

Company Registration No. 07733109 (England and Wales)

LATERAL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

LATERAL ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 – 10
Governance statement	11 – 16
Statement on regularity, propriety and compliance	17
Statement of trustees' responsibilities	18
Independent auditor's report on the accounts	19 – 21
Independent reporting accountant's report on regularity	22 – 23
Statement of financial activities including income and expenditure account	24
Balance sheet	25
Statement of cash flows	26
Notes to the accounts including accounting policies	27 – 44

LATERAL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees: Mr B M Wilson* (Chair)
Mrs C Gradwell*
Mrs J H Garretts* (Headteacher & Accounting Officer)
Mrs J Alderson* (Resigned 25/06/18)
Rev J Hartley
Mrs S Partington
Mr C Cohen (Resigned 05/10/17)
Mr D Aspden (Resigned 05/11/17)
Mrs E Marks-Parker*
Mr I Williams
Mrs A Mullineaux
Mr A Fallows
Mr S Quigley*
Mrs S Saffery (Resigned 20/01/18)
Mr B McPhail
Mr J McHugh
Mr A Wright
Mrs T Lamb* (Appointed 14/05/18)
Mrs M Turner (Appointed 14/05/18)

Unless otherwise stated all trustees were in office throughout the period

* Members of the Business Management committee

Members: Mrs J Alderson (Resigned 25/06/18)
Mrs J H Garretts
Mrs C Gradwell
Mrs E Marks-Parker
Mr B M Wilson

Unless otherwise stated all directors were in office throughout the period

Company secretary: Mr A Gallimore

Senior management team:
Headteacher Mrs J H Garretts
Deputy Headteacher Mr J Thomson
Deputy Headteacher Mr P Davies
Deputy Headteacher Mr J Whalley
Director of Business & Finance Mr A Gallimore
Assistant Headteacher Mrs G Maher
Assistant Headteacher Mrs K Walters
Assistant Headteacher Mrs J Brennan (Resigned 01/06/18)

Registered office: Printshop Lane, Tyldesley, Manchester, M29 8JN

Company registration number: 07733109 (England and Wales)

Independent Auditor: Haines Watts, Bridge House, Ashley Road, Hale, Altrincham
Cheshire, WA14 2UT

Bankers: Lloyds Bank, 9 Hotel Street, Bolton, BL1 1DB

Solicitors: Eversheds-Sutherland LLP, Eversheds House, 70 Great Bridgewater
Street, Manchester, M1 5ES

LATERAL ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees and directors present their report with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for students aged 11 to 16 serving a catchment area in Tyldesley, Atherton and surrounding areas. It has a student capacity of 1,275 and had a roll of 1,310 in the school census of Autumn 2017.

Structure, governance and management

Constitution

The academy was incorporated on 8 August 2011 as a company limited by guarantee with no share capital, registration no: 07733109. The company commenced operation as an academy on 1 September 2011. The company changed its name from Fred Longworth High School to Lateral Academy Trust on 12 June 2016. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy. The trustees of Lateral Academy Trust are also directors of the charitable company for the purposes of company law. The charitable company is known as Fred Longworth High School.

Members' liability

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

Trustees

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

The trustees who were in office at 31 August 2018 and served during the period are listed on page 1.

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional indemnity and directors' and officers' insurance to protect the trustees and officers from claims arising from negligence, errors or omissions occurring whilst on academy business. Further details are disclosed at Note 11.

Principal activities

Lateral Academy Trust converted to academy trust status on 1 September 2011 at which point the entity's current operations commenced. The academy trust's principal activities are 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 a school offering a broad and balanced curriculum.

Method of recruitment and appointment or election of trustees

The academy's board of trustees is subject to retirement by rotation. Trustees are eligible for re-election at the meeting at which they retire. The directors to retire are those who have served the longest in office since their appointment or re-election. New directors are recruited in accordance with the Articles of Association and 'A Guide to the Law for School Governors.' The term of office for any trustee is 4 years, although this time limit does not apply to the headteacher. The board of directors who were in office on 31 August 2018 and served since 1 September 2017, the period of these accounts, are listed in the reference and administrative details on page 1.

The members of the trust are responsible for the appointment of trustees except seven parent trustees and four staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not less than three and shall not be subject to a maximum.

Policies and procedures adopted for the induction and training of trustees

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees. The training and induction provided for new trustees will depend on their existing experience. All new trustees will be given a tour of the academy and the chance to meet with staff and students. All relevant trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees in a period, induction tends to be done informally and is tailored specifically to the individual.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

The governance of the trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education.

The structure consists of three levels: the trustees, senior leadership team and heads of faculty areas/heads of year. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The senior leadership team is the headteacher, deputy headteachers and assistant headteachers. These leaders control the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the senior leadership team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for most middle and all senior leader posts will involve a trustee(s). Some spending control is devolved to heads of departments/years, with limits above which a senior leader must countersign.

The board of trustees meets twice each term with one meeting focusing specifically on standards and the main aims of this meeting are outlined in terms of reference. A separate sub-committee for Business Management has been established with its own terms of reference detailing the responsibilities discharged to the sub-committee, to the headteacher (the accounting officer) and to the senior management team. The terms of reference and meeting frequency is reviewed and approved by the board of trustees annually. The terms of reference for the Business Management sub-committee detail the school's authorised spending limits.

Groups of trustees may be formally organised outside of the sub-groups structure to support the school as required, to consider:

- Headteacher, and SLT recruitment
- Performance management of the headteacher
- Student discipline
- Staff discipline
- Complaints
- Significant areas of change management

Arrangements for setting pay and remuneration of key management personnel

The board of trustees has adopted a whole school pay policy to provide a clear framework for exercising its discretionary powers in relation to the pay of individual members of staff for whom it is responsible. These powers will be exercised to take account of the specific needs of the school and in accordance with the flexibility specified within the School Teachers' Pay and Conditions Document (STPCD), in the national Conditions of Service for NJC local government employees (the Green Book) and locally agreed conditions of service. All pay related decisions will also be taken in compliance with relevant employment and equality in employment legislation.

The board of trustees has responsibility for establishing the school's pay policy, ensuring its application in practice and reviewing it on an annual basis. The board of trustees is also responsible for determining the annual pay budget.

The board of trustees will establish a Pay Committee with delegated responsibility and authority to implement the pay policy on its behalf and to hear any representations concerning decisions made, should these be requested.

All decisions of the Pay and Pay Appeal Committees, together with the criteria used and evidence to inform decisions, will be formally minuted (in accordance with the regulations applicable to all committee meetings of the board of trustees) and reported to the board of trustees.

In setting pay and remuneration of key management personnel all permanent responsibilities and the complexity and challenge of the role in the context of the school are taken into account when setting base pay for the headteacher and other leadership roles. Allowances are payable only in respect of temporary responsibilities, such as temporary responsibility for another school.

LATERAL ACADEMY TRUST
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

Trade Union facility time

Relevant union officials

<i>Number of employees who were relevant union officials during the relevant period</i>	<i>Full-time equivalent employee number</i>
1	1.0

Percentage of time spent on facility time

<i>Percentage of time</i>	<i>Number of employees</i>
0%	0
1-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,851
Provide the total pay bill	£5,571,445
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	Nil
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LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Risk management

The board of trustees has considered the major risks to which it is exposed, in particular those relating to governance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

The board of trustees has implemented a number of systems to assess and reduce risks that the school faces, especially in operational areas in relation to teaching, health and safety, (including school trips), behaviour management, and in relation to the control of finances. They have introduced policies and systems for the recruitment, selection and vetting of new staff, continual professional development of staff, child protection, supervision of students around the school site and internal financial controls to minimise financial risk.

Adequate insurance has been arranged where significant financial risk remains. The school has an effective system of internal financial control as explained in the statement on internal control.

Related parties and other connected charities and organisations

Lateral Academy Trust is not connected to any other organisations as defined by the relevant Charities SORP. The members, directors, trustees, governors, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP. Lateral Academy Trust is connected to the following organisation as defined by the relevant Charities SORP.

Objectives and activities

Objects and aims

Lateral Academy Trust is a mixed 11-16 comprehensive school and a vibrant Arts and Applied Learning College. Our aim is to inspire all our students to achieve their BEST by Belonging, Engaging, Succeeding Together. We believe in treating each student as a unique and valued individual.

The curriculum is designed to give students choice and to nurture their talents and abilities, whatever they may be.

Our conversion to academy status was community driven and our focus was on protecting and building on the proud name of Fred Longworth and to enable us to continue serving our local community.

The board of trustees continues to set the school's strategic aims through the school improvement plan. These aims are monitored closely by the board of trustees by way of headteacher and senior leadership team reports and through the work of the sub committees.

The school improvement plan is designed to drive improvement in the following key areas of our work:

- Teaching, Learning & Achievement – We seek to maintain and develop our relentless focus upon teaching and learning, leading to outstanding achievement. We actively encourage innovation in the classroom and seek to develop students as independent and effective learners. Through Belonging, Engaging, Succeeding Together we can ensure that each student achieves to the BEST of their ability.
- Pastoral and Community – The excellent relationships within the “Freddie’s family” underpin our students’ success. Our aim is for all students to be safe and happy in school, with the support they need to help them achieve. Outstanding behaviour is the norm.
- Business Management – We aim to provide value for money by ensuring that resources are directed to have maximum impact on learning and achievement. We seek to maintain and develop an excellent environment for learning.
- Governance – Our aim is to ensure that the board of trustees is an integral part of the leadership of the school. We seek to develop trustees’ knowledge, skills and understanding so that they are able effectively to hold the school to account.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

The Fred Longworth community values diversity and seeks to give everyone in the school an equal chance to learn, work and live, free from the action, or fear, of racism, discrimination, or prejudice. By our actions we will work together to develop the potential of all students academically, socially, culturally and psychologically and to establish a community that is just and fair for all people who work at or visit Fred Longworth High School.

Students will be happy and healthy, enthused by the intellectual, social and physical challenges posed by their experience at school. They will be independent learners, aware of how to learn and of the role of emotions and dispositions in the learning process, which they draw on to address challenge and difficulty, as well as success.

All staff will have the opportunity to develop further as self-directed, reflective learners, through working collaboratively with others to enhance their own expertise. Through their passion, teachers will enthuse and inspire others to explore new ideas.

Parents will fulfill their roles as true partners, recognising their role in the student - school - parent partnership to ensure that their child realises his/her potential.

Trustees will contribute to the life of the school on a wider scale, acting as critical friends to support the school and its objectives.

Our key priority for the forthcoming year is to *"Improve academic outcomes so that Progress 8 figures are consistently positive across the curriculum and for all student groups. Particularly urgent attention needs to be paid to attainment and progress in the core, the progress of boys and the progress of students with low ability on entry"*. The following strategic areas feed into this key priority:

- Curriculum – Refine the 5-year curriculum at whole school and Faculty level to ensure that it delivers excellent outcomes and creates resilient, word-wealthy and independent learners.
- Teaching & Learning – Ensure that teaching and assessment are consistently excellent across the school with a reduction in variability and the clear establishment of consistently high expectations for all student groups across all faculties. This will be achieved through encouraging innovation in pedagogy and through robust, consistent systems for Quality Assurance.
- Behaviour & Attendance – Continue to refine systems for encouraging outstanding attendance and behaviour for learning across the school.
- Inclusion – Further develop Fred Longworth as an inclusive school in which all groups of students are able to succeed, including through further development of the Inclusion Centre.
- Business Management – Continue to focus on strategic financial management so that maximum use is made of all available resources.

Public benefit

The trust will promote for the benefit of inhabitants of Tyldesley, Atherton and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

Lateral Academy Trust, as an academy, was legally formed on 1 September 2011. This annual report covers the academy's fifth period of operation.

The school was graded as good by Ofsted in November 2017.

There were 1,297 students on roll on 31 August 2018.

The academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self-evaluation, data analysis and action planning.

For the past 5 years, performance has improved continuously year on year and we continue to outperform our targets.

The table below provides a summary of the performance in the summer 2018 examination season:

Summary of GCSE examination results

2017 saw the introduction of more rigorous examinations in English and Maths and the new 1 to 9 grading system in these two key subjects.

	2017	2018
English and Maths grade 4+	63%	61%
English and Maths grade 5+	37%	35.6%
Progress 8	-0.09	-0.13
Attainment 8	48.5	47.3

Attendance has been at or above 95% since September 2012.

Key performance indicators

The Fischer Family Trust is the adopted performance measure and target monitoring tool and is used for Key Stages 3 and 4.

Standards at Key Stage 4 (GCSE) have improved year on year over the past eight years. Examination results for 5A* - C including Maths and English have increased from 59% during this period.

Attendance levels are regularly at, or above, 95%.

As funding is based on student numbers this is also a key performance indicator. Student numbers for 2017/18 were 1,310, an increase of 24 over 2016/17. It is anticipated that this number will remain consistent over the next 3 years.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2017/18 this was 82.29% and is projected at 82.97% for 2018/19.

The academy places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 accounting policies note of the financial statements.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

Most of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which is 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 academy 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) FRS102, 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.

The trust's financial position for the year to 31 August 2018 demonstrates total income of £8,019,000 with a surplus at 31 August 2018 of £8,690,000. The surplus has been allocated to reserves.

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the academy's buildings, its plant, equipment and contents.

A strategic capital plan has been prepared and reviewed by the trustees in order that reserves can be prioritised and spent according to the needs of the academy.

The principal financial management policies adopted in the year are:

- regular financial reviews of income and expenditure versus planned budgets at Business Management Committee meetings; and
- consideration as to whether income streams demonstrate a robust and stable position to continue to enable the provision of resources of sufficient quality to fulfil the academy's educational obligations.

Reserves carried forward at 31 August 2018 will be utilised as part of the medium and long term plans of the academy to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Under Accounting Standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the unrestricted fund. This resulted in the pension fund showing a deficit of £1,445,000 which has been carried forward to 2018/19. It should be noted that this does not present a liquidity problem for the academy and that we are reviewing contributions to the pension scheme in order to see a reduction in the pension deficit in future years.

Financial and risk management objectives and policies

The objective of the academy's risk management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken if required, including external insurance.

The board of trustees has a comprehensive risk management process to identify and monitor the risks faced by the academy.

The financial risks considered include: economic/financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial/statutory requirements.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free reserves should be equivalent to 1 month of the GAG, approximately £545,000. 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 academy's current level of free reserves (total funds less the amount held in fixed assets restricted fund but excluding pension reserve) is £614,000.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy

Lateral Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds. This is detailed in our Investment Policy.

The academy is authorised to invest funds only in banks authorised and monitored by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

It is the intention of the academy to make investments in ways that are consistent with the values of the academy as expressed in the mission statement and ethos.

The academy will ensure that any bank or fund managers responsible for the academy's investments are operating to socially responsible objectives consistent with those of the academy.

The investments must comply with the Charities Instruments and objectives.

Principal risks and uncertainties

Lateral Academy Trust has adopted a risk management process including the creation of a risk register and risk review process. The objectives will be to determine an approach and, where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

The principal risks are seen as the loss of reputation through falling standards, falling student rolls and failure to safeguard our students.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the board of trustees;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

The academy has recognised its share of the local government pension scheme (LGPS) assets and liabilities in accordance with Financial Reporting Standard No. 102. A deficit has been recognised at 31 August 2018.

Fundraising

The academy does not undertake any fundraising activities.

Plans for future periods

Lateral Academy Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child to achieve their full potential.

The school believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the school strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

The school has an outstanding understanding of its strengths and areas for development based on rigorous analysis of data and monitoring of teaching and learning. The school also makes good use of external validation to secure its judgement on the quality of provision and subsequent outcomes. The school improvement plan has all the correct areas identified for improvement and is based on regular analysis of data which is meticulously analysed by the headteacher and the senior leadership team. The SIP is regularly monitored and amended annually by the SLT and trustees. It is underpinned by appropriate budget links.

LATERAL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

School improvement strategies are highly effective because subjects identified as previously underperforming have been successfully addressed through a combination of rigorous monitoring, outstanding CPD, including coaching and thorough analysis of examination results. The school makes good provision for personalised learning, support and intervention programmes for individual students and the quality of provision for inclusion is outstanding due to bespoke programmes aimed at raising achievement.

Auditors

In so far as the trustees are aware:

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

The audit business Haines Watts, Chartered Accountants has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts.

This trustees' report incorporating a strategic report, was approved by order of the board of trustees, as company directors, on 12 December 2018 and signed on its behalf by:



.....
Mr S Quigley
Chair of trustees

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Lateral 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 or loss.

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform to 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 Fred Longworth High School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 3 times during the period. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of possible
Mr B M Wilson (Chair)	2	3
Mrs J H Garretts	3	3
Mrs J Alderson	2	2
Rev J Hartley	2	3
Mrs S Partington	3	3
Mr C Cohen	0	1
Mr D Aspden	1	1
Mrs E Marks-Parker	1	3
Mr I Williams	2	3
Mrs C Gradwell	2	3
Mrs A Mullineaux	1	3
Mr A Fallows	3	3
Mr S Quigley	3	3
Mrs S Saffery	2	2
Mr B McPhail	3	3
Mr J McHugh	1	3
Mr A Wright	1	3
Mrs T Lamb	1	1
Mrs M Turner	1	1

The Business Management Committee is a sub-committee of the main board of trustees. Its purpose is to:

- ensure the effective deployment of all funds available to the school so that they have maximum impact upon teaching, learning and achievement;
- ensure that the premises are safe and provide an excellent learning environment for students, staff and community groups;
- ensure that the school has sound financial management; and
- ensure that a programme of reviewing the risks to internal financial control is in place.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of possible
Mrs E Marks-Parker (Chair)	2	3
Mr B M Wilson	3	3
Mrs J H Garretts	3	3
Mrs C Gradwell	2	3
Mr S Quigley	2	3
Mrs J Alderson	1	2
Mrs T Lamb	1	1

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the 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 following the principles of the following statement:

Introduction

The board of trustees is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's improvement plans. The trustees of Lateral Academy Trust are committed to achieving Best Value in all decisions made, to secure the best possible outcome for its students in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

The principles of Best Value are:

- **Challenge** – Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do students and parents want?
- **Compare** – How does the school's student performance and financial performance compare with other schools?
- **Consult** – How does the school seek the views of appropriate stakeholders about the services the school provides, before decisions are made?
- **Compete** – To ensure that the school promotes fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

Best Value is a statutory duty to secure continuous improvement in the way that services and functions are exercised by the most economic, efficient and effective means possible. Whilst best value does not apply statutorily to school governing bodies, schools are expected to demonstrate that they are following best value principles in their expenditure of public money, and as part of their evaluation of standards, the curriculum, and partnership with parents and management. This is not a new process, but an opportunity to build on what the school has already achieved.

Focusing on value for money provides a number of key benefits to the school:

- It formally establishes, and helps to highlight, the trustees' commitment to creating a best value culture throughout the school.
- It raises awareness of the benefits the school can obtain from working towards a best value culture.
- It helps to clarify trustee and staff responsibilities in relation to best value.
- It provides a framework within which the school can work towards creating a best value culture.

The trustees' approach

The principles of Best Value will be applied when making decisions about:

- the allocation of resources to best promote the aims and values of the school;
- the targeting of resources to best improve standards and the quality of provision;
- the use of resources to best support the various educational needs of all students;
- monitoring and evaluating the performance of the school; and
- managing the performance of the staff.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas. Therefore trustees and school managers do not:

- waste time and resources on investigating minor areas where few improvements can be achieved;
- waste time and resources to make minor savings in costs; and
- waste time and resources by seeking tenders for minor supplies and services.

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

As part of the Best Value and self-evaluation processes trustees are committed to:

- make comparisons with other/similar schools using data provided by the Local and National Government, eg, Raise On-line, quality of teaching and learning, levels of expenditure/salaries;
- challenge proposals, examining them for effectiveness, efficiency and cost, eg, setting of annual student achievement targets, expansion or contraction of student numbers;
- require suppliers to compete on grounds of cost and quality/suitability of services/products/backup, eg, provision of computer suite, redecoration;
- consult individuals and organisations on quality/suitability of service we provide to parents and students, and services we receive from providers, eg. LA buyback services;
- concentrate their efforts and resources into the review of areas that will result in significant improvement to aspects of the school's performance; and
- use students' viewpoints where most appropriate.

This will apply in particular to:

- leadership and management;
- staffing;
- use of premises;
- use of resources;
- financial management;
- quality of teaching;
- quality of learning;
- purchasing;
- students' welfare; and
- health and safety.

Staffing

Trustees and school managers have deployed staff to provide Best Value in terms of quality of teaching, quality of learning, adult:student ratio, curriculum management, and professional development of staff to ensure continuing improvement in the school's achievements.

Use of premises

Trustees and school managers have considered the allocation and use of teaching areas, support areas and communal areas to provide the best environment for teaching and learning, for support services and for communal access to central resources.

Use of resources

Trustees and school managers have deployed equipment, materials and services to provide students and staff with resources which support the raising of standards through the quality of teaching and the quality of learning.

Teaching

Trustees and school managers have reviewed the quality of curriculum provision and quality of teaching to provide parents and students with:

- a curriculum which meets the requirements of the National Curriculum;
- KS3 strategy – the 14 -19 Strategy – and the needs of students of all abilities; and
- teaching which builds on previous learning and has high expectations of students' achievements.

Learning

School managers continually review the quality of student's learning, by cohort, class and group, annually, to ensure the provision of teaching which enables students to achieve at their maximum potential, through the setting of annual student achievement targets.

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Purchasing

Trustees and school managers have developed procedures for assessing need, and obtaining goods and services which provide "Best Value" in terms of suitability, efficiency, time and cost. These procedures will comply with the School Standing Orders and Financial Regulations. Measures already in place include:

- competitive tendering procedures;
- procedures for accepting "Best Value" quotes, which are not necessarily the cheapest (eg, suitability for purpose and quality of workmanship); and
- the use of YPO, CPC or similar consortia for the purchase of goods offered at preferential rates to members.

Students' welfare

Trustees and school managers review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning, social, moral and personal development, and recreation.

Health and safety

Trustees and school managers review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe and stimulating working environment for students, staff and visitors.

Monitoring

These areas have and continue to be monitored for Best Value by:

- 1 In house monitoring by the headteacher and curriculum managers, eg, classroom practice, work sampling, learning walks, analysis of student performance.
- 2 Analysis of school student performance data, eg, termly progress of students, SATs results, GCSE examinations, standardised test results, against all schools, LA schools, similar schools etc.
- 3 Analysis of DfE student performance data, eg, Raise On-line.
- 4 Analysis of LA student performance data, eg, Fischer Family Trust data, CATS.
- 5 Termly target setting meetings between the headteacher and curriculum managers.
- 6 Annual performance management – Outcomes/main findings of performance management of staff to determine forthcoming plans for the continuing professional development of staff.
- 7 Annual budget planning, prioritising student achievement and progress, including challenging historical expenditure and targeting available resources to deliver the SIP.
- 8 Headteacher's monthly financial review, provision of detailed budget monitoring statements, with variance analyses, to the governing body on a termly basis.
- 9 Analysis of financial data, LA local benchmarking information, national benchmarking data, salary comparisons.
- 10 Periodic visits by the School Improvement Partner.
- 11 Monthly/termly/annual visits by the appointed responsible officer (Wigan Council) and external auditors (Haines Watts).
- 12 OFSTED Inspection records.
- 13 Trustees' termly committee meetings.
- 14 Trustees' full termly meetings.
- 15 Trustees' annual finance review.
- 16 Trustees' annual target setting meeting.
- 17 Outside Body Reports to trustees.

Evidence of achievement

For the 2017/18 academic year, the results for the school saw 46% of students make positive progress. The Progress 8 score for the school was -0.13.

Our attendance for 2017/18 was 95.65%, which is well above the national average of 94.8% (2015/16).

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy'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 Lateral Academy Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The academy trust's system of internal 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 system with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular review by the business management 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 defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Wigan Council Audit Services as internal auditor as well as a compliance officer. The compliance officer role included giving advice on financial matters and performing a range of checks on the academy trust's financial systems. This includes testing of payroll systems, purchasing systems, income and banking, safeguarding, governance, budget setting and monitoring and IT security. On a termly basis, the compliance officer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. An annual audit is also performed and an assurance statement is presented to the board of trustees.

During the year the compliance officer has produced three reports which were presented to the Business Management Committee as well as the annual assurance statement.

Review of effectiveness

As accounting officer, the headteacher 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 executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the responsible officer; and
- the work of the external auditors.

LATERAL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

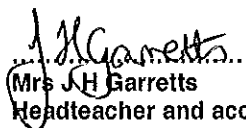
FOR THE YEAR ENDED 31 AUGUST 2018

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Business Management 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 board of trustees on 12 December 2018 and signed on its behalf by:



.....
Mr S Qulgley
Chair of trustees



.....
Mrs J H Garretts
Headteacher and accounting officer

LATERAL ACADEMY TRUST

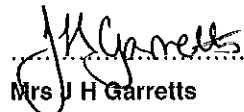
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Lateral 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 the ESFA.


.....
Mrs J H Garretts
Accounting officer

Date: 12 December 2018

LATERAL ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Lateral Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts 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 trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:



.....
Mr S Quigley
Chair of trustees

LATERAL ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Lateral 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 accounts, 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 accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the 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 accounts' 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 accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

LATERAL ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' 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 trustees' 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees 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 trustees 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

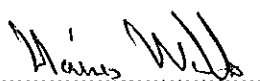
LATERAL ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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.



John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Date: *11/18*.....

LATERAL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LATERAL 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 8 August 2014 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 Lateral 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 Lateral 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 Lateral 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 Lateral Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lateral Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lateral Academy Trust's funding agreement with the Secretary of State for Education 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.

LATERAL ACADEMY TRUST

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

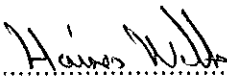
FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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.


.....

Haines Watts
Reporting Accountant

Date: 22/18

LATERAL ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2018 £000	Total 2017 £000
Income and endowments from:						
Donations and capital grants	3	-	-	789	789	32
Charitable activities:						
- Funding for educational operations	4	-	6,839	-	6,839	6,947
Other trading activities	5	385	-	-	385	270
Investments	6	6	-	-	6	4
Total		<u>391</u>	<u>6,839</u>	<u>789</u>	<u>8,019</u>	<u>7,253</u>
Expenditure on:						
Raising funds	7	172	-	-	172	198
Charitable activities:						
- Educational operations	8	11	7,734	254	7,999	7,580
Total	7	<u>183</u>	<u>7,734</u>	<u>254</u>	<u>8,171</u>	<u>7,778</u>
Net Income/(expenditure)		208	(895)	535	(152)	(525)
Transfers between funds	16	(121)	596	(475)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	17	-	811	-	811	1,408
Net movement in funds		87	512	60	659	883
Reconciliation of funds						
Total funds brought forward		<u>527</u>	<u>(1,957)</u>	<u>9,461</u>	<u>8,031</u>	<u>7,148</u>
Total funds carried forward		<u>614</u>	<u>(1,445)</u>	<u>9,521</u>	<u>8,690</u>	<u>8,031</u>

LATERAL ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	12		9,521		9,461
Current assets					
Debtors	13	128		101	
Cash at bank and in hand		874		734	
		<u>1,002</u>		<u>835</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	<u>(388)</u>		<u>(308)</u>	
Net current assets			<u>614</u>		<u>527</u>
Net assets excluding pension liability			<u>10,135</u>		<u>9,988</u>
Defined benefit pension scheme liability	17		<u>(1,445)</u>		<u>(1,957)</u>
Net assets			<u><u>8,690</u></u>		<u><u>8,031</u></u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			9,521		9,461
- Pension reserve			<u>(1,445)</u>		<u>(1,957)</u>
Total restricted funds			<u>8,076</u>		<u>7,504</u>
Unrestricted income funds	16		<u>614</u>		<u>527</u>
Total funds			<u><u>8,690</u></u>		<u><u>8,031</u></u>

The accounts were approved by the board of trustees and authorised for issue on 12 December 2018 and are signed on its behalf by:



Mr S Quigley
Chair of Trustees

Company Number 07733109

LATERAL 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 used in operating activities	19	(341)	(130)
Cash flows from investing activities			
Dividends, interest and rents from investments		6	4
Capital grants from DfE Group		789	26
Purchase of tangible fixed assets		(314)	(25)
Net cash provided by investing activities		<u>481</u>	<u>5</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period		140	(125)
Cash and cash equivalents at beginning of the year		734	859
Cash and cash equivalents at end of the year		<u>874</u>	<u>734</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

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

Lateral Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

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.

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.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Donated goods, facilities and services

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

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.

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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:

Leasehold improvements	50 years straight line
Leasehold buildings	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	10 years straight line

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

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 Leased assets

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.

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.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders 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 and Skills Funding Agency/Department for Education.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	789	789	26
Other grants and donations	-	-	-	6
	<u>-</u>	<u>789</u>	<u>789</u>	<u>32</u>

The income from donations and capital grants was £789,000 (2017: £32,000) of which £789,000 (2017: £26,000) was restricted fixed assets and £nil (2017: £6,000) was restricted.

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

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)	-	6,522	6,522	6,583
Other DfE / ESFA grants	-	285	285	298
	<u>-</u>	<u>6,807</u>	<u>6,807</u>	<u>6,881</u>
Other government grants				
Local authority grants	-	32	32	66
	<u>-</u>	<u>32</u>	<u>32</u>	<u>66</u>
Total funding	<u>-</u>	<u>6,839</u>	<u>6,839</u>	<u>6,947</u>

The income from funding for educational operations was £6,839,000 (2017: £6,947,000) of which £6,839,000 (2017: £6,947,000) was restricted.

Local authority grants comprise of High Needs funding totalling £32,000 (2017: £45,000).

There were no unfulfilled conditions or other contingencies in respect of government grant funding.

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Income from facilities	19	-	19	17
Catering income	9	-	9	7
Sales and charges	355	-	355	246
Other income	2	-	2	-
	<u>385</u>	<u>-</u>	<u>385</u>	<u>270</u>

The income from other trading activities was £385,000 (2017: £270,000) of which £385,000 (2017: £270,000) was unrestricted.

6 Investment Income

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	6	-	6	4
	<u>6</u>	<u>-</u>	<u>6</u>	<u>4</u>

The income from funding for investment income was entirely unrestricted in both 2017 and 2018.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £000	Non Pay Expenditure Premises £000	Other £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds					
- Direct costs	-	-	172	172	198
Academy's educational operations					
- Direct costs	4,031	229	532	4,792	4,900
- Allocated support costs	1,906	915	386	3,207	2,680
	<u>5,937</u>	<u>1,144</u>	<u>1,090</u>	<u>8,171</u>	<u>7,778</u>

The expenditure on raising funds was £172,000 (2017: £198,000) of which £172,000 (2017: £198,000) was unrestricted.

Net income/(expenditure) for the year includes:

	2018 £000	2017 £000
Fees payable to auditor for:		
- Audit	7	7
- Other services	1	1
Depreciation of tangible fixed assets	254	266
Net interest on defined benefit pension liability	52	67
	<u>314</u>	<u>341</u>

8 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Direct costs				
Educational operations	1	4,791	4,792	4,900
Support costs				
Educational operations	10	3,197	3,207	2,680
	<u>11</u>	<u>7,988</u>	<u>7,999</u>	<u>7,580</u>

Analysis of costs

	2018 £000	2017 £000
Direct costs		
Teaching and educational support staff costs	4,021	4,076
Staff development	10	14
Depreciation	229	239
Technology costs	8	45
Educational supplies and services	434	457
Examination fees	84	61
Other direct costs	6	8
	<u>4,792</u>	<u>4,900</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

Support costs	2018 £000	2017 £000
Support staff costs	1,906	1,929
Depreciation	25	27
Maintenance of premises and equipment	674	172
Cleaning	10	12
Energy costs	89	76
Rent, rates and other occupancy costs	53	52
Insurance	64	61
Security and transport	21	19
Catering	63	77
Interest on defined benefit pension scheme	52	67
Other support costs	241	177
Governance costs	9	11
	<u>3,207</u>	<u>2,680</u>

The expenditure on educational operations was £7,999,000 (2017: £7,580,000) of which £11,000 was unrestricted, £7,734,000 was restricted general and £254,000 was restricted fixed assets.

9 Staff

Staff costs

Staff costs during the year were:

	2018 £000	2017 £000
Wages and salaries	4,255	4,327
Social security costs	433	443
Pension costs	981	927
Staff costs	<u>5,669</u>	<u>5,697</u>
Agency staff costs	246	280
Staff restructuring costs	12	28
Staff development and other staff costs	10	14
Total staff expenditure	<u>5,937</u>	<u>6,019</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>12</u>	<u>28</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

Staff numbers

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

	2018 Number	2017 Number
Teachers	78	78
Administration and support	68	75
Management	8	9
	<u>154</u>	<u>162</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£90,001 - £100,000	1	1
	<u>5</u>	<u>5</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £796,412 (2017 - £863,517).

10 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

J Garretts (principal and trustee)	£95,001 - £100,000	(2017: £95,001 - £100,000)
A Fallows (trustee)	£35,001 - £40,000	(2017: £35,001 - £40,000)
A Mullineaux (trustee)	£25,001 - £30,000	(2017: £25,001 - £30,000)
B McPhail (trustee)	£45,001 - £50,000	(2017: £45,001 - £50,000)
J McHugh (trustee)	£40,001 - £45,000	(2017: 35,001 - £40,000)

The value of trustees' pension contributions was as follows:

J Garretts (principal and trustee)	£15,001 - £20,000	(2017: £15,001 - £20,000)
A Fallows (trustee)	£5,001 - £10,000	(2017: £5,001 - £10,000)
A Mullineaux (trustee)	£1 - £5,000	(2017: £1 - £5,000)
B McPhail (trustee)	£5,001 - £10,000	(2017: £5,001 - £10,000)
J McHugh (trustee)	£5,001 - £10,000	(2017: £5,001 - £10,000)

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

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Trustees and officers Insurance

From 1 September 2017 the academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides unlimited cover. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Leasehold land	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2017	10,717	-	196	354	-	11,267
Additions	-	91	96	-	127	314
At 31 August 2018	10,717	91	292	354	127	11,581
Depreciation						
At 1 September 2017	1,479	-	174	153	-	1,806
Charge for the year	192	-	26	36	-	254
At 31 August 2018	1,671	-	200	189	-	2,060
Net book value						
At 31 August 2018	9,046	91	92	165	127	9,521
At 31 August 2017	9,238	-	22	201	-	9,461

The land and buildings are leasehold.

13 Debtors

	2018 £000	2017 £000
Trade debtors	13	2
VAT debtor	70	39
Prepayments and accrued income	45	60
	128	101

14 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	138	-
Other taxation and social security	109	106
Other creditors	66	92
Accruals and deferred income	75	110
	388	308

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Deferred income	2018 £000	2017 £000
Deferred income is included within:		
Creditors due within one year	16	18
Deferred income at 1 September 2017	18	28
Released from previous years	(18)	(28)
Resources deferred in the year	16	18
Deferred Income at 31 August 2018	16	18

Deferred income comprises of High Needs funding of £16,000 received in advance for 2018/19.

16 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)	-	6,522	(7,118)	596	-
Other DfE / ESFA grants	-	285	(285)	-	-
Other government grants	-	32	(32)	-	-
Pension reserve	(1,957)	-	(299)	811	(1,445)
	<u>(1,957)</u>	<u>6,839</u>	<u>(7,734)</u>	<u>1,407</u>	<u>(1,445)</u>
Restricted fixed asset funds					
Transfer on conversion	8,771	-	(229)	-	8,542
DfE / ESFA capital grants	25	789	(5)	(640)	169
Capital expenditure from GAG	665	-	(20)	165	810
	<u>9,461</u>	<u>789</u>	<u>(254)</u>	<u>(475)</u>	<u>9,521</u>
Total restricted funds	<u>7,504</u>	<u>7,628</u>	<u>(7,988)</u>	<u>932</u>	<u>8,076</u>
Unrestricted funds					
General funds	527	391	(183)	(121)	614
Total funds	<u>8,031</u>	<u>8,019</u>	<u>(8,171)</u>	<u>811</u>	<u>8,690</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Restricted fixed asset funds are those relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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.

The £475,000 transfer from restricted fixed asset funds to restricted general funds is to meet capital expenditure in the year.

The £121,000 transfer from unrestricted funds to restricted general funds is to reduce the deficit carried forward on restricted general funds to £nil.

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)	-	6,583	(6,583)	-	-
Other DfE / ESFA grants	-	298	(298)	-	-
Other government grants	-	66	(66)	-	-
Other restricted funds	-	6	(6)	-	-
Pension reserve	(3,110)	-	(255)	1,408	(1,957)
	<u>(3,110)</u>	<u>6,953</u>	<u>(7,208)</u>	<u>1,408</u>	<u>(1,957)</u>
Restricted fixed asset funds					
Transfer on conversion	8,966	-	(195)	-	8,771
DfE group capital grants	-	26	(1)	-	25
Capital expenditure from GAG	735	-	(70)	-	665
	<u>9,701</u>	<u>26</u>	<u>(266)</u>	<u>-</u>	<u>9,461</u>
Total restricted funds	<u>6,591</u>	<u>6,979</u>	<u>(7,474)</u>	<u>1,408</u>	<u>7,504</u>
Unrestricted funds					
General funds	557	274	(304)	-	527
Total funds	<u>7,148</u>	<u>7,253</u>	<u>(7,778)</u>	<u>1,408</u>	<u>8,031</u>

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

16 Funds

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)	-	13,105	(13,701)	596	-
Other DfE / ESFA grants	-	583	(583)	-	-
Other government grants	-	98	(98)	-	-
Other restricted funds	-	6	(6)	-	-
Pension reserve	(3,110)	-	(554)	2,219	(1,445)
	<u>(3,110)</u>	<u>13,792</u>	<u>(14,942)</u>	<u>2,815</u>	<u>(1,445)</u>
Restricted fixed asset funds					
Transfer on conversion	8,966	-	(424)	-	8,542
DfE group capital grants	-	815	(6)	(640)	169
Capital expenditure from GAG	735	-	(90)	165	810
	<u>9,701</u>	<u>815</u>	<u>(520)</u>	<u>(475)</u>	<u>9,521</u>
Total restricted funds	<u>6,591</u>	<u>14,607</u>	<u>(15,462)</u>	<u>2,340</u>	<u>8,076</u>
Unrestricted funds					
General funds	557	665	(487)	(121)	614
Total funds	<u>7,148</u>	<u>15,272</u>	<u>(15,949)</u>	<u>2,219</u>	<u>8,690</u>

17 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside MBC. 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £66,000 (2017: £91,000) were payable to the schemes at 31 August 2018 and are included within creditors.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

Teachers' Pension Scheme

Introduction

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

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 pension costs paid to the TPS in the period amounted to £506,000 (2017: £511,000).

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

Under the definitions set out in FRS 102, the TPS is 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 19.6% for employers and between 5.5 and 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £228,000.

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Pension and similar obligations

Total contributions made	2018 £000	2017 £000
Employer's contributions	228	227
Employees' contributions	72	72
Total contributions	<u>300</u>	<u>299</u>

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.1	3.2
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>2.8</u>	<u>2.5</u>

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	21.5	21.5
- Females	24.1	24.1
Retiring in 20 years		
- Males	23.7	23.7
- Females	<u>26.2</u>	<u>26.2</u>

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity analysis:

Change in assumptions at 31 August 2018	Approximate % Increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	13%	852
0.5% increase in the salary increase rate	3%	192
0.5% increase in the pension increase rate	10%	645

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

17 Pension and similar obligations

The academy trust's share of the assets in the scheme	2018 Fair value £000	2017 Fair value £000
Equities	3,360	3,238
Bonds	791	708
Cash	296	223
Property	494	266
	<u> </u>	<u> </u>
Total market value of assets	<u>4,941</u>	<u>4,435</u>

The actual return on scheme assets was £249,000 (2017: £458,000).

Amount recognised in the Statement of Financial Activities	2018 £000	2017 £000
Current service cost	475	415
Interest income	(114)	(81)
Interest cost	166	148
	<u> </u>	<u> </u>
Total operating charge	<u>527</u>	<u>482</u>

Changes in the present value of defined benefit obligations	2018 £000	2017 £000
At 1 September 2017	6,392	6,833
Current service cost	475	415
Interest cost	166	148
Employee contributions	72	72
Actuarial gain	(676)	(1,031)
Benefits paid	(43)	(45)
	<u> </u>	<u> </u>
At 31 August 2018	<u>6,386</u>	<u>6,392</u>

Changes in the fair value of the academy trust's share of scheme assets	2018 £000	2017 £000
At 1 September 2017	4,435	3,723
Interest income	114	81
Actuarial gain	135	377
Employer contributions	228	227
Employee contributions	72	72
Benefits paid	(43)	(45)
	<u> </u>	<u> </u>
At 31 August 2018	<u>4,941</u>	<u>4,435</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £000	General £000	Restricted funds: Fixed asset £000	Total Funds £000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	9,521	9,521
Current assets	1,002	-	-	1,002
Creditors falling due within one year	(388)	-	-	(388)
Defined benefit pension liability	-	(1,445)	-	(1,445)
Total net assets	<u>614</u>	<u>(1,445)</u>	<u>9,521</u>	<u>8,690</u>

	Unrestricted Funds £000	General £000	Restricted funds: Fixed asset £000	Total Funds £000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	9,461	9,461
Current assets	835	-	-	835
Creditors falling due within one year	(308)	-	-	(308)
Defined benefit pension liability	-	(1,957)	-	(1,957)
Total net assets	<u>527</u>	<u>(1,957)</u>	<u>9,461</u>	<u>8,031</u>

19 Reconciliation of net expenditure to net cash flow from operating activities

	2018 £000	2017 £000
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(152)	(525)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(789)	(26)
Investment income receivable	(6)	(4)
Defined benefit pension costs less contributions payable	247	188
Defined benefit pension net finance cost	52	67
Depreciation of tangible fixed assets	254	266
(Increase)/decrease in debtors	(27)	20
Increase/(decrease) in creditors	80	(116)
Net cash used in operating activities	<u>(341)</u>	<u>(130)</u>

LATERAL ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Capital commitments	2018	2017
	£000	£000
Expenditure contracted for but not provided in the accounts	215	-

Capital commitments as at 31 August 2018 relate to committed expenditure in relation to the fire safety upgrades and roof replacement project work.

21 Related party transactions

Expenditure related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the year, services were provided from Fix it (UK) Limited totalling £1,970 (2017: £1,780). Trustee Mr B Wilson is a director of Fix it (UK) Limited. No amounts were owed by the academy trust at the period end. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2017. These transactions are considered to be at cost and are considered to be value for money for the academy trust.

The wife of trustee Mr B McPhail was employed by the academy trust as a teacher and received remuneration of £43,455 (2017: £42,767) for her services. The employment was under the normal employment terms and conditions of the academy trust.

The sister-in-law of a trustee was employed by the academy trust as a teacher and received remuneration of £36,859 for her services. The employment was under the normal employment terms and conditions of the academy trust.

22 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.