.

The governors who were in office at 31 August 2013 and served throughout the year, except where shown are listed on page 1.

During the year under review the governors held 5 meetings. The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

THE LAIDLAW SCHOOLS TRUST
GOVERNORS' REPORT
Year ended 31 August 2013

Organisational Structure



Excelsior Academy opened in September 2008 with a structure of four 11-16 schools and a sixth form (Excelsior College). The structure consists of the Senior Leadership Group and the Senior Team of each of the four 11-16 schools. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

Atkinson Road Primary Academy joined the Trust on 1st June 2012. It is a traditional Primary School with a Head Teacher and a Deputy Head Teacher.

The Board of Directors is responsible for setting general policy, adopting an annual plan and budget, monitoring each Academy by the use of budgets and making major decisions about the direction of the Academies, capital expenditure and senior staff appointments.

THE LAIDLAW SCHOOLS TRUST

GOVERNORS' REPORT

Year ended 31 August 2013

On the 31 August 2013 The Senior Leadership Group at Excelsior Academy consisted of the Executive Principal, four School Principals, the Director of Excelsior College and the Business Manager (although this has now changed due to the change to an all-through Academy in September 2013) These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them The Senior Leadership Group is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain at least one Governor Some spending control is devolved to members of the Management Team

The School Team of each school includes the School Principal, the Standards Manager and the Welfare Manager These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students

At Atkinson Road Primary Academy the day to day management is carried out by the Head Teacher and her Deputy

Risk management

The Board has assessed the major risks to which the Academies are exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academies, and their finances The Board has implemented a number of systems to assess risks that the 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 They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk Where significant financial risk still remains they have ensured they have adequate insurance cover The Academies have effective systems of internal financial controls and this is explained in more detail in the following statement

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

Objects and aims

The principal object and activity of the charitable company is the operation of the Trust to advance for the public benefit education for pupils of different abilities at Atkinson Road Primary Academy for pupils aged between 4 and 11 and at Excelsior Academy for pupils aged between 11 and 18 years of age

Objectives, strategies and activities

The aims and objectives of the Academy are set out in the Development plan of each Academy

The main objectives of the Trust during the year ended 31 August 2013 are summarised below

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to raise the standard of educational achievement of all pupils,
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce, and
- to conduct business in accordance with the highest standards of integrity, probity and openness

Equal opportunities policy

The governors recognise that equal opportunities should be an integral part of good practice within the workplace The Academy is committed to equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued

THE LAIDLAW SCHOOLS TRUST
GOVERNORS' REPORT
Year ended 31 August 2013

Disabled persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academies. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

Public benefit

The directors confirm, that to the best of their knowledge and belief, they have complied with section 4 of the Charities Act 2006 in respect of having due regard to public benefit guidance published by the Charity Commission.

ACHIEVEMENTS AND PERFORMANCE

Excelsior Academy is now in its sixth year of operation and there is more evidence that the organisation, ethos and leadership of the Academy continue to have a positive effect on attainment, behaviour and attendance. Results in year 1 were broadly in line with the predecessor school but after five years we have seen a huge improvement in the percentage of pupils achieving 5 A*-C grades including English and Maths. In August 2013 Excelsior Academy achieved the National Floor targets for 5+ GCSE grades including English and Maths for the first time and the Academy had its best results to date in terms of levels of progress of individual pupils. Atkinson Road continues to achieve good results at Key Stages 1 and 2.

FINANCIAL REVIEW

Financial and risk management objectives and policies

The Board takes seriously its responsibilities to implement financial controls to an extremely high standard and ensures that the provision and prescription laid down in EFA documentation is in place. The Board works to ensure the financial health of the Trust and since its first Academy opened in 2008 sound financial management and governance has resulted in a position where there is a positive position in terms of reserves to fund future projects e.g. ICT replacement. Governors and the Finance Team have worked diligently to embed financial systems that are robust ensuring that resources go to where they are best spent and that all control systems are in place and probity is secure.

In 2011 following an audit by YPLA the Trust was awarded an 'outstanding' grade for financial management and governance. This was again awarded by EFA in 2012. Although this grading system no longer exists the Directors continue to monitor financial management and performance closely.

There is a comprehensive risk register in place which is reviewed annually with the top risks being reviewed at each meeting of the Board. Recommendations for amendments to the register are now made by the Trust's Audit Committee which was formed in June 2013.

Principal risks and uncertainties

Principal risks are centred on pupil numbers and cuts to public funding. There are many secondary surplus places and small primary cohorts in Key Stage 2. Numbers coming through from Primary will increase in time but over the next few years there is a need for proactive budget forecasting and management to ensure potential reductions in budgets are planned for in a timely manner.

Governors have indeed been proactive and have moved to change the age range at Excelsior Academy from 11-18 to 4-18. This will make a more appropriate use of school places in the Academy and will support the need to increase primary places in the inner west where there will be large shortages in the years to come until the need is met.

THE LAIDLAW SCHOOLS TRUST
GOVERNORS' REPORT
Year ended 31 August 2013

Financial report for the year

Most of the Trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2013 and the associated expenditure are shown as restricted funds in the statement of financial activities. The Academies also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), 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 year ended 31 August 2013, total expenditure of £11,966,075 (excluding depreciation of £818,204) was more than covered by the recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding depreciation) was £447,536 which includes the exceptional roof rectification costs of £150,454.

Including depreciation and adjustments for FRS17, the net movement in funds was a deficit of £220,668.

At 31 August 2013 the net book value of fixed assets was £30,471,068 and 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 Academy.

As at 31 August 2013 the FRS17 pension deficit amounted to £2,460,900.

Reserves policy

The Board review the reserve levels of the Academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Board has determined that the appropriate level of free reserves should be equivalent to two month's expenditure. 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 academies' current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £85,380 which is less than is needed. The Trust intends to continue building up free reserves to the level needed.

Going Concern

After reviewing financial and other information available, the governors consider that the Academies have 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.

Financial position

The Trust held fund balances at 31 August 2013 of £30,096,352.

Investment policy

The Business Manager liaises closely with Barclays Bank to ensure the best available rate of return on no risk investments.

THE LAIDLAW SCHOOLS TRUST
GOVERNORS' REPORT
Year ended 31 August 2013

PLANS FOR FUTURE PERIODS

The 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 improve attendance and get jobs or a place in higher education once they leave. The two Academies will work very closely together for the benefit of pupils and families. The Trust has changed the age range at Excelsior Academy to 4-18 with effect from September 2013.

The Trust aims to be at the centre of the regeneration of the area in the years to come and will work closely with the City Council and other partner organisations to achieve this.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Governors confirm that so far as they are aware there is no relevant audit information of which The Laidlaw Schools Trust auditors are unaware. Each of the Governors have confirmed that they have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that The Laidlaw Schools Trust auditors are aware of that information.

Approved by order of the Governing Board at its meeting on 11 December 2013 and signed on its behalf by



Peter Fair
Chair & Chief Executive Officer

THE LAIDLAW SCHOOLS TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2013

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that the Laidlaw Schools 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 or loss.

The Governing Body has delegated the day-to-day responsibility to one of its Directors, Chris Jobe, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between The Laidlaw Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
Peter Fair (Chief Executive Officer)	4	4
Lord Laidlaw of Rothiemay (Sponsor)	3	3
Mr C Jobe	3	3
Prof N Harris	4	4
Mr M Strudwick	4	4
Mr A Hunter	3	2
Mr M Sehgal	4	4
Mrs L Conlon	2	3
Ms R Ward	1	3
Mrs P Sehgal	2	2
Mrs M Martin	2	2
Mr F Okukusie	2	2

The Finance and General Purposes Committee and Audit Committee are committees of the Board of Directors. Its purpose is to oversee the Academies' financial affairs and assist the decision making of the Board of Directors. Attendance at meetings in the year is as follows:

Finance and General Purposes Committee	Meetings attended	Out of possible
Peter Fair (CEO)	3	5
Mr C Jobe	5	5
Mr M Sehgal	3	5
Mrs P Sehgal	3	3

Audit Committee

Peter Fair	1	1
Penny Sehgal	1	1
Michaela Martin	1	1

THE LAIDLAW SCHOOLS TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2013

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Laidlaw Schools Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors and the Audit Committee has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The 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 governing body,
- the monitoring of financial management and performance by the Accounting Officer,
- regular reviews by the Finance and General Purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defined purchasing (asset purchase or capital investment) guidelines,
- delegation of authority and segregation of duties,
- identification and management of risks by the Audit Committee with recommendations to the Board

The Board has set policies on internal controls which cover the following

- the type of risks the Trust faces,
- the level of risks which they regard as acceptable,
- the likelihood of the risks materialising,
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise,
- the costs of operating particular controls relative to the benefits obtained,
- clarified the responsibility of the Management Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration,
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives,
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy,
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment, and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken

In line with the provisions of the Academies Financial Handbook an Audit Committee has been established during the year to enhance financial management and increase checks and balances

The RO function has been fully delivered in line with the EFA's requirements with no material control issues arising

THE LAIDLAW SCHOOLS TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2013

Review of effectiveness

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

- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

Terms of Reference have been agreed for the Audit Committee to support financial probity. The Committee manages and monitors risk, receives reports from external auditors and considers documentation received from the EFA.

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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 11 December 2013 and signed on its behalf by



Peter Fair
Chair & Chief Executive Officer



Chris Jobe
Accounting Officer

THE LAIDLAW SCHOOLS TRUST
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
Year ended 31 August 2013

As Accounting Officer of The Laidlaw Schools Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As my part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust governing body are able to identify any 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.

I confirm that no instances of material irregular, impropriety or funding non-compliance have been discovered to date.



Chris Jobe
Accounting Officer
11 December 2013

THE LAIDLAW SCHOOLS TRUST
STATEMENT DIRECTORS' RESPONSIBILITIES
Year ended 31 August 2013

The Directors (who act as trustees for charitable activities of The Laidlaw Schools Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the 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

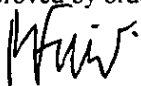
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 grants received from the EFA/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 members of the governing body on 11 December 2013 and signed on its behalf by



Peter Fair
Chair & Chief Executive Officer

**REPORT OF THE INDEPENDENT AUDITORS' TO THE MEMBERS OF
THE LAIDLAW SCHOOLS TRUST**

We have audited the financial statements of The Laidlaw Schools Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, and the Academies Accounts Direction 2013 issued by the Education Funding Agency).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors Responsibilities set out on page 12, the directors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

20 December 2013

THE LAIDLAW SCHOOLS TRUST
STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 August 2013

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2013 £	Total 2012 £
Incoming resources						
Incoming resources from generated funds						
- Voluntary income	4	-	169,713	273,588	443,301	374,135
- Voluntary income – transfer of Atkinson Road	25	-	-	-	-	1,333,623
- Activities for generating funds	5	188,455	-	-	188,455	132,682
- Investment income	6	9,592	-	-	9,592	15,719
Incoming resources from charitable activities						
- Academy's educational operations	2	-	11,772,263	-	11,772,263	10,353,774
Total incoming resources		<u>198,047</u>	<u>11,941,976</u>	<u>273,588</u>	<u>12,413,611</u>	<u>12,209,933</u>
Resources expended						
Costs of Generating Funds						
- Costs of activities for generating funds	8	145,674	-	-	145,674	109,132
Charitable activities						
- Academy's educational operations	9	-	11,767,533	818,204	12,585,737	12,581,274
Governance costs	10	-	52,868	-	52,868	82,064
Total resources expended		<u>145,674</u>	<u>11,820,401</u>	<u>818,204</u>	<u>12,784,279</u>	<u>12,772,470</u>
Net incoming / (outgoing) resources before other recognised gains and losses and transfers						
Transfer between funds	16	52,373	121,575	(544,616)	(370,668)	(562,537)
Actuarial losses on defined benefit pension schemes	15	-	(8,021)	8,021	-	-
		-	150,000	-	150,000	(730,000)
Net movement in funds		<u>52,373</u>	<u>263,554</u>	<u>(536,595)</u>	<u>(220,668)</u>	<u>(1,292,537)</u>
Reconciliation of funds						
Total fund balances brought forward at 1 September		<u>33,007</u>	<u>(723,650)</u>	<u>31,007,663</u>	<u>30,317,020</u>	<u>31,609,557</u>
Total fund balances carried forward at 31 August		<u>85,380</u>	<u>(460,096)</u>	<u>30,471,068</u>	<u>30,096,352</u>	<u>30,317,020</u>

All of the Academy's activities are derived from continuing activities during the above two financial periods

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

THE LAIDLAW SCHOOLS TRUST

(Company Number: 05735093)

BALANCE SHEET

at 31 August 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	12	30,471,068	31,010,216
		<u> </u>	<u> </u>
Current assets			
Debtors	13	1,005,923	780,138
Cash at bank and in hand		2,566,765	1,632,999
		<u> </u>	<u> </u>
		3,572,688	2,413,137
Creditors amounts falling due within one year	14	(1,486,504)	(625,433)
		<u> </u>	<u> </u>
Net current assets		2,086,184	1,787,704
		<u> </u>	<u> </u>
Total assets less current liabilities (excluding pension liability)		32,557,252	33,797,920
Pension scheme liability	15	(2,460,900)	(2,480,900)
		<u> </u>	<u> </u>
Net assets		30,096,352	30,317,020
		<u> </u>	<u> </u>
Funds of the Academy Trust:			
Restricted fund			
Restricted Fixed Asset fund	16/17	30,471,068	31,007,663
Restricted General fund	16/17	2,000,804	1,757,250
Pension fund	15	(2,460,900)	(2,480,900)
		<u> </u>	<u> </u>
		30,010,972	30,284,013
		<u> </u>	<u> </u>
General fund			
Unrestricted fund	16/17	85,380	33,007
		<u> </u>	<u> </u>
Total funds	16/17	30,096,352	30,317,020
		<u> </u>	<u> </u>

The financial statements on pages 14 to 38 were approved by the Trustees and authorised for issue on 11 December 2013 and signed on its behalf by



Peter Fair
Chair & Chief Executive Officer

THE LAIDLAW SCHOOLS TRUST
CASHFLOW STATEMENT
for the year ended 31 August 2013

	Note	2013	2012
		£	£
Net cash inflow/(outflow) from operating activities	24	<u>929,642</u>	<u>(251,518)</u>
Returns on investments and servicing of finance			
Interest received		<u>9,592</u>	<u>15,719</u>
		<u>9,592</u>	<u>15,719</u>
Capital expenditure			
Capital grants from DfE		23,599	37,393
Other Capital grants received		249,989	161,796
Purchase of tangible fixed assets		<u>(279,056)</u>	<u>(211,405)</u>
		<u>(5,468)</u>	<u>(12,216)</u>
Cash balance transferred from Atkinson Road	25	<u>-</u>	<u>5,256</u>
Net increase/(decrease) in cash		<u>933,766</u>	<u>(242,759)</u>
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the year		<u>933,766</u>	<u>(242,759)</u>
Change in net funds			
Net funds at 1 September 2012		<u>1,632,999</u>	<u>1,875,758</u>
Net funds at 31 August 2013		<u>2,566,765</u>	<u>1,632,999</u>
		At 1	At 31
		September	August
		2012	2013
		£	£
Cash at bank and in hand		<u>1,632,999</u>	<u>2,566,765</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year are

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice ('SORP 2005') 'Accounting and Reporting by Charities', the Academies Accounts Direction 2013 issued by the Education Funding Agency and Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

Going Concern

After reviewing financial and other information available, the governors consider that the 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

Fund accounting

Unrestricted funds represent those resources which may be used towards meeting any of the objects of the Academy Trust at the discretion of the governors

Restricted funds comprise grants from the DfE and other donors which are to be used for specific purposes

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Department for Education and sponsor, where the asset acquired or created is held for a specific purpose

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

Grants receivable

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. The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is credited directly to the Statement of Financial Activities. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued

Sponsorship

The value of sponsorship provided to the Trust is recognised in the statement of financial activities in the year in which it is receivable and the amount can be reliably measured

Donations

Donations are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable by the balance sheet date

Interest receivable

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

Resources expended

Resources expended are recognised in which the year in a liability is incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

1 ACCOUNTING POLICIES (continued)

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy Trust's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned.

Charitable activities expenditure includes both the costs that can be allocated directly to the Trust's educational operations and those costs out of an indirect nature necessary to support them.

Governance costs

Governance costs include the costs attributable to the Trust's compliance with statutory requirements, including audit, strategic management and governance meetings.

Tangible fixed assets

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

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates -

Freehold property	2% p a
Equipment, fixtures and fittings (incl computer equipment)	25% p a

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are 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. The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Impairment

A review for the impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Recognition of a Liability

Liabilities are recognised within creditors in the balance sheet when there is an obligation at the year-end for the Trust to transfer benefits.

Deferred Income

Deferred income is included as a creditor within the balance sheet and relates to restricted funding received in advance but where the related expenditure can only take place in a future accounting period.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Investments

In accordance with FRS 2, the activities of Excel 5 Limited are not consolidated into the Trust accounts because the Trust does not control these activities.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

I ACCOUNTING POLICIES (continued)

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 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 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 quinquennial valuations using a prospective benefit method. As stated in note 15, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

2 FUNDING OF THE ACADEMIES EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted Funds	Restricted Fixed Assets Fund	2013 Total	2012 Total
	£	£	£	£	£
DfE/YPLA REVENUE GRANTS					
General annual grant (GAG) (note3)	-	10,708,922	-	10,708,922	9,477,883
Start-up grant	-	48,416	-	48,416	261,553
Pupil premium	-	761,408	-	761,408	428,037
Other DfE grants	-	54,448	-	54,448	60,703
	<u>-</u>	<u>11,573,194</u>	<u>-</u>	<u>11,573,194</u>	<u>10,228,176</u>
OTHER GOVERNMENT GRANTS					
Other Government Funding	-	199,069	-	199,069	125,598
	<u>-</u>	<u>199,069</u>	<u>-</u>	<u>199,069</u>	<u>125,598</u>
	<u>-</u>	<u>11,772,263</u>	<u>-</u>	<u>11,772,263</u>	<u>10,353,774</u>

3 GENERAL ANNUAL GRANT (GAG)

No academies within the trust exceeded the limits during the years ended 31 August 2013 and 2012



THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

4 VOLUNTARY INCOME

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Fund	Total 2013	Total 2012
	£	£	£	£	£
Private sponsorship	-	169,713	249,989	419,702	336,742
Other income	-	-	23,599	23,599	37,393
	<u>-</u>	<u>169,713</u>	<u>273,588</u>	<u>443,301</u>	<u>374,135</u>

5 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Restricted General Funds	Total 2013	Total 2012
	£	£	£	£
Catering income	139,985	-	139,985	109,132
Letting income	44,735	-	44,735	23,550
Other income	3,735	-	3,735	-
	<u>188,455</u>	<u>-</u>	<u>188,455</u>	<u>132,682</u>

6 INVESTMENT INCOME

	Unrestricted Funds	Restricted General Funds	Total 2013	Total 2012
	£	£	£	£
Bank interest	9,592	-	9,592	15,719
	<u>9,592</u>	<u>-</u>	<u>9,592</u>	<u>15,719</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

7 RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other £	Total 2013 £	Total 2012 £
Costs of activities for generating funds	-	-	145,674	145,674	109,132
Academy's Educational Operations					
Direct	6,517,746	818,204	755,634	8,091,584	8,570,569
Allocated support	2,474,188	-	2,019,965	4,494,153	4,010,705
Governance including allocated support	-	-	52,868	52,868	82,064
	<u>8,991,934</u>	<u>818,204</u>	<u>2,974,141</u>	<u>12,784,279</u>	<u>12,772,470</u>

Net outgoing resources for the year are stated after deducting

	2013 £	2012 £
Fees payable to Baker Tilly UK Audit LLP and its associates for		
- Audit	10,450	9,600
- Other services	6,125	7,900
Operating lease costs	<u>64,066</u>	<u>23,493</u>

8 COST OF GENERATING FUNDS

	Unrestricted Funds £	Restricted General Funds £	Total 2013 £	Total 2012 £
Catering expenses	139,985	-	139,985	109,132
Other costs	5,689	-	5,689	-
	<u>145,674</u>	<u>-</u>	<u>145,674</u>	<u>109,132</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS

	Unrestricted Funds	Restricted General Funds	Res Fixed Asset Funds	Total 2013	Total 2012
	£	£	£	£	£
Direct costs					
Teaching and education support staff costs	-	6,517,746	-	6,517,746	5,633,866
Depreciation	-	-	818,204	818,204	2,129,441
Books, apparatus and stationery	-	181,442	-	181,442	139,737
Examination fees	-	204,319	-	204,319	199,634
Staff development	-	85,993	-	85,993	66,965
School development	-	58,921	-	58,921	146,082
Education consultancy	-	777	-	777	84,833
Alternative education	-	98,126	-	98,126	140,568
Other direct costs	-	126,056	-	126,056	29,443
Total direct costs	<u>-</u>	<u>7,273,380</u>	<u>818,204</u>	<u>8,091,584</u>	<u>8,570,569</u>
Allocated support costs					
Personnel costs					
Support staff costs	-	2,474,188	-	2,474,188	2,292,322
Recruitment costs	-	5,992	-	5,992	-
	<u>-</u>	<u>2,480,180</u>	<u>-</u>	<u>2,480,180</u>	<u>2,292,322</u>
Establishment Expenses					
Maintenance of premises and equipment	-	187,709	-	187,709	139,700
Exceptional roof repair costs (see overleaf)	-	150,454	-	150,454	134,308
Rent & Rates	-	149,104	-	149,104	100,543
Heat & Light	-	237,271	-	237,271	173,813
Insurance	-	136,372	-	136,372	121,799
Security	-	120,651	-	120,651	121,710
	<u>-</u>	<u>981,561</u>	<u>-</u>	<u>981,561</u>	<u>791,873</u>
General Expenses					
Cleaning	-	27,920	-	27,920	30,598
Transport	-	66,569	-	66,569	34,842
Catering	-	176,625	-	176,625	171,083
Technology costs	-	208,892	-	208,892	167,568
Bank charges	-	197	-	197	283
FRS 17 finance costs	-	30,000	-	30,000	30,000
Public relations / advertising	-	123,179	-	123,179	102,836
Other support costs	-	399,030	-	399,030	389,300
	<u>-</u>	<u>1,032,412</u>	<u>-</u>	<u>1,032,412</u>	<u>926,510</u>
Total allocated support costs	<u>-</u>	<u>4,494,153</u>	<u>-</u>	<u>4,494,153</u>	<u>4,010,705</u>
Total costs	<u>-</u>	<u>11,767,533</u>	<u>818,204</u>	<u>12,585,737</u>	<u>12,581,274</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

9 CHARITABLE ACTIVITIES – ACADEMY’S EDUCATIONAL OPERATIONS (continued)

Exceptional roof repair costs

During the prior year, significant faults in the Excelsior Academy roof were identified resulting in exceptional costs of £150,454 (2012 £134,308) being incurred by the Trust. The costs relate to temporary repairs, consultancy and legal fees associated with the rectification of the fault.

10 GOVERNANCE COSTS

	2013 £	2012 £
Audit fees	10,450	9,600
Accountancy fees	6,125	7,900
Legal and professional	32,837	60,250
Governors expenses	3,456	4,314
	<u>52,868</u>	<u>82,064</u>

11 STAFF COSTS

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2013 was as follows:

	2013 No.	2012 No.
Charitable Activities		
Teachers	108	110
Administration and support	113	91
Management	6	7
	<u>227</u>	<u>208</u>
Staff costs comprise	2013 £	2012 £
Wages and salaries	7,366,865	6,527,901
Social security costs	568,241	511,676
Other pension costs	892,830	790,225
Contracted out staffing costs	63,998	66,386
FRS17 costs (note 15)	100,000	30,000
	<u>8,991,934</u>	<u>7,926,188</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

11 STAFF COSTS (continued)

Eight employees earned more than £60,000 during the year ended 31 August 2013 (including taxable benefits but excluding employers' pension contributions) The total emoluments of these employees were in the following ranges

	2013 No.	2012 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	4	3
£80,001 - £90,000	1	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	1
£140,000 - £150,000	1	-

7 of the 8 employees above participated in the Teachers' Pension Scheme During the year ended 31 August 2013, pension contributions for these staff amounted to £84,617 (2012 £56,480) The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £13,074 (2012 £11,120)

Governors and Principals remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff governors and not in respect of their services as governors

The value of staff governors remuneration was £nil (2012 £45,115)

The value of the Principal's remuneration (excluding pension contributions) was £140,760 in 2013 (2012 £132,760)

During the year ended 31 August 2013, travel and subsistence expenses totalling £3,456 (2012 £4,314) were reimbursed to governors

Related party transactions involving the trustees are set out in note 21

Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,652 (2012 £5,406)

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

12 TANGIBLE FIXED ASSETS

	Land & Buildings £	Equipment, fixtures & fittings £	Total £
Cost			
At 1 September 2012	33,376,481	5,953,450	39,329,931
Additions	249,989	29,067	279,056
At 31 August 2013	<u>33,626,470</u>	<u>5,982,517</u>	<u>39,608,987</u>
Depreciation			
At 1 September 2012	2,535,068	5,784,647	8,319,715
Charge in year	664,303	153,901	818,204
At 31 August 2013	<u>3,199,371</u>	<u>5,938,548</u>	<u>9,137,919</u>
Net book value			
At 31 August 2013	<u>30,427,099</u>	<u>43,969</u>	<u>30,471,068</u>
At 31 August 2012	<u>30,841,413</u>	<u>168,803</u>	<u>31,010,216</u>

13 DEBTORS

	2013 £	2012 £
Trade debtors	12,477	615
Prepayments	269,553	509,604
Sundry debtors	723,893	269,919
	<u>1,005,923</u>	<u>780,138</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013	2012
	£	£
Trade creditors	920,724	400,095
Other creditors	30,800	30,800
Accruals and deferred income	488,513	194,538
Other tax and social security	46,467	-
	1,486,504	625,433

	2013	2012
	£	£
Accruals and deferred income comprises		
Deferred income at 1 September 2012	75,014	116,149
Amount released from previous year	(75,014)	(116,149)
Incoming resources deferred in the year	242,353	75,014
Deferred income at 31 August 2013	242,353	75,014
Accruals	246,160	119,524
Total accruals and deferred income	488,513	194,538

£nil (2012 £49,728) of deferred income at the year end relates to the General Annual Grant received in the year by Atkinson Road to be clawed back by the EFA post year end

£28,873 (2012 £25,286) of deferred income at the year end relates to school funds income received in advance of related expenditure

£76,401 of deferred income at the yearend relates to capital maintenance income received in advance of related expenditure

£81,368 of deferred income at the yearend relates to Special Educational Needs income received in advance of related expenditure

£50,988 of deferred income at the yearend relates to income from The Ballinger Charitable Trust received in advance of related expenditure

£4,723 of deferred income at the yearend relates other capital funding received in advance of related expenditure

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

15 PENSIONS AND SIMILAR OBLIGATIONS

The 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 Newcastle City Council Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

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

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

Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972 A notional asset value is ascribed to the scheme for the purpose of determining contribution rates

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010 Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS The aim of the review is to specify the level of future contributions Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

15 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme (continued)

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated rates.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013/14 and 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £662,375 (2012: £601,973).

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

15 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £350,000 (2012 £310,000), of which employer's contributions totalled £250,000 (2012 £220,000) and employees' contribution totalled £100,000 (2012 £90,000). The expected contributions for 2014 are £260,000.

Principal actuarial assumptions

	2013 £	2012 £
Rate of increase in salaries	4.7	4.7
Rate of increase for pensions in payment	2.8	2.2
Discount rate	4.5	4.2
Inflation (CPI)	2.8	2.2

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

	2013 £	2012 £
Retiring today		
Males	21.7	21.6
Females	23.9	23.8
Retiring in 20 years		
Males	23.5	23.4
Females	25.8	25.7

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 31 August 2012	Fair value at 31 August 2012
Equities	7.9	2,923,740	7.5	2,411,940
Property	7.4	390,710	7.0	329,400
Government bonds	3.4	158,040	2.5	267,180
Corporate bonds	4.1	509,240	3.2	442,860
Cash	0.9	100,970	1.3	69,540
Other	7.9	307,300	7.5	139,080
TOTAL MARKET VALUE OF ASSETS		<u>4,390,000</u>		<u>3,660,000</u>
Present value of scheme liabilities - Funded		(6,850,900)		(6,140,900)
DEFICIT IN THE SCHEME		<u>(2,460,900)</u>		<u>(2,480,900)</u>

The actual return on scheme assets was £430,000 (2012 £240,000)

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

15 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

The Laidlaw Schools Trust employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2013.

Amounts recognised in the statement of financial activities	2013 £	2012 £
Current service cost	350,000	250,000
Employer contributions	(250,000)	(220,000)
	<hr/>	<hr/>
Total operating charge	100,000	30,000
	<hr/> <hr/>	<hr/> <hr/>
Analysis of pension finance costs		
Interest on pension liabilities	270,000	230,000
Expected return on pension scheme assets	(240,000)	(200,000)
	<hr/>	<hr/>
Pension finance costs	30,000	30,000
	<hr/> <hr/>	<hr/> <hr/>

The actuarial gains and losses for the current year are recognised in the SOFA.

The cumulative amount of actuarial gains and losses recognised in the statement of recognised gains and losses since the adoption of FRS 17 is a loss of £1,332,900 (2012 £1,482,900).

Movements in the present value of defined benefit obligations were as follows	2013 £	2012 £
Opening defined benefit obligation	6,140,900	4,020,900
Transfer from Atkinson Road (note 25)	-	830,000
Current service cost	350,000	250,000
Interest cost	270,000	230,000
Employee contributions	100,000	90,000
Actuarial loss	40,000	770,000
Benefits paid out	(50,000)	(50,000)
	<hr/>	<hr/>
At 31 August	6,850,900	6,140,900
	<hr/> <hr/>	<hr/> <hr/>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

15 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Movements in the fair value of Academy's share of scheme assets	2013 £	2012 £
Opening fair value of scheme assets	3,660,000	2,670,000
Transfer from Atkinson Road (note 25)	-	490,000
Expected return on assets	240,000	200,000
Actuarial gain	190,000	40,000
Employer contributions	250,000	220,000
Employee contributions	100,000	90,000
Benefits paid out	(50,000)	(50,000)
	<u>4,390,000</u>	<u>3 660,000</u>
At 31 August	<u>4,390,000</u>	<u>3 660,000</u>

Employer contributions for the year ended 31 August 2014 are expected to be £260,000

The history of experience adjustments is as follows

	2013 £	2012 £	2011 £	2010 £	2009 £
Present value of defined benefit obligations	(6,850,900)	(6,140,900)	(4,020,900)	(3,400,900)	(2,980,900)
Fair value of share of scheme assets	4,390,000	3,660,000	2,670,000	2,160,000	1,600,000
	<u>(2,460,900)</u>	<u>(2,480,900)</u>	<u>(1,350,900)</u>	<u>(1,240,900)</u>	<u>(1,380,900)</u>
Experience adjustments on share of scheme assets					
Amount	190,000	40,000	40,000	120,000	(150,000)
Experience adjustments on scheme liabilities					
Amount	-	-	(330,000)	-	(70,000)

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

16 FUNDS

	Balance at 31 August 2012 £	Incoming resources £	Expenditure £	Gains, losses And Transfers £	Balance at 31 August 2013 £
Restricted General Fund					
GAG - Excelsior	728,561	8,710,649	(8,506,155)	(8,021)	925,034
GAG – Atkinson Road	33,353	1,998,273	(1,873,890)	-	157,736
Pension reserve	(2,480,900)	-	(130,000)	150,000	(2,460,900)
	<u>(1,718,986)</u>	<u>10,708,922</u>	<u>(10,510,045)</u>	<u>141,979</u>	<u>(1,378,130)</u>
Other DfE Grants:					
Start Up Grant	-	48,416	(48,416)	-	-
School standards fund	976,955	-	(58,921)	-	918,034
Pupil Premium - Excelsior	-	579,758	(579,758)	-	-
Pupil Premium – Atkinson Rd	-	181,650	(181,650)	-	-
16 – 18 Bursary funding	-	319	(319)	-	-
Summer school grant	-	47,499	(47,499)	-	-
Other Government funding:					
SEN funding	-	142,673	(142,673)	-	-
Other funding	18,381	63,026	(81,407)	-	-
Sponsorship from Lord Laidlaw of Rothiemay	-	169,713	(169,713)	-	-
Restricted General Funds	<u>(723,650)</u>	<u>11,941,976</u>	<u>(11,820,401)</u>	<u>141,979</u>	<u>(460,096)</u>
Restricted Fixed Asset Fund					
Land & building transfer from Council – Atkinson Rd	1,556,987	-	(41,084)	-	1,515,903
Other restricted fixed assets fund	28,875,422	-	(761,940)	-	28,113,482
Fixed assets funding from Council – Atkinson Road	8,196	-	(216)	-	7,980
Devolved formula capital - Excelsior	297,577	23,599	(7,852)	-	313,324
Sponsorship from Lord Laidlaw of Rothiemay – Excelsior	-	249,989	-	-	249,989
Sponsorship from Lord Laidlaw of Rothiemay – Atkinson Rd	161,696	-	(4,268)	-	157,428
Capital expenditure from GAG - Excelsior	107,785	-	(2,844)	8,021	112,962
Total Restricted Fixed Asset Fund	<u>31,007,663</u>	<u>273,588</u>	<u>(818,204)</u>	<u>8,021</u>	<u>30,471,068</u>
Total Restricted funds	<u>30,284,013</u>	<u>12,215,564</u>	<u>(12,638,605)</u>	<u>150,000</u>	<u>30,010,972</u>
Total Unrestricted funds	33,007	198,047	(145,674)	-	85,380
Total funds	<u>30,317,020</u>	<u>12,413,611</u>	<u>(12,784,279)</u>	<u>150,000</u>	<u>30,096,352</u>

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

16 FUNDS (continued)

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

General Annual Grant

General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes.

Pension reserve

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

School Standard Funds

Recurrent standard funds were received to provide a contribution to the schools development and improvement agenda, including personalised learning. It was calculated based on pupil numbers. Standard funds are now paid as a 'maintenance grant' included within the GAG income.

Land and Building transfer from Council

This balance is the main school premises for Atkinson Road to be depreciated over the remaining useful economic life of the building.

Other restricted fixed assets fund

This balance is the main school premises for the Excelsior Academy to be depreciated over the remaining useful economic life of the building.

Devolved Formula Capital Funding

These arrangements allow Academies to decide how to fund local priorities. It can only be used for capital expenditure on premises/building projects or the purchase of ICT equipment.

Sponsorship from Lord Laidlaw

During the year, Lord Laidlaw provided capital funding to improve the building and facilities at Excelsior School.

Capital expenditure from GAG

The balance represents the total capital expenditure from the GAG. Depreciation is charged to the fund over the life of the related assets.

16a ANALYSIS OF ACADEMIES BY FUND BALANCE

	Total 2013 £
Excelsior Academy	1,834,861
Atkinson Road Primary Academy	251,323
Total before fixed assets and pension reserve	2,086,184
Restricted fixed asset fund	30,471,068
Pension reserve	(2,460,900)
Total before fixed assets and pension reserve	30,096,352

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

16b ANALYSIS OF ACADEMIES BY COST

	Teaching and Educational Support Staff Costs £	Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2013 £
Excelsior Academy	4,923,786	2,292,523	573,132	2,026,386	9,815,827
Atkinson Road Primary Academy	1,593,960	181,665	182,502	192,121	2,150,248
Total	<u>6,517,746</u>	<u>2,474,188</u>	<u>755,634</u>	<u>2,218,507</u>	<u>11,966,075</u>

16c CENTRAL SERVICES

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

- Human resources
- Financial Services
- Legal and accountancy services

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2013 £	Total 2012 £
Tangible fixed assets	-	-	30,471,068	30,471,068	31,010,216
Current assets	85,380	3,487,308	-	3,572,688	2,413,137
Current liabilities	-	(1,486,504)	-	(1,486,504)	(625,433)
Pension liability	-	(2,460,900)	-	(2,460,900)	(2,480,900)
	<u>85,380</u>	<u>(460,096)</u>	<u>30,471,068</u>	<u>30,096,352</u>	<u>30,317,020</u>

**THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 August 2013

18 CAPITAL COMMITMENTS

	Total 2013	Total 2012
	£	£
Contracted for but not provided for in the financial statements	-	-
Authorised by the Governors but not yet contracted	-	-
	-	-
	-	-

19 OPERATING LEASE COMMITMENTS

At 31 August 2013, the Academy was committed to making the following payments during the next year in respect of operating leases for motor vehicles

	Total 2013	Total 2012
	£	£
Leases which expire:		
Within 0-1 years	687	13,932
Within 2-5 years	70,284	10,987
	70,971	24,919
	70,971	24,919

20 ULTIMATE CONTROLLING PARTY

The Academy is a charitable company limited by guarantee, has no share capital and is controlled by its members

21 RELATED PARTY TRANSCATIONS

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

During the year, the Academy recognised sponsorship income from Lord Laidlaw of Rothiemay, who is a director and governor of the Academy

	2013	2012
	£	£
Capital	249,989	161,796
Other	169,713	174,946
	419,702	336,742
	419,702	336,742

At 31 August 2013 £504,529 (2012 £174,946) was owed to the Academy and is included in sundry debtors

THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

22 CONTINGENT LIABILITIES

In the event that during the year of the funding agreement, the Academy sells or disposes of any asset for which a capital grant was received, the Academy shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Academy for its charitable purposes

23 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 member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for debts and liabilities contracted before he/she ceases to be a member

24 RECONCILIATION OF NET EXPENDITURE AND NET CASHFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Net expenditure	(370,668)	(562,537)
Cash impact of transfer from Atkinson Road	-	(5,256)
Depreciation	818,204	2,129,441
Interest receivable	(9,592)	(15,719)
FRS 17 – Transfer of opening liability	-	340,000
FRS 17 – Finance costs	30,000	30,000
FRS 17 – Staff costs	100,000	30,000
Increase in debtors	(225,785)	(519,036)
Increase in creditors	861,071	87,765
Transfer of tangible fixed assets from Council	-	(1,566,987)
Capital grants from DfE	(23,599)	(37,393)
Other capital grants	(249,989)	(161,796)
	929,642	(251,518)

CASH TRANSFERRED ON TRANSFER OF ATKINSON ROAD

Cash balance transferred from Atkinson Road	-	(5,256)
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THE LAIDLAW SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2013

25 TRANSFER OF ATKINSON ROAD

On 1 June 2012 Atkinson Road Junior Academy became part of The Laidlaw Schools Trust and all the operations and assets and liabilities were transferred to the Laidlaw Schools Trust from the Council for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total 2012 £
Voluntary income analysis:				
Tangible fixed assets	-	-	1,566,987	1,566,987
School funds	5,256	-	-	5,256
County Council				
- Revenue	93,184	-	-	93,184
- Capital	-	-	8,196	8,196
LGPS pension deficit from Newcastle City Council	-	(340,000)	-	(340,000)
	98,440	(340,000)	1,575,183	1,333,623

The above assets include £5,256 that was transferred as cash

26 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £6,384 (2012 £26,448) and disbursed £35,660 (2012 £25,126). The Academy Trust retained a beneficial interest in individual transactions such that £319 (2012 £1,322) has been recognised in income and expenditure in the statement of financial activities