

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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<b>Members</b>	Katrine Brown Dr Alan Clamp Wayne Wilson Naveed Sheikh (appointed 25 September 2017) David Hudson
<b>Governors</b>	Katrine Brown, Chairman <sup>1</sup> Dr Alan Clamp, Chair of Curriculum Wayne Wilson, Chair of Finance & Premises <sup>1</sup> Naveed Sheikh, Chair of Personnel David Hudson, Headteacher & Accounting Officer <sup>1</sup> Virginia Brown, Staff Governor <sup>1</sup> Glenn Collins, Parent Governor <sup>1</sup> Philip Dart, Parent Governor Kenneth Davis, Member Appointee <sup>1</sup> Keith Fraser, Parent Governor (resigned 24 April 2018) Graham French, Staff Governor Christine Hickey, Parent Governor David Jenkins, Staff Governor Rashesh Joshi, Parent Governor (appointed 1 September 2017) <sup>1</sup> Alice Morgan, Parent Governor Rajinder Sharma, Parent Governor Reverend Cannon Doctor Peter Williams, Community Governor Andrew Jarvis, Parent Governor (appointed 1 September 2018)
	<sup>1</sup> Finance & Premises Committee
<b>Company registered number</b>	07686209
<b>Company name</b>	The Royal Latin School
<b>Principal and registered office</b>	The Royal Latin School Chandos Road Buckingham Buckinghamshire MK18 1AX

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Company secretary** Rebecca Wilson

**Chief executive officer** David Hudson

**Senior leadership team**

David Hudson, Headteacher  
Marcella McCarthy, Deputy Head (appointed 1 September 2018)  
Jacquie Baldock, Deputy Head (resigned 31 August 2018)  
Deborah Payton, Assistant Head (p/t)  
Michelle Taylor, Assistant Head  
George West, Assistant Head (p/t)  
Iain Wilson, Assistant Head  
Jason Skyrme, Associate Assistant Head  
Martin Farrell, Associate Assistant Head  
Rebecca Wilson, Business Manager (appointed 1 September 2017)

**Independent auditor** MHA MacIntyre Hudson  
Chartered Accountants  
Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

**Bankers** Lloyds Bank  
19 Market Square  
Buckingham  
Buckinghamshire  
MK18 1NP

**Solicitors** VWV LLP  
Barnards Inn  
86 Fetter Lane  
London  
EC4A 1AD

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The Academy Trust operates an academy for pupils aged 11 to 18 serving a catchment area in north Buckinghamshire. It has a pupil capacity of 1,189 and had a roll of 1,262 in the school census on 17 May 2018.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of The Royal Latin School are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Royal Latin School.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

**Members' Liability**

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

**Trustees Indemnities**

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

The Academy also has employers' liability insurance, public liability insurance and professional indemnity insurance covered by the RPA scheme.

**Method of Recruitment and Appointment or Election of Governors**

Elections for Parent and Staff Governors have taken place when terms of office have come to an end or resignations have been tendered. When appointing Governors the following is taken into consideration:

The Articles of the Academy Trust require the makeup of the Governors to be as follows

- Three Staff Governors appointed via staff election;
- Six Parent Governors elected by parents of registered pupils of the Academy;
- Five Community Governors appointed by the Members;
- Up to three Member Appointee Governors appointed by the Governors that have not themselves been co-opted;
- The Headteacher is an ex officio Governor;

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**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The structure of the Governing Body that was in place throughout the year was 17 Governors, 1 Associate Governor and 1 vacancy as follows:

- Four non-Parent Community Governors;
- One non-Parent Community Governor vacancy;
- Six Parent Governors;
- Three Member Appointee Governors;
- Three Staff Governors;
- One Associate Governor (not currently filled);
- One Headteacher.

The term of office for any Governor shall be a maximum of four years excepting:

- The Headteacher;
- Staff Governors if they cease to be employed by the Academy;
- The term of office can be less than four years for any Governor.

In general Governors are replaced as and when they reach the end of the term of their office. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

**Policies and Procedures Adopted for the Induction and Training of Governors**

The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction training will be provided on charity and educational, legal and financial matters.

All the new Governors will be given a tour of the school and the chance to meet with staff and students. The school buys into a Governor training package from Milton Keynes Council and this provides external induction training in addition to training in house. All Governors are provided with an Induction Booklet as well as copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there will be only two or three new Governors a year, induction will be done informally and tailored specifically to the individual, although new Governors are strongly advised to attend the external induction training provided by Milton Keynes Council. It is the policy of The Royal Latin School to subscribe annually to a Governor Training Package to ensure that Governor training is current and relevant.

**Organisational Structure**

The structure consists of three levels, the Governors, Senior Leadership Team and Heads of Department/Heads of Year. The aim of the management structure is to devolve authority and encourage involvement in decision making at all levels.

The Board of Governors normally meets once each academic term. The Board establishes an overall framework for the governance of the Academy and agrees membership of Committees and Statutory and other Panels.

It receives reports, and policy documents, from its Committees for ratification. It monitors the activities of the Committees through the Minutes of their meetings. It also establishes the Terms of Reference and Procedures for its Committees. The Board of Governors may also, from time to time, establish Working Groups to perform specific tasks over a limited timescale. The following decisions are reserved to the Board of Governors: to determine any proposals for the alteration, closure or change of category of the Academy; to amend the constitution of the Governing Body; to appoint or remove the Chairman and/or Vice Chairman; to appoint the Secretary to the Governors; to suspend Governors; to determine the ethos of the school; to delegate specific responsibilities to any Governor, Committee, the Headteacher or other holder of an executive office, and to determine and review annually the terms of reference, constitution and membership of all Committees; to decide school session times and dates of school terms and holidays; to make arrangement for staff dismissal

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**GOVERNORS' REPORT (continued)**  
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appeals; to set up panels for the selection of the Headteacher; to develop, monitor and review the Academy Trust's Freedom of Information Act 2000 Publication Scheme; to approve the annual Development Plan and to monitor the annual Register of Interests.

There are four Committees as follows:

- The Executive Committee which meets once a term to discuss and consider strategic matters relating to the development of the Academy Trust, in preparation for discussion and presentation for approval by the Board. The Executive Committee also has the responsibility to act as the Admissions Committee;
- The Curriculum Committee meets once a term to monitor, evaluate and review school policy and practice in relation to the School Development Plan, curriculum planning, communications and publications, target-setting and performance data, assessment, recording and reporting, examinations, literacy and numeracy policies;
- The Finance and Premises Committee, meets at least four times a year to monitor, evaluate and review school policy and practice in relation to financial planning and monitoring; to decide how to spend the General Annual Grant and other funds under the control of Governors for the purposes of the Academy Trust; to monitor and ensure compliance with the requirements of the DfE, ESFA, Charity Commission and other relevant bodies and all relevant legal requirements in relation to the proper financial management of the Academy Trust; to agree limits of financial delegation; to ensure that full accounts are kept; to arrange appropriate insurance cover; to act as the Audit Committee in receiving the reports from the external auditors and Responsible Officer; to report the Academy Trust's financial position to the Governing Body at least once a term; to review the Risk Register Termly, consider and adopt recommendations from the Risk Management Committee; to review the Premises Development Plan, to plan and approve specific capital projects (including the consideration and approval of tenders); to ensure the effective security, development and maintenance of the Academy Trust's land, buildings, equipment and vehicles; to develop, monitor and review the Academy Trust's Health and Safety Policy; to make arrangements for the effective provision of services such as catering; to monitor the financial planning of the SCITT;
- The Personnel Committee meets once a term to review the staffing structure of the Academy Trust and decide, within the resources available, how many teaching and support staff should be employed; to advise the Governing Body on the procedures for the selection of the Headteacher; to select for appointment Deputy Headteachers, Assistant Headteachers and the Business Manager; to determine pay and conditions for all staff; to monitor appraisal and performance management policies for all staff; to approve salary increases linked to performance reviews for the Senior Leadership Team; to make arrangements for the Headteacher's Performance Management review; to review safeguarding checks as part of the employment of new staff; to ensure effective arrangements are in place for succession planning for all staff; to make arrangements for Governor induction and training; to monitor the staffing needs and the progress of trainees in the SCITT; pastoral issues including arrangements for Special Educational Needs, behaviour and discipline, collective worship and religious education.

The Headteacher has overall executive responsibility for the Academy's activities including financial activities. Much of the responsibility for financial activities has been delegated to the Headteacher who is also the Accounting Officer as required by the Funding Agreement with the Department for Education. The responsibilities of the Accounting Officer are defined in the Governance Statement on page 15.

The Headteacher is responsible for the appointment of all staff with the exception of the Deputy Head. The appointment of a Deputy Head is carried out in conjunction with the Governors.

The Senior Leadership Team comprises the Headteacher, the Deputy Head, two full time Assistant Heads, two part time Assistant Heads, two part time Associate Assistant Heads and the Business Manager. The Senior Leadership Team control the Academy at an executive level implementing the policies laid down by the

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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Governors and reporting back to them. The Senior Leadership team meets weekly and is collectively responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Spending control is devolved to budget holders, with expenditure above certain limits needing additional authorisation from either the Senior Managers or the Governors (or both).

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Governing Body delegates 3 governors, none of whom are employees of the school, to carry out the appraisal review for the Headteacher as set out in the school's appraisal policy. The delegated governors are advised by an external adviser appointed by the school. All of the delegated governors have received appropriate training.

Awards for performance to Deputy, Assistant and Associate Assistant Headteachers are reviewed at the time of the annual assessment of teachers' salaries. The Governors Review Committee considers recommendations from the Headteacher that any Deputy, Assistant or Associate Assistant Headteacher be paid up to two additional points subject to the maximum of the individual range. The Governing Body expects that the objectives which were set for a Deputy, Assistant or Associate Assistant Headteacher under the appraisal policy will have become progressively more challenging as the teacher has gained experience in his/her current role.

Where it considers it has substantial difficulties in retaining the services of a current Deputy or Assistant Headteacher the Governing Body may decide to change the salary range of a Deputy or Assistant Headteacher in accordance with the STPC Document in order to retain his/her services. The Deputy or Assistant Headteacher's range cannot encroach on the Headteacher's ISR and the Assistant Headteacher's range must have a minimum at least one point below the minimum of the Deputy Headteacher range. The Deputy or Assistant Headteacher's salary cannot be placed on the new range, except at the minimum point, until the September following the determination of a changed range.

Awards for the performance of the Business Manager are reviewed at the time of the annual performance management appraisal in the Spring Term carried out by the Headteacher. Approval to move up the incremental scale one point at a time is based upon successful performance measured against annual targets.

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**GOVERNORS' REPORT (continued)**  
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**TRADE UNION FACILITY TIME**

**Relevant union officials**

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	0.2

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time**

	£	
Total cost of facility time	10,000	
Total pay bill	4,790,000	
Percentage of total pay bill spent on facility time	0.21	%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	11.00	%
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**Related Parties and other Connected Charities and Organisations**

The Royal Latin School Fund, a registered charity in England and Wales, fundraises on behalf of the Academy Trust. The donations are gifted to the Academy Trust as and when the Academy Trust's needs arise upon the trustees' discretion. The trustees of the School Fund comprise three Governors of the Academy Trust and a member of the Academy Trust's senior leadership team. Due to the shared control the financial statements of the two entities' are consolidated for statutory purposes.

The Royal Latin School is the lead school for The Buckingham Partnership SCITT (School Centred Initial Teacher Training). The partnership encompasses a network of over forty primary and secondary schools in Buckinghamshire set up for the provision of PGCE training. The programme enables aspirant teachers to train full-time in schools.

**OBJECTIVES AND ACTIVITIES**

The Royal Latin School's charitable objects as set out in the Memorandum and Articles of Association are as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

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**GOVERNORS' REPORT (continued)**  
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- To provide educational facilities and services to students of all ages with admission based upon the required qualifying score of 121 in the admission tests or have been deemed qualified by a Selection Review Panel; and for the public benefit of the wider community in and around Buckingham.

**Objects and Aims**

Further aims are as follows:

- To foster academic, moral, spiritual and personal development;
- To encourage excellence;
- To develop students to become active responsible citizens;
- To engender self-respect, self-confidence and self-discipline;
- To have respect and tolerance for different ways of life, beliefs and opinions;
- To have a concern for equal opportunities and the challenge of stereotypes;
- To ensure courtesy of speech;
- To be of smart appearance – we are all ambassadors for the school;
- To engender flexibility and adaptability to change;
- To develop a sense of responsibility – both personal and collective.

**Objectives, Strategies and Activities**

The three main objectives in the Royal Latin's Development Plan for the period under review were:

- IT: to improve digital training and provision to support all school systems and the effective delivery of teaching and learning.
- Teaching and Learning: to develop a distinctive approach to teaching and learning which allows students to achieve their academic and personal potential.
- Assessment: to review and develop systems to effectively support students' academic and personal progress.

The supporting theme to backup these objectives was:

- Student Responsibility: to encourage our students to take a more active role in their continued academic and personal development.

In order to achieve these objectives, the Governors have supported the senior leadership team in the implementation of the three main objectives and initiatives to achieve this include the following:

- The 3 year IT strategy has been followed with the move to Google for all school communications and documents. This was rolled out to all staff and training provided throughout the year. A number of staff gained their Google Educator awards to allow them to assist in training others.
- The use of Google classroom by all teachers has been encouraged.
- Introduction and roll out of Latin Learning to KS3 classes which focuses on key learning characteristics. This will continue to be embedded with roll out to the remainder of the school underway.
- The assessment working party has undertaken considerable work gathering input from staff, students and parents and developed a revised assessment timetable and reporting schedule for introduction in 2018/19. Parents will receive notification and explanation of the modified system.

**Public Benefit**

The Governors of The Royal Latin School have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties and in particular to its supplementary Public Benefit guidance on advancing education.

The Royal Latin School provides education to children and young people that is:

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**GOVERNORS' REPORT (continued)**  
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- Balanced and broadly based;
- Promotes the spiritual, moral, cultural, mental and physical development of students at the school and of society;
- Prepares students at the school for the opportunities, responsibilities and experiences of later life;
- Promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise.

The Royal Latin School is a selective grammar and an Academy serving North Buckinghamshire. Students join The Royal Latin School in Year 7 after taking the 11+ selection tests, administered on behalf of the Academy Trust by Buckinghamshire County Council, on satisfying the academic criteria for entry. However, students may be considered for places at any age from Year 7 upwards, by taking selection tests or by meeting the criteria for entry into Year 12.

Current arrangements for entry to the school are available in the section of the school website dealing with admissions arrangements.

## **STRATEGIC REPORT**

### **Achievements and Performance**

The Royal Latin School, an 'outstanding' school in Buckinghamshire, became an Academy on 1 September 2011. The total number of students in the year ended 31 August 2018 numbered 1,262 (2017 - 1,284).

### **Key Performance Indicators**

Examination results for August 2018 remained outstanding. At A Level, 92% (2017 - 90%) of grades were A\* - C, with 21% (2017 - 13%) being A\*. At GCSE 99% (2017 - 97% A\*-C) of pupils achieved at least 5 A\*-C / 9-4 grades including English and Maths and 36% of the year group achieved at least 5 A\* / 9-8 grades.

11 students in August 2018 (2017 - 10) were made offers of places at Oxford and Cambridge universities.

Attendance rates are well above the national average with authorised absence at 0.27%, excluding Study Leave, for 2017-2018 (0.34%, excluding Study Leave, for 2016-2017).

Places in Years 7 to Years 11 remain oversubscribed. Every year group now exceeds its 'planned admissions number' of 174. In the 6th Form an additional 40+ places are offered to external applicants meeting the entry criteria. These places are oversubscribed particularly in the Sciences and Mathematics.

### **Going Concern**

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

## **FINANCIAL REVIEW**

In the current climate of uncertainty and cuts in the funding of education, the Governors have made it a priority to ensure that high standards are maintained within the framework of a sustainable budget and have been rigorous in evaluating any proposals to additional expenditure. Governors have established the following key objectives for expenditure:

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**GOVERNORS' REPORT (continued)**  
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- Retain a sharp focus on teaching and learning;
- Plan for the long term;
- Invest in quality and efficiency to ensure Best Value is achieved for all expenditure;
- Ensure a proactive involvement in national and local consultations regarding school funding;
- Develop a creative response to funding challenges.

During the period under review the majority of the Academy Trust's income was obtained from the ESFA in the form of the General Annual Grant, along with other recurrent grants, (including SEN funds from the LEA), which are restricted to particular purposes.

During the year ended 31 August 2018 £286,091 was used to purchase Fixed Assets to support the Academy's Educational Operations. These purchases have included:

- £37,883 for Land & Buildings for the new boiler and related heating works in the Brookfield classroom block.
- £151,629 for Plant & Machinery as part of the Phase 2 Site Development plan - Sports' Development;

During the year ended 31 August 2018, the total expenditure of £7,208,244 was covered by the recurrent grant funding from the ESFA / LA together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and pension funds) was £81,573.

At 31 August 2018 the net book value of fixed assets was £12,443,665 and movements in tangible fixed assets are shown in note 12 of the financial statements. The assets were used exclusively for the provision of education and associated services for the pupils of The Royal Latin School.

Funds have been received from pupils to pay for a wide range of educational visits and activities and these have been applied to the associated costs.

Key financial policies adopted and reviewed regularly include the Financial Regulations and Academies Financial Handbook which establishes the framework for financial management, including the key financial responsibilities of the Board, its committees and the key officers of the Academy, as well as the delegated authority for spending decisions. This policy is supported by additional policies including the following: Risk Management, Capitalisation, Charges for Trips and Visits, Lettings, The Giving & Receiving of Gifts, Hospitality & Benefits and Health and Safety.

Governors have appointed a Responsible Officer, who is a professional Accountant, to undertake a programme of internal checks on financial controls and to report to meetings of the Finance and Premises Committee, who also act as the Audit Committee and the Full Governing Body twice a year. The annual Audit was carried out by MacIntyre Hudson in two parts – an internal audit of processes in July 2018 followed by the full audit of accounts in October 2018.

### **Reserves Policy**

The Governors review the reserve levels of the Academy annually and aim to carry forward a prudent level of reserves from the General Annual Grant, the other restricted funds and the General Unrestricted Fund to cover the medium and long-term needs for renewal and replacement, for major unforeseen contingencies and to contribute to major capital developments.

The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

In reviewing the reserves the Governors have particular regard for the income levels and the likelihood of income reduction over the next few years from the ESFA. To this end, Governors monitor student numbers in all years, but lack of accommodation or public funding to increase accommodation, means that despite a high

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demand for places expansion of student numbers is not feasible and therefore access to more student led funding is prohibited.

The Trust maintains a Risk Register of all financial and strategic risks. The risks are managed and monitored regularly at the Risk Management Committee and any potential financial risk of exposure is monitored at Finance and Premises Governors Committee Meetings where the Risk Register is reviewed termly.

The Trust holds reserves in order to fund planned capital projects and emergency works. The main financial risk to the Academy is that of a drop in student numbers, significant staff absences; unplanned emergency building maintenance, increased employer pension contributions and reduced Government funding all of which are reviewed in the Risk Register.

At 31 August 2018 the total funds comprised:

Unrestricted		384,278
Restricted:	Fixed asset fund	12,443,665
	Pension reserve	(1,836,000)
	Other	<u>1,070,844</u>
		<u>12,062,787</u>

The deficit on the pension reserve relates to the support staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 20. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

The restricted funds will be spent in accordance with the particular funds. Unrestricted funds are for the use of the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements in line with the Site Plan covering Phase 2 and Phase 3 developments.

### **Investment Policy**

Governors are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Governors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board.

Governors' management of cash flow should ensure that there are always sufficient funds in the main bank accounts to cover operational costs. Banks must be selected from the FSA Approved List included in the Financial Services Compensation Scheme (FSCS).

The nature of the Academy is such that the financial instruments that it deals in are mainly bank balances, cash, trade creditors and limited trade debtors. The Academy has not made any investments in the period. As such there is limited risk in the nature of the Academy's transactions.

### **Principal Risks and Uncertainties**

The principal risks facing the Academy are:

- Reputational risk – The continuing success of The Royal Latin School depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Governors are clearly focused on monitoring and reviewing the achievement and success of students.

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Governors continue to give due consideration to other aspects of the school's activities where there could be a reputational risk.

- Financial Risk – The principal financial risks are a reduction in student numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, increased pressure on funds due to increased employer contributions to pensions and unbudgeted / emergency major capital repairs. The risks presented here are mitigated by a full understanding that The Royal Latin School is operating in a period of considerable financial uncertainty with regard to public funding. Nevertheless, financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets. To maintain a balanced budget the curriculum has been reviewed, A Level periods have been reduced so that the overall cost of teaching can be reduced. Flexibility in the subjects taught by teachers has been increased. However, Governors are mindful of the need to ensure that standards are not affected nor the wellbeing of staff underestimated.

The Governors have also given due consideration to the risks associated with financial mismanagement and / or compliance failures.

- Risks associated with personnel – mitigated by Governors continuing to review and monitor arrangements for recruitment and the development of existing staff to minimise the risk resulting from major changes in key staff. The Head teacher reports to the Personnel Committee on recruitment trends and requirements. Governors are always fully informed of the annual appraisal process for teaching and support staff.
- Governors continue to ensure that the highest standards are maintained in the selection and monitoring of staff and volunteers, the operation of child protection policies in school and in training and support, in order to protect the vulnerable young people in its care. All staff receive regular training and information and designated personnel fulfil the role of Safeguarding Leads and Child Protection Officers.
- The Academy Trust has inherited a pension deficit from the local authority but this is not seen to provide any significant risk to the Academy.

### **Fundraising**

Fundraising at The Royal Latin School is led by a Director of Development with more than 20 years charitable fundraising experience. The School adopts a long term, relationship based fundraising approach, where high quality relationships with donors is a key priority. The School is currently delivering a ten year capital campaign strategy, with the support of a volunteer campaign board. Work with commercial participators/professional fundraisers is not undertaken currently, but the appropriate agreements would be put in place if they were to be used. Fundraising carried out by volunteers and organisations on our behalf is monitored to ensure that it complies with recognised standards. The Director of Development is a member of, and an Ambassador for, The Institute of Development Professionals in Education, and a member and Conference Chair of the Council for the Advancement & Support of Education across Europe. As such, fundraising is carried out to conform to standards expected by those organisations and importantly, those required by the Fundraising Standards Board. A procedure is in place for handling any fundraising-related complaints, and every measure is taken to ensure that the carefully planned fundraising requests made by the School are timely, appropriate and deemed not to be unreasonably intrusive.

### **Plans for future periods**

Governors have agreed to a three phase plan to develop the site in order to improve the educational facilities in line with the Academy Trust's stated objectives. In response to the lack of central funds available to the Academy Trust the Governors have elected to plan a programme for raising its own funds for capital projects, as well as successfully bidding for significant sums from the Academies Capital Maintenance Fund and more

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recently the Condition Improvement Fund.

The Director of Development continues to lead this initiative. She is responsible for the on-going organisation of activities to secure donation and grants.

The Science Discovery Centre (Phase 1 of the site development plan) was a joint funded project with a substantial grant from the ACMG and a significant sum raised by the Development office and completed in May 2015. The Case Europe School's Engagement Award was awarded to the Director of Development in Brussels in recognition of her achievements in fund raising for The Royal Latin School (the first time this award has been won by someone from a State School).

The good practice that was established in this project will now be replicated in Phase 2 of the Site Development Plan. A Condition Improvement Grant of £1 million was utilised to refurbish the 6th form centre (Rotherfield) during 2016-17. Work was completed and the building prepared for staff and students to move in at the start of the new term in September 2017. The improvement in available study space for sixth form students contributed towards the excellent A Level results achieved in Summer 2018.

Fund raising activities have been initiated by the Development Office and the first £1.3 million of the projected £3 million needed to fund the new Sports' Campus has been secured. Work is now underway to secure the remainder of the funding required for this project.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Royal Latin School acts as the lead school for The Buckingham Partnership. The latter is a SCITT (School Centred Initial Teacher Training) provider.

The Objectives of The Buckingham Partnership are:

- To provide the training necessary for graduates to achieve QTS (Qualified Teacher Status) and PGCE (Post Graduate Certificate of Education);
- To provide a bespoke training course which meets the demands of teaching a broad and balanced curriculum.


These objectives fall within those of The Royal Latin School by supporting the school's aim to advance education in the United Kingdom for the public benefit. The provision of a high quality training course is vital in ensuring the continuous supply of good and outstanding teachers who are able to teach in a broad number of subjects and thus maintain a broad and balanced curriculum.

**AUDITOR**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.

The Governors' Report was approved by order of the Board of Trustees, as the company directors, on 3 December 2018 and signed on the boards behalf by:

  
.....  
Katrine Brown  
Trustee

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 Royal Latin School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

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

Governor	Meetings attended	Out of a possible
Katrine Brown, Chairman	4	4
Dr Alan Clamp, Chair of Curriculum	3	4
Wayne Wilson, Chair of Finance & Premises	4	4
Virginia Brown, Staff Governor	3	4
Reverend Cannon Doctor Peter Williams, Community Governor	4	4
Glenn Collins, Parent Governor	4	4
Philip Dart, Parent Governor	4	4
Kenneth Davis, Member Appointee	4	4
Keith Fraser, Parent Governor	2	3
Graham French, Staff Governor	3	4
Christine Hickey, Parent Governor	1	4
David Hudson, Headteacher & Accounting Officer	3	4
David Jenkins, Staff Governor	3	4
Rashesh Joshi, Parent Governor	2	4
Alice Morgan, Parent Governor	4	4
Rajinder Sharma, Parent Governor	2	4
Naveed Sheikh, Chair of Personnel	2	4

The Board of Governors reviewed its governance during the period September – November 2013 and made specific recommendations for actions as a result of this review in meetings on 25th September and 28th November 2013. For the purpose of the review, trustees used the Governors' Self-assessment Form (as recommended by Buckinghamshire County Council).

The main findings, actions and impact of this review were as follows:

Organisation:

- Improvements to action tracking in minutes were agreed and have led to a sharper focus in ensuring completion of identified actions;
- Improved induction process for governors was agreed. As a result an Induction Meeting was held for new Governors and mentors were appointed for the first year of Governorship to assist with settling in;
- Exit interviews were undertaken with Governors at the end of their term of office;
- The potential risk of keeping files on the clerk's laptop was discussed. New safe storage arrangements

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**THE ROYAL LATIN SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

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- have subsequently been put in place;
- The challenge of monitoring the effectiveness and impact of policies was discussed & 'Policy Impact Assessments' have now been written for all new policies;
- It was agreed that there should be a LINK Governor for the SCITT. This has been actioned and the new link is playing an active role in the SCITT.

Development, recruitment and succession:

- Improved access to training for governors was agreed. All new governors have attended central training in safeguarding and SEND;
- A skills audit identified gaps a new governor was appointed to address the lack of legal expertise.

The next intended review of governance is planned for 2018 - 2019.

Governance has more recently been reviewed as part of external scrutiny – via the NCTL audit of the SCITT (November 2014) and a School Review, carried out by Aspire and organised by the Buckinghamshire Learning Trust (October 2014).

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

Its purpose is to prepare the annual financial plan for ratification by the full Governing Body; having taken account of the priorities determined by other committees and set down in the School Development Plan. Particular issues dealt with in the year include:

- Consideration of the 3 Year Financial Plan based on School Development plan and current funding information. Management of the change in funding coupled with expected wage inflation and pension contribution increases;
- Review of purchasing decisions against budget in light of reduced funding to make in year savings where possible;
- Continued review of curriculum and staffing requirements to manage the overall cost of teachers' salaries in an attempt to manage budget challenges.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Wayne Wilson, Chair	4	4
Katrine Brown, Chair of Governors	4	4
Virginia Brown, Staff Governor	3	4
Glenn Collins, Parent Governor	3	4
Kenneth Davis, Member Appointee	3	4
Keith Fraser, Parent Governor	3	3
Rashesh Joshi, Parent Governor	2	4
David Hudson, Headteacher & Accounting Officer	4	4

**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

GOVERNANCE STATEMENT (continued)

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- **Financial Governance and Oversight:** The Royal Latin School is one of the lowest funded schools in the country and it has become increasingly difficult to avoid an in-year deficit budget. The new National Funding Formula is delivering a respite from the very stringent conditions that the school has had to operate under over the past few years, however, wage inflation threatens to undermine this benefit unless the Government continues to fund this separately. The school has been very cost conscious for the past few years with reviews of expenditure in all areas including staffing, department budgets and premises budget. Governors are, however, mindful of creating a 'false economy' by reducing Repairs and Maintenance costs too drastically. Many of the buildings on the RLS site are old and failure to address some of the issues arising will result in Health and Safety issues and significantly undermine the condition of the buildings. This has been evident in 2017-2018 as emergency boiler and plant room works had to be undertaken whilst the school seeks capital funding to replace antiquated plant. Governors are also mindful of the need to sustain the outstanding GCSE and A Level provision within these financial constraints.
- **Target Improvement:** Continued focus on staffing has meant that, as staff have retired or left the school a review has been undertaken to ascertain what replacement is required to maintain the timetable whilst reducing excess. Teaching staff were asked to identify if they could teach a second subject – and this flexibility has been utilised in Food Technology, Business Studies and Philosophy and Religion. The timetable has also been altered to allow for more teachers to be used in other areas such as Independent Study, EPQ and planned cover. Further links with local businesses have resulted in some 'Support in Kind' e.g. furniture donations and contributions to our careers education programme.
- **Focus on Individual Pupils:** Counselling is provided for individual pupils including those on Pupil Premium to provide organisational skills and emotional support to promote the wellbeing of all. There is targeted support by LSAs to ensure that individual SEND students make outstanding progress.
- **Collaboration:** The SCITT (School Centred Initial Teacher Training) network has been extended over the fourth year, building on the partnerships we have with the original 9 other schools to make the best use of expertise across the group to ensure high quality training for entry into the teaching profession. The vast majority of students achieved PGCE qualification and their subsequent employment rate has been significantly high. The SCITT is now 'housed' in its own suite of rooms
- **Initiatives:** The school has worked hard to establish long term letting arrangements with local groups and small areas of investment such as in new cricket nets in the Sports Hall have helped increase our letting potential.
- **Development:** The Sixth Form Centre refurbishment was completed during the year and has provided a study and community space for our sixth form students. This work was completed on time and on budget and the resulting space has greatly enhanced our student experience in these crucial years.
- **Quantifying improvements:** The standard of students' attainment and progress at GCSE and A Level continues to rank as outstanding. Attendance is exemplary and above national averages. Pupils' behaviour is often commented upon by others as being outstanding both in school and on trips and visits. An external leader of a recent trip commented that our students were "attentive, inquisitive, sensitive and good fun".

**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

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

**CAPACITY TO HANDLE RISK**

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

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed a qualified accountant as responsible officer 'RO'. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a bi-termly basis, the RO reports to the Governing body's financial responsibilities.

In particular the checks carried out in the current period included:

- testing of purchasing systems;
- testing of payroll systems;
- testing of income control and documentation;
- testing of cash book transactions and bank reconciliations;
- inspection of VAT claims made to HMRC for January and February 2018.

On a bi-termly basis, the responsible officer reports to the Governing Body through the Finance and Premises Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The RO function has been fully delivered in line with the ESFA's recommendations. No material control issues arising as a result of the RO's work have been identified.

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

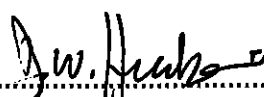
As Accounting Officer, the Headteacher, (Mr David Hudson) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of trustees on 3 December 2018 and signed on their behalf, by:

  
.....  
Katrine Brown  
Chair of Trustees

  
.....  
David Hudson  
Accounting Officer

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**THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Royal Latin School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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

  
.....  
David Hudson  
**Accounting Officer**

Date: 3 December 2018

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Governors (who act as trustees of The Royal Latin School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


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

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

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company and the group 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Governing Body on 3 December 2018 and signed on its behalf by:

  
.....  
**Katrine Brown**  
**Chair of Trustees**

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROYAL LATIN SCHOOL**

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**OPINION**

We have audited the financial statements of The Royal Latin School (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

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

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROYAL LATIN SCHOOL**

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Group Strategic Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the group and the parent Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the group's and the parent Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the group or the parent Academy Trust or to cease operations, or have no realistic alternative but to do so.

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**THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
ROYAL LATIN SCHOOL**

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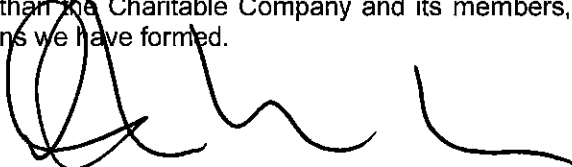
**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**USE OF OUR REPORT**

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



Elaine Olson-Williams FCCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date:

10 December 2018

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**THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ROYAL  
LATIN SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 4 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royal Latin School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE ROYAL LATIN SCHOOL'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Royal Latin School's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

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**THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ROYAL  
LATIN SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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The work undertaken to draw to our conclusion includes;

- Reviewing the minutes of meetings of the board of governors and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the company;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- Making enquiries of the Accounting Officer.

**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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**MHA MacIntyre Hudson**

Chartered Accountants

Peterbridge House  
The Lakes  
Northampton  
NN4 7HB

Date: 10 December 2018

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	98,805	239,447	-	338,252	391,346
Charitable activities: Funding for the Academy Trust's educational operations	3	-	6,088,702	-	6,088,702	6,002,993
Other trading activities	4	35,985	22,000	-	57,985	44,766
Investments	5	1,958	-	-	1,958	10,626
Teaching school	27	-	382,031	-	382,031	391,583
<b>TOTAL INCOME</b>		<b>136,748</b>	<b>6,732,180</b>	<b>-</b>	<b>6,868,928</b>	<b>6,841,314</b>
<b>EXPENDITURE ON:</b>						
Raising funds		77,668	8,477	-	86,145	150,176
Charitable activities:						
Charitable activities: Academy Trust educational operations		-	6,377,660	420,889	6,798,549	6,676,208
Teaching School	27	-	323,550	-	323,550	326,150
<b>TOTAL EXPENDITURE</b>	6	<b>77,668</b>	<b>6,709,687</b>	<b>420,889</b>	<b>7,208,244</b>	<b>7,152,534</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>59,080</b>	<b>22,493</b>	<b>(420,889)</b>	<b>(339,316)</b>	<b>(311,220)</b>
Transfers between Funds	17	-	(252,647)	252,647	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>59,080</b>	<b>(230,154)</b>	<b>(168,242)</b>	<b>(339,316)</b>	<b>(311,220)</b>
Actuarial gains on defined benefit pension schemes	20	-	330,000	-	330,000	620,000
<b>NET MOVEMENT IN FUNDS</b>		<b>59,080</b>	<b>99,846</b>	<b>(168,242)</b>	<b>(9,316)</b>	<b>308,780</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward	17	325,198	(865,002)	12,611,907	12,072,103	11,763,323
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>384,278</b>	<b>(765,156)</b>	<b>12,443,665</b>	<b>12,062,787</b>	<b>12,072,103</b>

The notes on pages 32 to 55 form part of these financial statements.

THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER: 07686209

CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	12		12,443,665		12,578,464
<b>CURRENT ASSETS</b>					
Stocks	13	3,660		-	
Debtors	14	128,318		151,514	
Cash at bank and in hand		1,965,340		1,946,944	
		<u>2,097,318</u>		<u>2,098,458</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(592,196)		(637,819)	
<b>NET CURRENT ASSETS</b>			<u>1,505,122</u>		<u>1,460,639</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,948,787</u>		<u>14,039,103</u>
<b>CREDITORS:</b> amounts falling due after more than one year	16	(50,000)		(50,000)	
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>13,898,787</u>		<u>13,989,103</u>
Defined benefit pension scheme liability	20	(1,836,000)		(1,917,000)	
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>12,062,787</u></u>		<u><u>12,072,103</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted general funds:					
Restricted income funds	17	1,070,844		1,051,998	
Restricted fixed asset funds	17	12,443,665		12,611,907	
		<u>13,514,509</u>		<u>13,663,905</u>	
Restricted income funds excluding pension liability		13,514,509		13,663,905	
Pension reserve		<u>(1,836,000)</u>		<u>(1,917,000)</u>	
Total restricted general funds			<u>11,678,509</u>		<u>11,746,905</u>
Unrestricted income funds	17		<u>384,278</u>		<u>325,198</u>
<b>TOTAL FUNDS</b>			<u><u>12,062,787</u></u>		<u><u>12,072,103</u></u>

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**


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**CONSOLIDATED BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2018**

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The financial statements on pages 26 to 55 were approved by the Governors, and authorised for issue, on 3 December 2018 and are signed on their behalf, by:

  
.....  
Katrine Brown  
**Chair of Governors**

  
.....  
David Hudson  
**Accounting officer**

The notes on pages 32 to 55 form part of these financial statements.

THE ROYAL LATIN SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER: 07686209

ACADEMY TRUST BALANCE SHEET  
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	12		12,443,665		12,578,464
<b>CURRENT ASSETS</b>					
Stocks	13	3,660		-	
Debtors	14	101,332		151,514	
Cash at bank and in hand		1,457,567		1,751,008	
		<u>1,562,559</u>		<u>1,902,522</u>	
<b>CREDITORS:</b> amounts falling due within one year	15	(592,196)		(1,246,078)	
<b>NET CURRENT ASSETS</b>			970,363		656,444
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,414,028		13,234,908
<b>CREDITORS:</b> amounts falling due after more than one year	16		(50,000)		(50,000)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			13,364,028		13,184,908
Defined benefit pension scheme liability	20		(1,836,000)		(1,917,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>11,528,028</u>		<u>11,267,908</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted general funds:					
Restricted income fund		560,395		652,056	
Fixed asset fund		12,443,665		12,193,995	
Restricted funds excluding pension asset		<u>13,004,060</u>		<u>12,846,051</u>	
Pension reserve		(1,836,000)		(1,917,000)	
Total restricted income fund			11,168,060		10,929,051
Unrestricted funds			359,968		338,857
<b>TOTAL FUNDS</b>			<u>11,528,028</u>		<u>11,267,908</u>

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

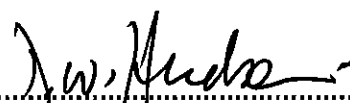
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**ACADEMY TRUST BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2018**

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The financial statements were approved by the Governors, and authorised for issue, on 3 December 2018 and are signed on their behalf, by:

  
.....  
Katrine Brown  
Chair of Governors

  
.....  
David Hudson  
Accounting Officer

The notes on pages 32 to 55 form part of these financial statements.

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	<b>174,090</b>	873,893
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>2,173</b>	10,626
Purchase of tangible fixed assets		<b>(286,091)</b>	(1,084,503)
Capital grants from DfE Group		<b>128,224</b>	158,000
<b>Net cash used in investing activities</b>		<b>(155,694)</b>	(915,877)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		-	(50,000)
<b>Net cash used in financing activities</b>		-	(50,000)
<b>Change in cash and cash equivalents in the year</b>		<b>18,396</b>	(91,984)
Cash and cash equivalents brought forward		<b>1,946,944</b>	2,038,928
<b>Cash and cash equivalents carried forward</b>	23	<b>1,965,340</b>	1,946,944

The notes on pages 32 to 55 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

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

The Royal Latin School constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Academy Trust alone as permitted by section 408 of the Companies Act 2006.

**1.2 Basis of consolidation**

The financial statements consolidate the accounts of The Royal Latin School and all of its subsidiary undertakings ('subsidiaries').

The Academy Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

**1.3 Going concern**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018

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1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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 Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

**Donated goods, facilities and services**

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

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

**Donations**

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

**Other income**

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018

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1. ACCOUNTING POLICIES (continued)

1.5 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 academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

**Charitable Activities**

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

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

Leasehold property	-	2% - 10% straight line
Furniture and fixtures	-	20% straight line
Plant and equipment	-	5% - 33.33% straight line

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

**1.7 Liabilities**

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

**1.8 Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.9 Leased assets**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.11 Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018

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1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.13 Agency arrangements

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

1.14 Pension Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations (including school fund)	98,805	239,447	-	338,252	233,346
Capital Grants	-	-	-	-	158,000
<b>Total 2018</b>	<b>98,805</b>	<b>239,447</b>	<b>-</b>	<b>338,252</b>	<b>391,346</b>
<b>Total 2017</b>	<b>32,598</b>	<b>200,748</b>	<b>158,000</b>	<b>391,346</b>	

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	5,398,497	5,398,497	5,451,343
Other DfE/ESFA grants	-	154,659	154,659	63,005
Pupil Premium	-	26,525	26,525	25,875
	-	5,579,681	5,579,681	5,540,223
<b>Other government grants</b>				
Other government grants	-	7,833	7,833	25,152
	-	7,833	7,833	25,152
<b>Other funding</b>				
Other income	-	501,188	501,188	437,618
	-	501,188	501,188	437,618
<b>Total 2018</b>	<b>-</b>	<b>6,088,702</b>	<b>6,088,702</b>	<b>6,002,993</b>
<b>Total 2017</b>	<b>-</b>	<b>6,002,993</b>	<b>6,002,993</b>	

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**4. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other miscellaneous income	1,415	22,000	23,415	18,223
Hire of facilities	34,570	-	34,570	26,543
Total 2018	35,985	22,000	57,985	44,766
Total 2017	29,241	15,525	44,766	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,958	-	1,958	10,626
Total 2017	10,626	-	10,626	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	1,556	-	17,830	19,386	118,287
Expenditure on fundraising trading	6,225	-	60,534	66,759	31,889
Academy Trust's educational operations:					
Direct costs	3,441,278	71,443	798,355	4,311,076	4,297,835
Allocated support costs	1,443,967	714,953	328,553	2,487,473	2,378,373
Teaching School	323,550	-	-	323,550	326,150
Total 2018	5,216,576	786,396	1,205,272	7,208,244	7,152,534
Total 2017	5,106,686	682,893	1,362,955	7,152,534	

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**7. CHARITABLE ACTIVITIES**

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy Trust's educational operations	4,311,076	2,487,473	6,798,549	6,676,208
Teaching School	323,550	-	323,550	326,150
<b>Total 2018</b>	<b>4,634,626</b>	<b>2,487,473</b>	<b>7,122,099</b>	<b>7,002,358</b>
<b>Total 2017</b>	<b>4,623,985</b>	<b>2,378,373</b>	<b>7,002,358</b>	

**Analysis of support costs**

	2018 £	2017 £
Support staff costs	1,443,967	1,353,890
Depreciation	420,890	331,679
Technology costs	156,723	172,115
Premises costs	294,065	351,213
Other support costs	159,355	157,331
Governance costs	12,473	12,145
<b>Total support costs</b>	<b>2,487,473</b>	<b>2,378,373</b>

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	420,890	331,679
Auditor's remuneration - audit	12,875	10,000
Auditor's remuneration - other services	2,345	2,145
Operating lease rentals	6,932	7,146

**THE ROYAL LATIN SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,945,249	3,826,059
Social security costs	369,168	359,913
Operating costs of defined benefit pension schemes	879,383	899,379
	<u>5,193,800</u>	<u>5,085,351</u>
Agency staff costs	22,776	21,335
	<u>5,216,576</u>	<u>5,106,686</u>

**b. Staff numbers**

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	63	65
Admin and support	41	41
Management	6	6
	<u>110</u>	<u>112</u>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for the staff members amounted to £29,405 (2017- £28,901).

**d. Key management personnel**

The key management personnel of the Academy Trust comprise the senior leadership team listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £482,794 (2017 - £471,834).

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**10. GOVERNORS' REMUNERATION AND EXPENSES**

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
D Hudson, Headteacher and Governor	Remuneration	<b>100,000-105,000</b>	95,000-100,000
	Pension contributions paid	<b>15,000-20,000</b>	15,000-20,000
R Bloomfield, Staff Governor	Remuneration	<b>N/A</b>	10,000-15,000
	Pension contributions paid	<b>N/A</b>	0-5,000
D Jenkins, Staff Governor	Remuneration	<b>35,000-40,000</b>	30,000-35,000
	Pension contributions paid	<b>5,000-10,000</b>	5,000-10,000
V Brown, Staff Governor	Remuneration	<b>25,000-30,000</b>	20,000-25,000
	Pension contributions paid	<b>5,000-10,000</b>	5,000-10,000
G French, Staff Governor	Remuneration	<b>20,000-25,000</b>	5,000-10,000

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £Nil).

**11. GOVERNORS' AND OFFICERS' INSURANCE**

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

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**12. TANGIBLE FIXED ASSETS**

<b>Group and Academy</b>	<b>Leasehold property £</b>	<b>Furniture and fixtures £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2017	13,715,542	151,286	260,807	14,127,635
Additions	37,883	68,932	179,276	286,091
At 31 August 2018	13,753,425	220,218	440,083	14,413,726
<b>Depreciation</b>				
At 1 September 2017	1,240,091	100,513	208,567	1,549,171
Charge for the year	347,943	24,341	48,606	420,890
At 31 August 2018	1,588,034	124,854	257,173	1,970,061
<b>Net book value</b>				
At 31 August 2018	12,165,391	95,364	182,910	12,443,665
At 31 August 2017	12,475,451	50,773	52,240	12,578,464

**13. STOCKS**

	<b>Group</b>		<b>Academy</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Finished goods and goods for resale	3,660	-	3,660	-

**14. DEBTORS**

	<b>Group</b>		<b>Academy</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	5,368	941	5,368	941
VAT Recoverable	9,291	31,272	9,291	31,272
Other debtors	26,986	1,448	-	1,448
Prepayments and accrued income	86,673	117,853	86,673	117,853
	128,318	151,514	101,332	151,514

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**15. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Academy</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>122,892</b>	125,753	<b>122,892</b>	125,753
Amounts owed to The Royal Latin School Fund	-	-	-	608,262
Other taxation and social security	<b>97,387</b>	99,281	<b>97,387</b>	99,281
Other creditors	<b>207,779</b>	258,007	<b>207,779</b>	258,007
Accruals and deferred income	<b>164,138</b>	154,778	<b>164,138</b>	154,775
	<b>592,196</b>	637,819	<b>592,196</b>	1,246,078

	<b>Group</b>		<b>Academy</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Deferred income</b>				
Deferred income at 1 September 2017	<b>121,027</b>	<b>89,220</b>	<b>121,027</b>	<b>89,220</b>
Resources deferred during the year	<b>139,451</b>	<b>121,027</b>	<b>139,451</b>	<b>121,027</b>
Amounts released from previous years	<b>(121,027)</b>	<b>(89,220)</b>	<b>(121,027)</b>	<b>(89,220)</b>
Deferred income at 31 August 2018	<b>139,451</b>	<b>121,027</b>	<b>139,451</b>	<b>121,027</b>

At the balance sheet date the Academy Trust was holding funds received in advance for academy trip income, music tuition and ESFA grants relating to the 2018/19 academic year.

**16. CREDITORS: Amounts falling due after more than one year**

	<b>Group</b>		<b>Academy</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
CIF Loan	<b>50,000</b>	50,000	<b>50,000</b>	50,000

This relates to a CIF loan.

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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/(out) £	Gains £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	325,198	136,748	(77,668)	-	-	384,278
<b>Restricted funds</b>						
General annual grant (GAG)	478,238	5,405,130	(5,240,892)	(246,673)	-	395,803
Other DfE/ESFA grants	16,355	44,305	(54,686)	(5,974)	-	-
Pupil Premium	-	26,525	(26,525)	-	-	-
Local authority income	-	91,190	(91,190)	-	-	-
SCITT	107,996	382,031	(323,550)	-	-	166,477
Miscellaneous restricted	49,467	556,927	(606,394)	-	-	-
Other income	-	47,128	(46,336)	-	-	792
School fund	399,942	178,944	(71,114)	-	-	507,772
Pension reserve	(1,917,000)	-	(249,000)	-	330,000	(1,836,000)
	<u>(865,002)</u>	<u>6,732,180</u>	<u>(6,709,687)</u>	<u>(252,647)</u>	<u>330,000</u>	<u>(765,156)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	4,954,826	-	-	-	-	4,954,826
Other assets	7,146,054	-	(420,889)	192,359	-	6,917,524
Self funded	511,027	-	-	60,288	-	571,315
	<u>12,611,907</u>	<u>-</u>	<u>(420,889)</u>	<u>252,647</u>	<u>-</u>	<u>12,443,665</u>
Total restricted funds	<u>11,746,905</u>	<u>6,732,180</u>	<u>(7,130,576)</u>	<u>-</u>	<u>330,000</u>	<u>11,678,509</u>
Total of funds	<u>12,072,103</u>	<u>6,868,928</u>	<u>(7,208,244)</u>	<u>-</u>	<u>330,000</u>	<u>12,062,787</u>

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

The transfer between the restricted funds and restricted fixed asset funds represents amounts capitalised during the period.

Restricted general funds will be used for educational purposes in line with Academy Trust's objects and its funding agreement with the ESFA.

Restricted fixed assets funds amounting to £12,443,665 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the Academy Trust's facilities.

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

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**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains £	Balance at 31 August 2017 £
<b>General funds</b>						
General Funds - all funds	627,859	72,465	(88,360)	(286,766)	-	325,198
<b>Restricted funds</b>						
General annual grant (GAG)	411,912	5,451,341	(5,385,015)	-	-	478,238
Other DfE/ESFA grants	15,676	88,880	(81,196)	(7,005)	-	16,355
Other government grants	-	10,135	(10,135)	-	-	-
Local authority income	-	15,017	(15,017)	-	-	-
SCITT	42,563	391,583	(326,150)	-	-	107,996
Miscellaneous restricted	218,705	505,370	(587,521)	(87,087)	-	49,467
Other income	5,937	-	(5,937)	-	-	-
School fund	-	148,523	(34,523)	285,942	-	399,942
Pension reserve	(2,250,000)	-	(287,000)	-	620,000	(1,917,000)
	<u>(1,555,207)</u>	<u>6,610,849</u>	<u>(6,732,494)</u>	<u>191,850</u>	<u>620,000</u>	<u>(865,002)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	5,081,623	-	(126,797)	-	-	4,954,826
Other assets	7,080,370	158,000	(187,232)	94,916	-	7,146,054
Self funded	528,678	-	(17,651)	-	-	511,027
	<u>12,690,671</u>	<u>158,000</u>	<u>(331,680)</u>	<u>94,916</u>	<u>-</u>	<u>12,611,907</u>
Total restricted funds	<u>11,135,464</u>	<u>6,768,849</u>	<u>(7,064,174)</u>	<u>286,766</u>	<u>620,000</u>	<u>11,746,905</u>
Total of funds	<u>11,763,323</u>	<u>6,841,314</u>	<u>(7,152,534)</u>	<u>-</u>	<u>620,000</u>	<u>12,072,103</u>

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**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	627,859	209,213	(166,028)	(286,766)	-	384,278
<b>Restricted funds</b>						
General annual grant (GAG)	411,912	10,856,471	(10,625,907)	(246,673)	-	395,803
Other DfE/ESFA grants	15,676	133,185	(135,882)	(12,979)	-	-
Other government grants	-	36,660	(36,660)	-	-	-
Local authority income	-	106,207	(106,207)	-	-	-
SCITT	42,563	773,614	(649,700)	-	-	166,477
Miscellaneous restricted	218,705	1,062,297	(1,193,915)	(87,087)	-	-
Other income	5,937	47,128	(52,273)	-	-	792
School fund	-	327,467	(105,637)	285,942	-	507,772
Pension reserve	(2,250,000)	-	(536,000)	-	950,000	(1,836,000)
	<u>(1,555,207)</u>	<u>13,343,029</u>	<u>(13,442,181)</u>	<u>(60,797)</u>	<u>950,000</u>	<u>(765,156)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	5,081,623	-	(126,797)	-	-	4,954,826
Other assets	7,080,370	158,000	(608,121)	287,275	-	6,917,524
Self funded	528,678	-	(17,651)	60,288	-	571,315
	<u>12,690,671</u>	<u>158,000</u>	<u>(752,569)</u>	<u>347,563</u>	<u>-</u>	<u>12,443,665</u>
	<u>11,135,464</u>	<u>13,501,029</u>	<u>(14,194,750)</u>	<u>286,766</u>	<u>950,000</u>	<u>11,678,509</u>
<b>Total of funds</b>	<u><u>11,763,323</u></u>	<u><u>13,710,242</u></u>	<u><u>(14,360,778)</u></u>	<u><u>-</u></u>	<u><u>950,000</u></u>	<u><u>12,062,787</u></u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,443,665	12,443,665
Current assets	384,278	1,713,040	-	2,097,318
Creditors due within one year	-	(592,196)	-	(592,196)
Creditors due in more than one year	-	(50,000)	-	(50,000)
Pension scheme liability	-	(1,836,000)	-	(1,836,000)
	<u>384,278</u>	<u>(765,156)</u>	<u>12,443,665</u>	<u>12,062,787</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	12,578,464	12,578,464
Current assets	325,198	1,739,814	33,443	2,098,455
Creditors due within one year	-	(637,816)	-	(637,816)
Creditors due in more than one year	-	(50,000)	-	(50,000)
Pension scheme liability	-	(1,917,000)	-	(1,917,000)
	<u>325,198</u>	<u>(865,002)</u>	<u>12,611,907</u>	<u>12,072,103</u>

**19. CAPITAL COMMITMENTS**

At 31 August 2018 the group and Academy Trust had capital commitments as follows:

	<u>Group</u>		<u>Academy trust</u>	
	2018 £	2017 £	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>73,306</u>	<u>-</u>	<u>73,306</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS**

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Buckinghamshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £85,207 were payable to the schemes at 31 August 2018 (2017 - £83,631) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £461,573 (2017 - £459,222).

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**20. PENSION COMMITMENTS (continued)**

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is an unfunded 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**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £272,000 (2017 - £257,000), of which employer's contributions totalled £216,000 (2017 - £200,000) and employees' contributions totalled £56,000 (2017 - £57,000). The agreed contribution rates for future years are 22.8% for employers and between 5.5% and 12.5% for employees.

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:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.65 %</b>	2.60 %
Expected return on scheme assets at 31 August	<b>2.65 %</b>	2.60 %
Rate of increase in salaries	<b>2.00 %</b>	2.00 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.70 %

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

	<b>2018</b>	<b>2017</b>
Retiring today		
Males	<b>24.0</b>	23.9
Females	<b>26.0</b>	26.0
Retiring in 20 years		
Males	<b>26.3</b>	26.2
Females	<b>28.5</b>	28.3

<b>Sensitivity analysis</b>	<b>At 31 August 2018 £</b>	<b>At 31 August 2017 £</b>
Discount rate +0.1%	<b>4,088,000</b>	3,956,000
Discount rate -0.1%	<b>4,274,000</b>	4,136,000
Mortality assumption - 1 year increase	<b>4,320,000</b>	4,174,000
Mortality assumption - 1 year decrease	<b>4,097,000</b>	3,920,000
CPI rate +0.1%	<b>4,190,000</b>	4,061,000
CPI rate -0.1%	<b>4,170,000</b>	4,029,000

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**20. PENSION COMMITMENTS (continued)**

The group's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,230,000	1,189,000
Debt instruments	287,000	277,000
Property	172,000	157,000
Cash and other liquid assets	140,000	73,000
Gilts	277,000	207,000
Other	238,000	225,000
	<u>2,344,000</u>	<u>2,128,000</u>
Total market value of assets	<u>2,344,000</u>	<u>2,128,000</u>

The actual return on scheme assets was £74,000 (2017 - £145,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Interest income	57,000	41,000
Interest cost	(104,000)	(88,000)
Admin expenses	(1,000)	(1,000)
Current service cost	(416,000)	(439,000)
	<u>(464,000)</u>	<u>(487,000)</u>
Total	<u>(464,000)</u>	<u>(487,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	4,045,000	3,989,000
Interest cost	104,000	88,000
Employee contributions	56,000	57,000
Actuarial gains	(313,000)	(516,000)
Benefits paid	(128,000)	(12,000)
Current service cost	416,000	439,000
	<u>4,180,000</u>	<u>4,045,000</u>
Closing defined benefit obligation	<u>4,180,000</u>	<u>4,045,000</u>

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**20. PENSION COMMITMENTS (continued)**

Movements in the fair value of the group's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	2,128,000	1,739,000
Interest income	57,000	41,000
Actuarial losses	17,000	104,000
Employer contributions	216,000	200,000
Employee contributions	56,000	57,000
Benefits paid	(128,000)	(12,000)
Administration expenses	(2,000)	(1,000)
	<u>2,344,000</u>	<u>2,128,000</u>
Closing fair value of scheme assets	<u>2,344,000</u>	<u>2,128,000</u>

**21. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Group and Academy</b>		
<b>Amounts payable:</b>		
Within 1 year	11,298	9,715
Between 1 and 5 years	11,276	17,359
	<u>22,574</u>	<u>27,074</u>
Total	<u>22,574</u>	<u>27,074</u>

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**22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2018</b>	<b>Group</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Net expenditure for the year (as per Statement of Financial Activities)	<b>(339,316)</b>	(311,220)
<b>Adjustment for:</b>		
Depreciation charges	<b>420,890</b>	331,680
Dividends, interest and rents from investments	<b>(2,173)</b>	(10,626)
Increase in stocks	<b>(3,660)</b>	-
Decrease in debtors	<b>22,688</b>	653,804
(Decrease)/increase in creditors	<b>(45,115)</b>	81,255
Capital grants from DfE and other capital income	<b>(128,224)</b>	(158,000)
Defined benefit pension scheme cost less contributions payable	<b>200,000</b>	239,000
Defined benefit pension scheme finance cost	<b>49,000</b>	48,000
<b>Net cash provided by operating activities</b>	<b>174,090</b>	873,893

**23. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2018</b>	<b>Group</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Cash in hand	<b>1,965,340</b>	1,946,944
Total	<b>1,965,340</b>	1,946,944

**24. 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.

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**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

Mr D Hudson, Headteacher and governor of The Royal Latin School, is also a director of The Buckinghamshire Grammar Schools. During the year, the Academy has made purchases of £27,138 (2017 - £26,428) from The Buckinghamshire Grammar Schools. There were no amounts outstanding at 31 August 2018 (2017 - £Nil). Buckinghamshire Grammar Schools provided all services to the Academy Trust at no more than cost price. In entering into the transaction the Academy Trust has complied with the requirements of ESFA's Academies Financial Handbook.

**26. AGENCY ARRANGEMENTS**

The Academy Trust distributes the SCITT bursary fund to students as an agent for NCTL. In the accounting period ending 31 August 2018 the Trust received £382,031 (2017 - £359,814) and disbursed £345,870 (2017 - £323,884) from the fund. An amount of £39,731 (2017 - £35,931) is included in other creditors relating to distributed funds that are repayable to the NCTL.

The Academy Trust distributes the 16-19 bursary to sixth form students. In the accounting period ended 31 August 2018 the trust received £15,970 and distributed £13,124 from the fund. An amount of £10,357 (2017 - £7,511) is included in other creditors relating to these funds.

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**27. TEACHING SCHOOL TRADING ACCOUNT**

	2018 £	2018 £	2017 £	2017 £
<b>INCOME</b>				
<b>DIRECT INCOME</b>				
Other income	382,031		391,583	
<b>TOTAL INCOME</b>		382,031		391,583
<b>EXPENDITURE</b>				
<b>DIRECT EXPENDITURE</b>				
Direct staff costs	166,468		130,108	
Other direct costs	157,082		196,042	
<b>TOTAL DIRECT EXPENDITURE</b>	323,550		326,150	
<b>TOTAL EXPENDITURE</b>		323,550		326,150
<b>SURPLUS FROM ALL SOURCES</b>		58,481		65,433
<b>TEACHING SCHOOL BALANCES AT         1 SEPTEMBER 2017</b>		107,996		42,563
<b>TEACHING SCHOOL BALANCES AT         31 AUGUST 2018</b>		166,477		107,996