

**The Langley Academy
Trust**

**Annual Report and
Financial Statements**

31 August 2016

Company Limited by Guarantee
Registration Number 05358533
(England and Wales)

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Reference and administrative information

Members	Sir Martyn Arbib Mrs Annabel Nicoll Mr Paddy Nicoll Mrs Linda Sanderson Dr Michael Sanderson
Trustees	Dr Oona Stannard (Chair, appointed 1 September 2016) Mrs Annabel Nicoll (Resigned as Chair 31 August 2016) Mrs EmmaJane Avery (Appointed 10 September 2015) Mr Rhodri Bryant Mr Martin Burford (Appointed 1 September 2016) Mr Italo Cafolla (Resigned 7 June 2016) Mr John Hartley (Appointed 1 January 2016, resigned 5 October 2016) Mr John Hedger Mr William Lazarus (Appointed 1 September 2016) Mr David Mallen (Appointed 10 November 2016) Mrs Linda Sanderson (Resigned 31 August 2016) Mr Richard York
Company Secretary	Mr John Ralfs
Senior Management Team	
<i>The Langley Academy Trust</i>	
Executive Principal	Mr Rhodri Bryant
Finance Director	Mr John Ralfs
<i>The Langley Academy</i>	
Head of School	Mrs Alison Lusuardi
<i>The Langley Academy Primary</i>	
Headteacher	Mrs Tracey Bowen
<i>Parlaunt Park Primary Academy</i>	
Headteacher	Mrs Polly Bennett (Appointed 16 May 2016) Mrs Andrea Fricker (1 January 2015 to 15 May 2016) Mrs Jane Sweeney (1 September 2014 to 31 December 2015)

Reference and administrative information

Registered office The Langley Academy
Langley Road
Langley
Slough
Berkshire
SL3 7EF

Tel: 01753 214440

Fax: 01753 596321

Company registration number 05358533 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Barclays Bank plc
Wytham Couth
11 West Way
Oxford
OX2 0JB

Trustees' report (including a strategic report) 31 August 2016

The Trustees of The Langley Academy Trust ('the Trust'), who are also directors of the company for the purposes of the Companies Act, present their statutory report together with the financial statements of the Trust for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust, which is a multi-academy trust in Slough, operated two primary academies, Parlaunt Park Primary Academy and The Langley Academy Primary, and one secondary academy, The Langley Academy during the year. The Trust's academies have a combined pupil capacity of 2,004 and had a roll of 1,938 in the school census on 6 October 2016.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 35 of the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee with no share capital (Company Registration No. 05358533) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. Members of the charitable company include representatives of the principle sponsor of the Trust, The Annabel Arbib Foundation and up to five persons appointed by the trustees of the sponsor. In addition, the members may appoint additional members as they see fit. The members of the charitable company are Sir Martyn Arbib, Mrs Annabel Nicoll, Mr Paddy Nicoll, Mrs Linda Sanderson and Dr Michael Sanderson. In accordance with the articles of association of the charitable company they have the powers to appoint or remove Trustees.

On 1 August 2011 the Trust became an exempt charity for the purposes of the Charities Act 2011. At this date, the principal regulator of the Trust changed from the Charity Commission to the Department for Education (DfE). The Education Funding Agency (EFA) carries out the role of principal regulator on behalf of the DfE.

The Langley Academy Trust operates state schools funded directly by the DfE and not via the local education authority. The Trust is entirely dependent upon state funding for its operational costs.

In accordance with the articles of association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Trust and that the curriculum should comply with the substance of the national curriculum with an emphasis on science.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members' liability

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

Trustees' indemnities

Subject to the provisions set out in the Companies Act, every Trustee or other officer of the Trust will be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Trustees

The Trust has provision for the following Trustees: up to ten Trustees appointed by The Annabel Arbib Foundation, as the principal sponsor; the Executive Principal (ex-officio) and a minimum of two parent Trustees unless there are local governing bodies which include at least two parent members. In addition, the Trust may appoint up to three co-opted Trustees.

Each Trustee has taken responsibility for monitoring the Trust's activities in specific operational areas and constant regard is had to the skills mix of the Trustees to ensure that the board of Trustees has all the necessary skills required to contribute fully to the Trust's development.

On 22 August 2014 a multi-academy trust was established. The governance structure introduced involves The Langley Academy Trust Board with separate sub-committees designated to Business, Audit and Museum Learning. Local governing bodies monitor and develop student achievement, curriculum, museum learning and teaching and learning within each academy.

During the year under review the Board of Trustees held four full meetings. All new Trustees, who are recruited on their ability to play an active part in the governance of the Trust, are interviewed by experienced Trustees, given a tour of the Academies and an opportunity to meet with the Executive Principal prior to their first full meeting. In addition, they are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents dependant on their role within the Board of Trustees. They are also referred to the Academies Financial Handbook and the Trust's Funding Agreement.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees (continued)

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees served throughout the year except where shown:

Trustees	Appointment date	Cessation date
Dr Oona Stannard (Chair)	1 September 2016	
Mrs Annabel Nicoll (Chair*)		
Mrs EmmaJane Avery	10 September 2015	
Mr Rhodri Bryant		
Mr Martin Burford	1 September 2016	
Mr Italo Cafolla		7 June 2016
Mr John Hartley	1 January 2016	5 October 2016
Mr John Hedger		
Mr William Lazarus	1 September 2016	
Mr David Mallen	10 November 2016	
Mrs Linda Sanderson		31 August 2016
Mr Richard York		

*Mrs Annabel Nicoll resigned as Chair on 31 August 2016.

Following the year end, on 1 September 2016 Mr Martin Burford and Mr William Lazarus were appointed as Trustees. Mr David Mallen was appointed as a Trustee on 10 November 2016 and Mr John Hartley resigned as a Trustee on 5 October 2016.

No Trustee received any remuneration in respect of their duties as a Trustee from the Trust during the year (2015 – none).

Mr Rhodri Bryant is remunerated in his position as Executive Principal.

Principal activities

The principal activities of the Trust are to provide education for pupils and adults of Langley and the wider area of Slough and to act as a hub for the local community.

Organisational structure

The Trust's management structure consists of four levels: the Board of Trustees, the local governing bodies, the senior leadership teams and the remaining leadership teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The local governing bodies monitor and develop student achievement, teaching and learning, curriculum and museum learning at each academy. The senior leadership teams comprise the Executive Principal, Head of School/Headteachers, Vice Principals/Deputy Headteachers and Assistant Headteachers/Directors at each academy. These managers control the Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them.

The leadership team includes the senior leadership team and also appointed Raising Standards Leaders, Heads of Faculty and other Heads of Year or Department. These managers are responsible for the day to day operation of the Trust, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. No Trustees are remunerated in respect of their duties as a Trustee. The pay and remuneration of the key personnel is approved annually by the Pay Committee. Consideration is given to local and national benchmarking as well as the performance of both the individual and the Trust.

Connected organisations

The Annabel Arbib Foundation (formerly the Arbib Foundation) is the sponsor to the Trust and linked to Annabel Nicoll, a Trustee of the Trust. The Annabel Arbib Foundation donated £2,472,000 towards initially establishing The Langley Academy. During the year it also made a donation of £1,400,000 towards establishing the Langley Academy Primary as well as providing further donations to assist the Trust in achieving its objectives.

Risk management

The Trustees have reviewed the major risks to which the Trust is exposed, in particular those relating to the operations and finances of the Trust. The Trustees have previously expressed concern to the DfE regarding the inadequacy of DfE funding to ensure the long term sustainability of the initial capital expenditure on tangible assets, whilst ensuring adequate resources remain available for day-to-day operations. The DfE has acknowledged recognition of this issue. Subject to this concern, the Trustees are satisfied that appropriate measures are in place to limit and manage those risks.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The objects of the charitable company are:

- ♦ To advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- ♦ to promote, for the benefit of the inhabitants of the surrounding areas of the academies, the provision of facilities for recreation or other leisure time occupation.

The Trustees are carrying out these objects by running The Langley Academy Trust, funded by the DfE and its sponsor, The Annabel Arbib Foundation, to provide education for pupils of all abilities. The Langley Academy Trust teaches the full national curriculum but extra emphasis is placed on science education, museum learning and sport. This will support the development of each child and help them to understand the world around them and the part they can play in making it better.

The Langley Academy Trust aims to provide a holistic education and to ensure that students are happy and safe and able to develop into confident young people who believe they can achieve anything they put their mind to.

It is the Trustees' ambition to become the best academy trust in the country by offering an outstanding curriculum that supports the principles of both depth and breadth, so that each student receives a personalised education.

Strategies and activities

The Trust believes that through providing a broad and balanced curriculum and a wide range of extracurricular activities students will be encouraged to succeed. Each academy sets strategic targets within their Academy Improvement Plan to ensure the aims of the Trust are met. The Trust regularly monitors progress against its detailed operational and strategic plans in order to meet its vision.

With the addition of two local primary schools, the Trust intends to ensure the quality of transition for its students from primary to secondary education and to provide a "school for life" for its students.

Charitable purposes for public benefit

In setting the objectives and planning the activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trust continued to make its facilities available to the local community, provided after school and weekend clubs and courses for its students and workshops for its parents.

The Trust is committed to providing an outstanding educational experience for every student by offering a holistic broad and balanced student-centred curriculum.

OBJECTIVES AND ACTIVITIES (continued)

Charitable purposes for public benefit (continued)

Application to the Trust's primary academies are based on students residing closest to each academy. The secondary academy has a selection procedure which bands applicants according to ability. In each of these nine bands the 20 applicants residing closest to The Langley Academy are selected. Students from primary academies within the Trust will receive priority to ensure the Trust can deliver an all through education for its students. The Trust believes this enables it to best serve the educational needs of the local community. There is no restriction on access based on ability to pay.

Equal opportunities

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

Disabled persons

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust achieves this through adapting the physical environment, by making support resources available and through training and career development. The buildings and sites include lifts, ramps and disabled toilets and door widths that are adequate to enable wheelchair access to all the main areas of the academies.

STRATEGIC REPORT

Achievements and performance

The Langley Academy Primary has now completed its first full year. The progress of the reception pupils is very strong with 83% of pupils achieving a "Good Level of Development". This is approximately 20% above the national average and has been moderated by the Local Authority.

During the year the new building for The Langley Academy Primary was constructed ahead of schedule and was ready for the new intake of pupils in 2016. The donation of £1,400,000 from our sponsor facilitated the creation of additional space for the pupils, an upgrade in quality as well as the creation of a nursery which opened in September 2016. Popularity for The Langley Academy Primary continues to grow and this is reflected in its pupil numbers.

The Langley Academy was rated as good with outstanding behaviour and safety by OFSTED in 2013 and the Trust is determined to build on this. Current GCSE results are well ahead of the national average (NA). A* - C including English and Maths of 70% (NA = 59%) and a progress 8 score of +0.22 equates to nearly a quarter of a grade per student per subject ahead of the national picture. The value added score of 1023 puts the Academy in the top 20% of schools nationally. The A2 results for the past three years are ALPS 4 which is deemed very good.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

The Langley Academy continued to upgrade its facilities with the completion of the 3G artificial all weather pitch. This was a £650,000 project funded by the Local Authority which has allowed the provision of a state of the art facility to both our students and the local community.

The appointment of a new Head teacher at Parlaunt Park Primary Academy will now allow a period of consistency for the academy and the Trust is determined to provide the necessary support required to drive results.

Financial review

Financial report for the year

The statement of financial activities on page 25 shows a surplus for the year before actuarial gains or losses on the Local Government Pension Scheme of £6,855,187 (2015 – £3,254,398). This includes £253,000 of pension costs under FRS102 (28), £1,477,127 of donation income from The Annabel Arbib Foundation, £6,719,564 income from capital grants and the depreciation and amortisation charge of £1,170,298.

Unrestricted funds increased by £168,382 to £1,848,311 as at 31 August 2016.

As shown in note 17, restricted general funds, excluding the pension reserve, decreased by £100,295 (2015 – increase by £624,202).

The pension reserve shows an increase in the Local Government Scheme Pension deficit to £4,388,000 (2015 – £1,977,000). Further details are shown in note 22. The DfE has previously stated that academies are not expected to fund the deficit as a lump sum, but that it will continue to be addressed through employer contribution rates over future periods, from the General Annual Grant.

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

Financial and risk management objectives and policies

The Trust practices through its Board of Trustees and sub-committees risk management principles. The Trust has a risk register in place which identifies all major risks and controls to mitigate these risks. The risk register is reviewed in detail annually.

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy

The Trustees have reviewed the reserves of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The Trust's long term forecast predicts that there will be significant financial pressure on the Trust going forwards with both reductions in grant income and increasing costs. The Trust has therefore been preparing for this eventuality and set aside reserves to support it whilst it makes the required adjustments. The Trustees will keep the level of reserves under review and are satisfied with the way that expenditure during the year has been applied from various restricted reserves, which optimise the future available reserves for the Trust's operations.

As part of the budgeting process, the Trustees have reviewed the appropriate level of reserves to be retained from income received during the year ended 31 August 2016 to allow the Trust to continue operations in future periods.

There is currently a deficit on the reserve for the Local Government Pension Scheme. The Trust is paying contributions to the Local Government Pension Scheme at the rate recommended by the actuary and payments in respect of the deficit will occur over a number of years.

At 31 August 2016 total funds comprise:

	£
Unrestricted	1,848,311
Restricted:	
Fixed asset funds	37,908,405
Pension reserve	(4,388,000)
General restricted funds	2,908,182
Total	38,276,898

Investment policy

The 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 Trust aims to invest surplus cash funds to optimise returns, whilst ensuring the investment instruments are such that there is minimal risk to the loss of these cash funds.

STRATEGIC REPORT (continued)

Financial review (continued)

Going concern

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

Principal risks and uncertainties

The principal risks facing the Trust are:

- ◆ Financial risk – the principal risks are the reduction in funding levels due to either reduction in pupil numbers or changes in Government policy and the availability of additional funding to cover significant capital repairs and replacements. The Trust mitigates this risk by regular review of both its annual and long term forecasts and its level of reserves.
- ◆ Performance risk – the principal risk is a worsening of exam results. To mitigate this, performance is regularly monitored by the local governing body of each academy and reported directly to the Board of Trustees.
- ◆ Reputational risk – the principal risk is a reduction in how the Trust is perceived in the local and educational communities due to either a worsening of performance or poor OFSTED reports. To mitigate this risk, the local governing bodies regularly monitor performance and each academy actively markets itself within the local community.

PLANS FOR FUTURE PERIODS

The key focus for the Trust is to continue to drive academic achievement and it is the Trust's ambition for all three academies within the Trust to be classified as outstanding by OFSTED.

The Trust will continue to develop and invest in the infrastructure of its academies to ensure an outstanding provision for both its students and the local community.

Academies across the country are facing funding cuts over the coming years. The Trust is preparing as required to ensure its future financial viability.

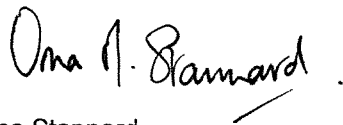
Trustees' report (including a strategic report) 31 August 2016

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees on 13 December 2016 and signed on its behalf by:

A handwritten signature in black ink, reading "Oona A. Stannard". The signature is written in a cursive style with a large initial 'O' and a small 'A'.

Dr Oona Stannard
(Chair of Trustees)

Approved by the Trustees on: 13 December 2016

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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 Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Executive Principal is 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 four times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Number of meetings attended	Out of a possible
Mrs EmmaJane Avery	3	4
Mr Rhodri Bryant	4	4
Mr Italo Cafolla	3	4
Mr John Hartley	2	2
Mr John Hedger	3	4
Mrs Annabel Nicoll (Chair) to 31 August 2016	4	4
Mrs Linda Sanderson	1	4
Mr Richard York	3	4

Mrs Annabel Nicoll resigned as the Chair of the Trust on 31 August 2016. Dr Oona Stannard was appointed Chair of the Trust on 1 September 2016.

Key changes in the Trustees during the year were the appointment of Mrs EmmaJane Avery on 10 September 2015, Mr John Hartley on 1 January 2016, Mr Martin Burford and Mr William Lazarus on 1 September 2016 and Mr David Mallen on 10 November 2016. Mr Italo Cafolla resigned on 7 June 2016, Mrs Linda Sanderson on 31 August 2016 and Mr John Hartley on 5 October 2016.

Governance review

As part of the transition to becoming a multi-academy trust, the role and responsibilities of the Trustees were reviewed during the year ended 31 August 2014. These have remained under review thereafter as the Trust consolidates its position and ensures that they remain suitable for a multi-academy trust.

Governance (continued)

Governance review (continued)

The Trust has a dedicated Audit Committee which allows a specific focus on internal control reviews as well as the risks facing the Trust. The Business and Health and Safety Committees work across the Trust which allows a consistency of approach and financial oversight, whilst also helping to ensure that the local governing bodies can be focused on student attainment.

Buzzacott LLP provide termly reports, on behalf of the Responsible Officer, in conjunction with the annual audit to provide assurance to the Trustees that appropriate structures and controls are in place.

Business Committee

The Business Committee is a sub-committee of the main Board of Trustees. Its purpose is to carry out its responsibilities as laid out in the Terms of Reference for the Committee. This includes:

- ◆ to review the Trust's annual Academy Improvement Plan and consider its financial implications;
- ◆ to review the Trust's Scheme of Delegation;
- ◆ to recommend to the Board of Trustees, not later than 28 June each year, a budget for the following year;
- ◆ to receive and review the management accounts projections for the year;
- ◆ to approve the statutory accounts so that they can be presented to the Board of Trustees before 31 December each year;
- ◆ to review the use and maintenance of the premises, wider Trust land, and environmental assets;
- ◆ to review the inspection of the premises and grounds, and approve a statement of priorities for maintenance and development as part of the Academy Strategic Plan;
- ◆ to approve the Trust's asset management plan annually and review progress;
- ◆ to review the Trust's insurance arrangements annually;
- ◆ to review the Trust's Health and Safety policy and to review reports at each meeting;
- ◆ to support the Trust in promoting links with the local community, and wider area, including reporting on links with the business community;
- ◆ to review the Trust's staffing structure and to have an oversight of staff appointments;
- ◆ to review the work of the Pay Committee;

Governance (continued)

Business Committee (continued)

- ♦ to review all personnel and business related policies and receive updates as required; and
- ♦ to review annually pension liabilities, depreciation policy and state of reserves.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Mr Richard York (Chair)	3	3
Mr Rhodri Bryant	3	3
Mr Italo Cafolla	2	3
Mr John Hartley	2	2
Mrs Annabel Nicoll	3	3

Mrs Linda Sanderson is not a member of the Business Committee but attends the meetings in her role as Responsible Officer and Chair of the Audit Committee. She attended two out of a possible three meetings.

Sir Martyn Arbib is a member of the Trust and attended the Business Committee as an advisor for part of the year. He attended one out of a possible two meetings.

Audit Committee

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to carry out its responsibility as laid out in the Terms of Reference for the Committee. This includes:

- ♦ To review management reports associated with the annual external audit as received from the auditors;
- ♦ To agree the program of work for reviewing the risks to internal financial controls and to receive and review the reports from the Responsible Officer reviews carried out; and
- ♦ To review the risk register annually and to review the procedures to make sure this register is kept up to date, reviewed regularly and that relevant action is taken by management when risks appear to be unacceptable.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Mrs Linda Sanderson (Chair)	1	1
Mr Rhodri Bryant	1	1
Mr John Hedger	1	1
Mrs Annabel Nicoll	1	1

Governance statement 31 August 2016

Governance (continued)

Audit Committee (continued)

Mrs Linda Sanderson resigned as a Trustee on 31 August 2016. Mr William Lazarus was appointed as the Responsible Officer and Chair of the Audit Committee on 1 September 2016.

Mr Richard York is not a member of the Audit Committee but attends the meetings in his role as Chair of the Business Committee. The meeting is also attended by a representative from Buzzacott LLP in their role as the auditor.

Review of value for money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the 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 the 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 Trust has delivered and improved value for money during the year by:

- ◆ Targeted improvement – The Trust keeps its staffing structure under constant review and allocates resources to areas of key focus. Literacy and numeracy remain key areas of focus from the Trust and resources are dedicated to these areas. In addition, a coaching model has been employed across the Trust to ensure the quality of teaching in the classroom. This includes experienced headteachers being used to provide training and support to teaching staff.
- ◆ Purchasing – The Trust has established a centralised purchasing function which collates and processes all purchase orders for the Trust. A robust purchase ordering system ensures that all orders are signed off by the budget holder and the Finance Director or Executive Principal/Headteacher. The Trust has an employee dedicated to ensuring that the best possible prices are obtained. Wherever possible contracts are negotiated at group level to ensure the best discounts are obtained. The combine Langley Academy primary and secondary site has allowed economies of scale especially across the ICT infrastructure and maintenance contracts.
- ◆ Strategic capital spend – To help ensure the long term financial stability of the Trust we also consider strategic capital expenditure where future cost savings can be obtained and this often marries with our sustainability ethos. During the year the Local Authority paid for a 3G artificial sports pitch which will allow the Trust to increase its lettings income.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

On behalf of the Board of Trustees, the Audit Committee has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Audit Committee is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Business and Audit Committees.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Business Committee;
- ◆ regular reviews by the Business Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The risk and control framework (continued)

From 1 September 2014 the Audit Committee, a sub-committee of the Board of Trustees, has been established to report on and advise the Board of Trustees on governance and internal and external audit. The Trustees have appointed Mr William Lazarus as Chair of the Audit Committee who also acts as the Responsible Officer ('RO') for the Trust. The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a termly basis, the RO reports to the Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The RO is assisted in this role by Buzzacott LLP Chartered Accountants. Buzzacott LLP undertook a review of key controls covering the year ended 31 August 2016 and reported on the operation of these. There were no significant findings from the visits.

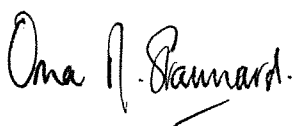
Review of effectiveness

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

- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Leadership and Leadership Teams within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Trustees and signed on their behalf by:



Dr Oona Stannard
(Chair of Trustees)



Mr Rhodri Bryant
(Executive Principal and Accounting Officer)

Approved on: 13 December 2016

Statement on regularity, propriety and compliance 31 August 2016

As Accounting Officer of The Langley Academy Trust, I have considered my responsibility to notify the Trustees and the EFA of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

A handwritten signature in black ink, appearing to be 'Rhodri Bryant', with a long horizontal stroke extending to the right.

Mr Rhodri Bryant
(Executive Principal and Accounting Officer)

Date: 13 December 2016

Statement of Trustees' responsibilities 31 August 2016

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

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


- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust 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 Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on their behalf by:


Dr Oona Stannard
Chair of Trustees

Date: 13 December 2016

Independent auditor's report on the financial statements 31 August 2016

Independent auditor's report on the financial statements to the members of The Langley Academy Trust

We have audited the financial statements of The Langley Academy Trust for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction published by the Education Funding Agency.

This report is made solely to the Trust'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 Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors of the Trust for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report, including the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Independent auditor's report on the financial statements 31 August 2016

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Trust's affairs as at 31 August 2016 and of its income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

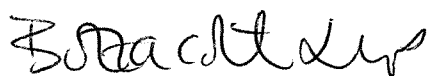
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



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

Date: 16 December 2016

Independent reporting accountant's assurance report on regularity 31 August 2016

Independent reporting accountant's assurance report on regularity to The Langley Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 28 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Langley Academy Trust during the period from 1 September 2015 to 31 August 2016 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 The Langley Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Langley Academy Trust and the EFA 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 The Langley Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Langley Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Langley Academy Trust's funding agreement with the Secretary of State for Education dated 10 February 2006 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Independent reporting accountant's assurance report on regularity 31 August 2016

Approach (continued)

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 16 December 2016

Statement of financial activities Year to 31 August 2016
(including income and expenditure account)

			Restricted funds			
	Notes	Unrestricted funds £	Fixed assets £	General funds £	2016 Total funds £	2015 Total funds (restated) £
Income from:						
Donations and capital grants	1	84,893	8,119,564	5,342	8,209,799	1,304,787
Donations and capital grants – transfers from Local Authority on conversion	24	25,854	—	—	25,854	2,458,213
Charitable activities						
· Funding for the Trust's educational operations	2	—	—	10,805,196	10,805,196	10,617,490
Other trading activities	3	47,755	—	48,023	95,778	95,678
Investments	4	26,873	—	—	26,873	21,400
Total income		<u>185,375</u>	<u>8,119,564</u>	<u>10,858,561</u>	<u>19,163,500</u>	<u>14,497,568</u>
Expenditure on:						
Raising funds		—	—	43,867	43,867	63,887
Charitable activities:						
· Trust's educational operations		3,272	1,170,298	11,090,876	12,264,446	11,224,283
Total expenditure	5	<u>3,272</u>	<u>1,170,298</u>	<u>11,134,743</u>	<u>12,308,313</u>	<u>11,288,170</u>
Net income (expenditure) before transfers		182,103	6,949,266	(276,182)	6,855,187	3,209,398
Transfers between funds	17	<u>(13,721)</u>	<u>166,834</u>	<u>(153,113)</u>	<u>—</u>	<u>—</u>
Net income (expenditure) for the year		168,382	7,116,100	(429,295)	6,855,187	3,209,398
Other recognised losses						
· Actuarial losses on defined benefit pension scheme	22	—	—	(2,082,000)	(2,082,000)	(37,000)
Net movement in funds		<u>168,382</u>	<u>7,116,100</u>	<u>(2,511,295)</u>	<u>4,773,187</u>	<u>3,172,398</u>
Total funds brought forward at 1 September 2015		<u>1,679,929</u>	<u>30,792,305</u>	<u>1,031,477</u>	<u>33,503,711</u>	<u>30,331,313</u>
Total funds carried forward at 31 August 2016		<u>1,848,311</u>	<u>37,908,405</u>	<u>(1,479,818)</u>	<u>38,276,898</u>	<u>33,503,711</u>

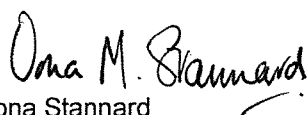
All of the Trust's activities derived from continuing operations during the above two financial periods.

All gains and losses are included in the statement of financial activities above.

Balance sheet 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	12		18,754		32,921
Tangible assets	13		37,877,700		30,759,384
			<u>37,896,454</u>		<u>30,792,305</u>
Current assets					
Stock	14	25,831		19,576	
Debtors	15	2,709,256		1,245,604	
Short term deposits		2,260,000		4,850,000	
Cash at bank and in hand		<u>2,841,711</u>		<u>433,275</u>	
		7,836,798		6,548,455	
Creditors: amounts falling due within one year	16	<u>(3,068,354)</u>		<u>(1,860,049)</u>	
Net current assets			<u>4,768,444</u>		<u>4,688,406</u>
Total assets less current liabilities			42,664,898		35,480,711
Pension scheme liability	22		<u>(4,388,000)</u>		<u>(1,977,000)</u>
Total net assets			<u>38,276,898</u>		<u>33,503,711</u>
Funds of the Academy Trust:					
Restricted funds	17				
. General restricted funds			2,908,182		3,008,477
. Pension reserve			<u>(4,388,000)</u>		<u>(1,977,000)</u>
			<u>(1,479,818)</u>		<u>1,031,477</u>
. Fixed assets			37,908,405		30,792,305
Total restricted funds			<u>36,428,587</u>		<u>31,823,782</u>
Unrestricted funds					
. General fund			1,848,311		1,679,929
Total funds			<u>38,276,898</u>		<u>33,503,711</u>

The financial statements on pages 25 to 52 were approved by the Trustees, authorised for issue on 13 December 2016 and signed on their behalf by:



Dr Oona Stannard
(Chair of Trustees)

Approved on: 13 December 2016

The Langley Academy Trust
Company Registration number 05358533 (England and Wales)

Statement of cash flows Year ended 31 August 2016

		2016 £	2015 £
Net cash flow from operating activities			
Net cash (used in) provided by operating activities	A	(53,677)	1,493,260
Cash flows used in investing activities	B	(127,887)	(233,168)
Change in cash and cash equivalents in the year		(181,564)	1,260,092
Cash and cash equivalents at 1 September 2015		5,283,275	4,023,183
Cash and cash equivalents at 31 August 2016	C	5,101,711	5,283,275

A Reconciliation of income to net cash flow from operating activities

	2016 £	2015 £
Net income for the year (as per the statement of financial activities)	6,855,187	3,209,398
Adjusted for:		
Amortisation (note 12)	8,876	4,697
Depreciation (note 13)	1,161,419	889,371
Capital grants from DfE and other capital income	(8,119,564)	(1,057,410)
Proceeds from sale of tangible fixed assets	(120)	(6,353)
Interest receivable (note 4)	(26,873)	(21,400)
Fixed assets brought in on conversion	—	(2,495,844)
Pension liability on conversion	—	417,000
Defined benefit pension scheme cost less contributions payable (note 22)	253,000	243,000
Defined benefit pension scheme finance cost (note 22)	76,000	71,000
Increase in stocks	(6,255)	(5,609)
Increase in debtors	(1,463,652)	(761,574)
Increase in creditors	1,208,305	1,006,984
Net cash (used in) provided by operating activities	(53,677)	1,493,260

B Cash flows from investing activities

	2016 £	2015 £
Interest	26,873	21,400
Proceeds from sale of tangible fixed assets	120	6,353
Purchase of intangible fixed assets	(4,697)	(24,553)
Purchase of tangible fixed assets	(8,269,747)	(1,293,778)
Capital grants from DfE/EFA and Local Authority	6,719,564	1,057,410
Capital funding received from sponsors and others	1,400,000	—
Net cash used in investing activities	(127,887)	(233,168)

Statement of cash flows Year ended 31 August 2016

C Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	2,841,711	433,275
Short term deposits	2,260,000	4,850,000
Total cash and cash equivalents	5,101,711	5,283,275

Principal accounting policies 31 August 2016

Statement of accounting policies

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

Basis of preparation

The financial statements of the 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 2015), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of The Langley Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Langley Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Principal accounting policies 31 August 2016

Transition to FRS 102 (continued)

Explanation of transition to FRS 102 (continued)

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on net income for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

	2015 £
Reconciliation of net income	
Net income previously reported under UK GAAP	3,254,398
Change in recognition of LGPS interest cost (A)	(45,000)
Net income for the year reported under FRS 102	3,209,398

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £45,000 and to reduce the debit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

Going concern

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

Income

All income is recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Principal accounting policies 31 August 2016

Income (continued)

Grants (continued)

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

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

Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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 Trust has provided the goods or services.

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 allocated on the portion of the asset's use.

Expenditure on raising funds

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of other trading activities.

Expenditure (continued)

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- ◆ Purchased computer software 33.33% per annum

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation except to the extent that certain assets are not in use in the period, in which case depreciation is not charged in that period.

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic lives. 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 Trust's depreciation policy.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- ◆ Leasehold buildings 2% on a straight line basis
- ◆ Assets under construction not depreciated
- ◆ Temporary buildings Length of use
- ◆ Computer equipment and software 33.3% on a straight line basis
- ◆ Fixtures, fittings, equipment and motor vehicles 20% on a straight line basis

Tangible fixed assets (continued)

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.

Debtors

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments were valued at the amount prepaid.

Short term deposits

Accounts and instruments that have a maturity of more than three months from the date of acquisition.

Cash at bank and in hand

Cash at bank and in hand represented such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased assets

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

Stock

Unsold uniforms stocks are valued at the lower of cost and net realisable value.

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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions

The 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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 2016. 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; and
- ♦ Estimating the useful economic life of intangible and tangible fixed assets for the purposes of calculating amortisation and depreciation.

Critical areas of judgement

There are no critical areas of judgement.

Notes to the financial statements 31 August 2016

1 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds (restated) £
The Annabel Arbib Foundation – donations	77,127	—	77,127	148,540
Other donations	7,766	5,342	13,108	10,836
Capital Grants				
• The Annabel Arbib Foundation	—	1,400,000	1,400,000	—
• Slough Borough Council Devolved Formula	—	—	—	4,502
• Slough Borough Council 3G Artificial Pitch	—	394,508	394,508	255,470
• EFA The Langley Academy Primary construction grant	—	6,289,915	6,289,915	862,121
• EFA Devolved Formula Capital grant	—	35,141	35,141	23,318
	84,893	8,124,906	8,209,799	1,304,787

2 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds (restated) £
EFA revenue grants				
Recurrent General Annual Grant	—	9,655,264	9,655,264	9,213,662
Other EFA grants	—	715,733	715,733	736,614
		10,370,997	10,370,997	9,950,276
Other government grants				
Slough Borough Council grants	—	248,696	248,696	484,927
		248,696	248,696	484,927
Other income from the Trust's educational operations	—	185,503	185,503	182,287
	—	10,805,196	10,805,196	10,617,490

3 Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hire of facilities	45,004	—	45,004	20,802
Rental income	2,631	—	2,631	2,613
Restaurant income	—	9,276	9,276	(96)
Profit on disposal of assets	120	—	120	6,353
Other self-generated income	—	38,747	38,747	66,006
	47,755	48,023	95,778	95,678

4 Investment income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Bank interest receivable	26,873	—	26,873	21,400

5 Expenditure

	Staff costs (note 8) £	Non Pay Expenditure		Total 2016 £	Total 2015 £
		Premises £	Other costs £		
Expenditure on raising funds	—	—	43,867	43,867	63,887
Trust's educational operations (note 6)					
. Direct costs	7,199,643	—	1,057,829	8,257,472	7,803,375
. Support costs	1,554,465	1,881,163	571,346	4,006,974	3,420,908
	8,754,108	1,881,163	1,673,042	12,308,313	11,288,170
Net income (expenditure) for the year includes:				2016 £	2015 £
Operating lease rentals				2,499	2,103
Depreciation				1,161,419	889,371
Gain on disposal of fixed assets				(120)	(6,353)
Amortisation of intangible fixed assets				8,876	4,697
Fees payable to auditor for					
. Audit				17,300	14,450
. Other services				1,990	1,650

Included within expenditure are gifts made by the Trust of £1,315.

6 Trust's educational operations

	2016 Total funds £	2015 Total funds (Restated) £
Direct costs	8,257,472	7,803,375
Support costs	4,006,974	3,420,908
	12,264,446	11,224,283

	2016 Total funds £	2015 Total funds (Restated) £
Analysis of direct costs		
Teaching and educational support staff costs	7,011,483	6,583,465
Teaching and educational support agency costs	188,160	220,098
Technology costs	77,252	69,962
Educational supplies	477,167	466,529
Examination fees	136,148	127,757
Staff development	63,955	66,444
Educational consultancy	286,435	248,938
Other direct costs	16,872	20,182
Total direct costs	8,257,472	7,803,375

	2016 Total funds £	2015 Total funds (Restated) £
Analysis of support costs		
Support staff costs	1,246,880	1,170,795
FRS102 staff cost adjustment	253,000	243,000
FRS102 interest cost	76,000	71,000
Support staff agency costs	28,906	2,719
Bank interest and charges	3,940	3,481
Catering	204,601	175,268
Cleaning	58,289	53,294
Depreciation and amortisation	1,170,298	894,068
Energy	152,521	158,498
Governance costs	45,258	45,974
Insurance	93,256	95,203
Maintenance	288,221	155,805
Occupancy costs	53,846	54,965
Other supplies and services	124,189	102,627
Recruitment and support	105,173	102,739
Rent and rates	64,732	62,847
Technology costs	37,864	28,625
Total support costs	4,006,974	3,420,908

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Restricted funds			2015
	Unrestricted funds	Fixed assets	General funds	Total funds
	£	£	£	£
Income from:				
Donations and capital grants	158,270	1,145,410	1,107	1,304,787
Donations and capital grants – transfers from Local Authority on conversion	379,369	2,495,844	(417,000)	2,458,213
Other trading activities	30,967	—	64,711	95,678
Investments	21,400	—	—	21,400
Charitable activities				
· Funding for the Trust's educational operations and development	—	—	10,617,490	10,617,490
Total income	590,006	3,641,254	10,266,308	14,497,568
Expenditure on:				
Raising funds	—	—	63,887	63,887
Charitable activities:				
· Trust's educational operations	3,419	894,068	10,326,796	11,224,283
Total expenditure	3,419	894,068	10,390,683	11,288,170
Net income (expenditure) before transfers	586,587	2,747,186	(124,375)	3,209,398
Transfers between funds	—	68,152	(68,152)	—
Net income (expenditure) for the year	586,587	2,815,338	(192,527)	3,209,398
Other recognised gains and losses				
· Actuarial losses on defined benefit pension scheme	—	—	(37,000)	(37,000)
Net movement in funds	586,587	2,815,338	(229,527)	3,172,398

Notes to the financial statements 31 August 2016

8 Staff

(a) Staff costs

Staff costs comprise:

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Wages and salaries	—	6,757,557	6,757,557	6,495,026
Social security costs	—	547,579	547,579	475,696
Other pension costs	—	950,819	950,819	811,734
FRS 102 pension adjustment	—	253,000	253,000	243,000
	—	8,508,955	8,508,955	8,025,456
Agency staff costs	—	217,066	217,066	222,818
Staff restructuring costs	—	28,087	28,087	27,600
Total staff costs	—	8,754,108	8,754,108	8,275,874

	2016 £	2015 £
Staff restructuring costs comprise		
Severance payments	28,087	27,600
	28,087	27,600

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £28,087 (2015 – £27,600). The individual amounts were £11,000 and £17,087.

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 expressed as full-time equivalents and by headcount was as follows:

Number of employees	2016 FTE	2016 Headcount	2015 FTE	2015 Headcount
Teaching staff	107	116	100	113
Teaching support	62	105	62	97
Management and administration	37	49	36	44
Other support	19	60	17	68
Total staff costs	225	330	215	322

8 Staff (continued)

(d) Higher paid staff

The number of employees who earned a salary of £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the period was as follows:

	2016 Number	2015 Number
£60,001 - £70,000	4	5
£70,001 - £80,000	—	1
£80,001 - £90,000	1	3
£90,001 - £100,000	1	—
£140,001 - £150,000	1	—
£150,001 - £160,000	—	1

Six (2015 – nine) of the above employees earning £60,000 per annum or more participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for these staff amounted to £77,538 (2015 – £88,094). The other employee participated in the Local Government Pension Scheme; employer's pension contributions amounted to £10,293 (2015 – £9,793).

(e) Key management personnel

The key management personnel of the 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 Trust was £531,451 (2015 – £510,432).

9 Central services

The Langley Academy has provided the following central services to other academies within the Trust during the year:

- Human resources support
- Finance department support
- Legal services
- Educational support services
- Clerking services
- Strategic management support

The Langley Academy charges for these services on the following basis:

- Established academies are charged at a flat percentage of GAG income (6%).

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Parlaunt Park Primary Academy	160,079	71,053
The Langley Academy Primary	29,310	25,449
	189,389	96,502

10 Trustees' remuneration and expenses

The Executive Principal only receives remuneration in respect of the services he provides in undertaking his role as employee of the Trust and not in respect of his services as a Trustee. No Trustee received any payments from the Trust in respect of their role as Trustee. The value of Trustees' remuneration and other benefits in their capacity as employees was as follows:

	2016 £	2015 £
Mr Rhodri Bryant – Executive Principal and Trustee		
. Remuneration	140,000 – 145,000	150,000 – 155,000
. Employer's pension contributions	20,000 – 25,000	15,000 – 20,000

During the year ended 31 August 2016 travel and subsistence expenses amounting to £505 (2015 – £841) were reimbursed to two (2015 – two) Trustees. In addition, The Langley Academy Trust incurred £60 (2015 – £nil) worth of expenses on behalf of the Trustees for course attendance. Other related party transactions involving the Trustees are set out in note 19.

11 Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2016 was £3,097 (2015 – £3,097). The cost of this insurance is included in the total insurance cost.

12 Intangible fixed assets

	Computer software £	Total funds £
Cost		
At 1 September 2015	80,857	80,857
Reclassification of tangible fixed assets	(9,988)	(9,988)
Additions	4,697	4,697
At 31 August 2016	75,566	75,566
Amortisation		
At 1 September 2015	47,936	47,936
Charge in year	8,876	8,876
At 31 August 2016	56,812	56,812
Net book value		
At 31 August 2016	18,754	18,754
At 31 August 2015	32,921	32,921

13 Tangible fixed assets

	Leasehold buildings £	Fixtures, fittings, equipment and motor vehicles £	Computer equipment £	Total £
Cost				
At 1 September 2015	34,600,539	1,656,774	1,616,249	37,873,562
Reclassification (note 12)	—	—	9,988	9,988
Additions	7,787,627	202,012	280,108	8,269,747
At 31 August 2016	42,388,166	1,858,786	1,906,345	46,153,297
Depreciation				
At 1 September 2015	4,371,788	1,440,656	1,301,734	7,114,178
Charge for period	916,252	76,303	168,864	1,161,419
At 31 August 2016	5,288,040	1,516,959	1,470,598	8,275,597
Net book values				
At 31 August 2016	37,100,126	341,827	435,747	37,877,700
At 31 August 2015	30,228,751	216,120	314,513	30,759,384

The land on which The Langley Academy (primary and secondary) and Parlaunt Park Primary Academy are sited is leased from Slough Borough Council at a peppercorn rent over a term of 999 years from 25 September 2008 and 125 years from 1 September 2015 respectively. No value has been placed on this land in the financial statements due to the restrictive covenants on the assets.

The Trust's transactions relating to land and buildings included:

- The construction of the new building for The Langley Academy Primary Academy amounting to £7,476,308; and
- The installation of a new 3G pitch at The Langley Academy costing £303,408.

Both of the above assets were capitalised in part in the previous year and were held as assets under construction until completion.

Notes to the financial statements 31 August 2016

14 Stock

	2016 £	2015 £
Uniforms	25,831	19,576

15 Debtors

	2016 £	2015 £
Trade debtors	601,732	581,640
VAT recoverable	343,519	86,861
Other debtors	11,152	23,912
Prepayments and accrued income	1,752,853	553,191
	<u>2,709,256</u>	<u>1,245,604</u>

16 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,237,350	395,371
Taxation and social security	143,725	127,791
Other creditors	124,823	207,690
Accruals and deferred income	1,562,456	1,129,197
	<u>3,068,354</u>	<u>1,860,049</u>

Creditors above include the following deferred income balance:

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	636,368	251,077
Resources deferred in the year	586,986	617,617
Amounts released in the year	(652,551)	(232,326)
Deferred income at 31 August 2016	<u>570,803</u>	<u>636,368</u>

At the balance sheet date, the Trust was holding funds receivable in advance for rates, SEND, Educational Services, Early Years, Universal Infant Free School Meals and pupil premium.

17 Funds

The income funds of the Trust comprise the following:

	At 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	2,991,278	9,655,264	(9,610,792)	(146,291)	2,889,459
Start-up Grant	5,004	—	(5,004)	—	—
Pupil Premium	—	506,940	(506,940)	—	—
Other EFA funds	3,702	208,793	(208,793)	—	3,702
Other grants					
.Local Authority Other funds	8,493	248,696	(235,346)	(6,822)	15,021
.Other restricted funds	—	238,868	(238,868)	—	—
	<u>3,008,477</u>	<u>10,858,561</u>	<u>(10,805,743)</u>	<u>(153,113)</u>	<u>2,908,182</u>
Pension reserve	<u>(1,977,000)</u>	<u>—</u>	<u>(329,000)</u>	<u>(2,082,000)</u>	<u>(4,388,000)</u>
	<u>1,031,477</u>	<u>10,858,561</u>	<u>(11,134,743)</u>	<u>(2,235,113)</u>	<u>(1,479,818)</u>
Restricted fixed asset funds					
Local Authority capital funds	255,470	394,508	—	(649,978)	—
Private sector sponsorship	—	1,400,000	—	(1,388,049)	11,951
Devolved formula capital	—	35,141	—	(35,141)	—
The Langley Academy Primary construction grant	—	6,289,915	—	(6,289,915)	—
Fixed asset funds	28,104,124	—	(1,170,298)	10,962,628	37,896,454
Donated fixed assets on conversion	2,432,711	—	—	(2,432,711)	—
	<u>30,792,305</u>	<u>8,119,564</u>	<u>(1,170,298)</u>	<u>166,834</u>	<u>37,908,405</u>
Total restricted funds	<u>31,823,782</u>	<u>18,978,125</u>	<u>(12,305,041)</u>	<u>(2,068,279)</u>	<u>36,428,587</u>
Unrestricted funds	<u>1,679,929</u>	<u>185,375</u>	<u>(3,272)</u>	<u>(13,721)</u>	<u>1,848,311</u>
Total funds	<u>33,503,711</u>	<u>19,163,500</u>	<u>(12,308,313)</u>	<u>(2,082,000)</u>	<u>38,276,898</u>

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Start-up grant

This grant related to funding to set up The Langley Academy Primary opened on 1 September 2015.

Pupil premium

Pupil premium is additional funding provided to the Trust to raise the attainment of disadvantaged students of all abilities to close the gaps between them and their peers.

Other EFA funds

This grant relates to funding in respect of school lunches, year 7 catch up grant, PE Teachers grant income as well as income from the National College of Teaching and Leadership (NCTL), a body of the EFA.

17 Funds (continued)

Other grants

These grants relate to the Trust's development and operational activities from Slough Borough Council and other government grants.

Pension reserve

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension Scheme (note 22).

Fixed asset fund

These grants relate to funding to carry out works of a capital nature.

Transfers between funds

The majority of the transfers relate to fixed assets purchased from the General Annual Grant and other EFA grants and the consolidation of restricted fixed asset funds.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs (excluding depreciation) £	Total £
The Langley Academy	4,958,410	1,078,538	314,324	1,161,754	7,513,026
The Langley Academy Primary	329,139	74,985	44,227	149,139	597,490
Parlaunt Park Primary Academy	1,912,094	400,942	118,616	595,847	3,027,499
Academy Trust	7,199,643	1,554,465	477,167	1,906,740	11,138,015

During the year The Langley Academy provided some centralised services for Parlaunt Park Primary Academy and The Langley Academy Primary. A management charge was made to cover the cost of these services and this is included within other costs in the above table for Parlaunt Park Primary Academy and The Langley Primary Academy. The income is included within other costs for The Langley Academy.

17 Funds (continued)

Analysis of academies by fund

Fund balances as at 31 August 2016 were allocated as follows:

	2016 £	2015 £
Parlaunt Park Primary Academy	666,810	569,990
The Langley Academy	4,070,290	4,083,853
The Langley Academy Primary	19,393	34,563
Total before fixed assets and pension reserve	4,756,493	4,688,406
Restricted fixed asset fund	37,908,405	30,792,305
Pension reserve	(4,388,000)	(1,977,000)
Total	38,276,898	33,503,711

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted General funds £	Restricted Fixed Assets £	2016 Total funds £
Fund balances at 31 August 2016 are represented by:				
Intangible fixed assets	—	—	18,754	18,754
Tangible fixed assets	—	—	37,877,700	37,877,700
Current assets	1,848,311	5,976,536	11,951	7,836,798
Creditors: amounts falling due within one year	—	(3,068,354)	—	(3,068,354)
Pension reserve	—	(4,388,000)	—	(4,388,000)
Total net assets	1,848,311	(1,479,818)	37,908,405	38,276,898

19 Related party transactions

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

Transactions with related parties were as follows:

	2016 £	2015 £
Payments to Mrs Susan Cafolla	7,350	6,750
Contributions from The Annabel Arbib Foundation	(1,477,128)	(148,540)
Contributions from The Friends of Parlaunt Park	(5,342)	—

19 Related party transactions (continued)

Mrs Annabel Nicoll and Sir Martyn Arbib are Members of The Langley Academy Trust and are also Trustees of the registered charity The Annabel Arbib Foundation (Registration number 296358). Mrs Annabel Nicoll was a Trustee of the Langley Academy Trust throughout the years ended 31 August 2015 and 2016.

Mrs Susan Cafolla is the spouse of Italo Cafolla, a Trustee until 7 June 2016. During the year she provided primary consultancy services to the Trust.

The Friends of Parlaunt Park and TLAP – Community in Action are parent associations for Parlaunt Park Primary Academy and The Langley Academy Primary respectively. The Trust has no control over these organisations.

20 Capital commitments

	2016 £	2015 £
ICT Equipment – contracted for	175,203	—
	175,203	—

In addition, in order to comply with the planning conditions for The Langley Academy Primary build, the Trust has authorised but not yet entered into a contract with Slough Borough Council relating to the improvement of Trelawney Avenue Car Park. The costs of this are expected to be £361,640 and will be reimbursed to the Trust by the Education Funding Agency.

21 Commitments under operating leases

At 31 August 2016, the total of the Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2016 £	2015 £
Amounts due within one year	950	2,499
Amounts due between two and five years inclusive	—	950
	950	3,449

22 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £117,392 were payable to the schemes at 31 August 2016 (2015 – £107,081) and are included within creditors.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

Not less than every four years 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 (currently 14.1%).
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- ♦ 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

The employer's pension costs paid to TPS in the period amounted to £648,416 (2015 – £517,668).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £429,952, of which employer's contributions totalled £298,812 and employees' contributions totalled £131,140. The agreed contribution rates for future years vary between 12.1% and 16.6% (12.1% for The Langley Academy and 16.6% for Parlaunt Park Primary Academy and The Langley Academy Primary) for employers and between 5.5% and 12.5% for employees depending on salary.

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

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	4.1%	4.5%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	2.3%	2.7%
Commutation of pensions to lump sums	50%	50%

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.5	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,586,000	1,127,000
Gilts	52,000	34,000
Other bonds	446,000	316,000
Property	422,000	337,000
Cash	136,000	123,000
Target return portfolio	520,000	449,000
Commodities	78,000	96,000
Infrastructure	159,000	107,000
Longevity insurance	(135,000)	(97,000)
Total market value of assets	3,264,000	2,492,000
Present value of scheme liabilities		
. Funded	(7,652,000)	(4,469,000)
Deficit in the scheme	(4,388,000)	(1,977,000)

The actual return on scheme assets was £338,000 (2015 – £52,000).

	2016 £	2015 £
Amounts recognised in statement of financial activities		
Current service costs (net of employee contributions)	413,000	374,000
Net interest cost	76,000	71,000
Total operating charge	489,000	445,000
Analysis of pension finance costs		
Expected return on pension scheme assets	(105,000)	(88,000)
Interest on pension liabilities	181,000	159,000
Pension finance costs	76,000	71,000

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2016 £	2015 £
At 1 September 2015	4,469,000	3,654,000
Current service cost	549,000	515,000
Interest cost	181,000	159,000
Actuarial loss	2,312,000	—
Benefits paid	5,000	—
Employee contributions	136,000	141,000
At 31 August 2016	7,652,000	4,469,000

Changes in the fair value of the Trust's share of scheme assets:	2016 £	2015 £
At 1 September 2015	2,492,000	2,028,000
Interest income	105,000	88,000
Actuarial gain(loss)	230,000	(37,000)
Employer contributions	296,000	272,000
Employee contributions	136,000	141,000
Benefits paid	5,000	—
At 31 August 2016	3,264,000	2,492,000

23 Members' liability

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

24 Conversion to academy status

On 1 September 2014 Parlaunt Park Primary School converted to academy status under the Academies Act 2010 and all operations and assets and liabilities were transferred to The Langley Academy Trust from Slough Borough Council for £nil consideration.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

Whilst the net assets of £2,458,213 were transferred in the year to 31 August 2015, a residual amount of £25,854 was received as cash in the year to 31 August 2016.

25 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for EFA. In the year ended 31 August 2016 the Trust received £19,756 and disbursed £19,756 from the fund.