



Located Property Limited

Annual report and accounts
for the year ended 31 March 2018

Company Number 10385637

Located Property Limited

Annual report and accounts

For the year ended 31 March 2018

A non-departmental public body

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Resources and Accounts Act 2000

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CONTENTS

Strategic Report.....	1
Directors' Report.....	7
Statement of the Directors' and Accounting Officer's Responsibilities.....	13
Governance Statement.....	15
Remuneration and Staff Report.....	22
Financial Statements.....	32

1. Strategic Report

Chief Executive's perspective on performance

The 2017-18 financial period has been Located Property Limited's (LocatED) first full year of operation. In this time the specialist property team has hit the ground running to help fulfil the Government's commitment to an ambitious free schools programme that meets demand for school places and delivers choice, innovation and higher standards for children.

LocatED is commissioned by the Secretary of State for Education to support the Department for Education (the Department) to secure sites and buildings for new schools across England, more quickly and at better value.

Throughout the year, LocatED's experienced property professionals have worked closely with landowners, agents and developers – making great strides to overcome some of the challenges of securing sites and land to meet the pace of demand for school places, whilst ensuring the best market price is achieved.

I am proud to say that in 2017-18 LocatED acquired 55 sites for new free schools; this equates to 21,762 new school places. The Board and I consider this a significant achievement in LocatED's first year as a start-up in a highly competitive property market.

In addition to its acquisitions programme, LocatED took over a portfolio of 90 properties held by the Education and Skills Funding Agency (ESFA) for free schools, but not yet in use. The in-house expert Asset Management team has proactively managed the portfolio to identify properties for enhanced value, income generation opportunities and redevelopment. This has resulted in £2.9m of efficiencies made on ESFA portfolio costs in its first year; a substantial saving to the taxpayer and the equivalent of 45% of LocatED's total running costs.

LocatED has also seen a steady increase in advice commissions throughout the year, to provide advice on property and site issues to the Department and other bodies involved in education. It has delivered professional advisory services on 47 sites in the period. The team has also disposed of two out of four units on one site that were no longer needed, and continues to manage several other disposals in the 2018-19 financial year.

Looking to the year ahead, LocatED will continue to use its property expertise to develop and innovate across all work-streams. Its primary focus will remain to work closely with the Department to deliver the 73 site acquisition commissions that it entered the 2018-19 period with, and on the pipeline of additional commissions that will come from wave 13 of the Free Schools Programme. I am confident that with LocatED entering into a new stage of maturity as a company in 2018-19, the team's capacity,

expertise and drive will continue to grow and enable the successful delivery of its 2018-19 Key Performance Indicators (KPIs). LocatED will continue to be a key partner in the Free Schools programme, sharing responsibility for delivery and adding value to the Department.

Statement of purpose and activities

LocatED has a Framework Document that has been agreed with the Department and sets out the broad framework within which LocatED operates. Each year the Department will set out the priorities for LocatED including:

- scope of work that the Department requires LocatED to carry out under each of these priorities; and
- the Department's commissioning expectations.

All of this is set out in an Annual Letter from the Minister, who is responsible for LocatED to the Chair of LocatED's Board, setting out the objectives, funding and performance required each year. As in 2017-18 and 2018-19, LocatED will be specifically responsible for its overall aims, which are set out in its Framework Document:

- Securing sites for free schools at the best market price ('Securing Sites');
- Managing sites held for free schools ('Managing Sites');
- Providing advice to the Department and other bodies involved in education provision on property and site issues ('Advice'); and
- Entering into more complex mixed-use developments in support of the delivery of new schools ('Mixed Use').

Founding legislation and status of LocatED, its duties and powers

LocatED is established by incorporation under the Companies Act 2006 and is registered in England and Wales. It is a company limited by shares and is wholly owned by the Secretary of State for Education (the Secretary of State), for whom it is remitted to undertake work. LocatED is funded from the public purse by grant-in-aid from the Department and is a non-departmental public body (NDPB).

LocatED's Chair and non-executive directors are appointed by the Secretary of State. LocatED's duties and powers are specified in its Articles of Association (the Articles) and other governance documents, in particular the Framework Document entered into by the Department and LocatED.

The Department will be responsible for decisions relating to LocatED's funding and control in relation to the provision of its services. LocatED's priorities and performance measures are set in light of the Secretary of State's powers to acquire land and invest

in education.

LocatED must maintain proper accounts and prepare a set of annual accounts. The directors are required to comply with duties concerning annual accounts under the Companies Act 2006.

Classification

LocatED has been classified to the central government sector. In practice this means that the annual accounts of LocatED are consolidated into the Department's accounts.

For policy/administrative purposes LocatED is classified as an NDPB.

Performance analysis

In 2017-18 LocatED had Key Performance Indicators relating to:

Timely delivery of sites – LocatED's average time to acquire a site was 8.2 less than the target 10 months.

The cost of the site – LocatED performed very well in relation to previous site acquisition costs; however, it did not achieve the extremely ambitious historic cost per pupil target that also includes construction costs.

Stakeholder engagement – LocatED slightly missed its composite score for engagement, the target being 80%.

Forward look

In 2018-19 LocatED will expand its work and expects to achieve the following on behalf of the Department:

- Secure over 65 sites for Free Schools;
- Manage over 80 sites held for Free Schools. The overwhelming majority are sites purchased for free schools and held prior to handover over to free school trusts or developers;
- Provide advice to the Department and other bodies involved in education;
- Enter into more complex, mixed-use developments in support of the efficient delivery of new schools; and
- Dispose of sites that are no longer required by the Department.

Programme assurance

In 2017-18 as Accounting Officer I had responsibility for maintaining a sound system of governance, internal control and risk management to support the achievement of LocatED's policies, aims and objectives, whilst safeguarding public funds and

departmental assets. This is in accordance with the responsibilities in HM Treasury's *Corporate governance in central government departments: code of good practice*.

Principal risks

These are described in the Governance Statement.

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (the Ombudsman) can investigate complaints against the administrative actions of a wide range of government departments and other public bodies; or the actions of organisations acting on their behalf.

In 2017-18 no complaints relating to LocatED were received or accepted by the Ombudsman for investigation.

Corporate Social Responsibility (CSR) including the environment

LocatED delivers high-quality services, through its skilled and effective people in an environment of continuous improvement, to support educational institutions to deliver the best services for children and young people.

LocatED's three-year CSR strategy was written in 2016-17; in 2017-18 the following progress has been made:

Community

To meet its responsibility to its clients, suppliers, neighbours and to the wider communities it serves, LocatED has undertaken the following ongoing initiatives:

- Raising money for charity and distributing funds and non-financial support, in consultation with the team, to complementary areas linked to its work and other good causes in education;
- Granting each member of the LocatED team one day per year for volunteering work.

In 2018-19 LocatED will:

- Build enduring relationships with partners in order to support the people we want to help;
- Set-up a Young Persons' Programme, in partnership with an education and skills focussed charity, to provide internships and work experience at LocatED for the young people that the charity supports;
- Introduce 'guardian' schemes in appropriate vacant properties in LocatED's asset management portfolio during their holding periods, to make affordable living space available to the rental market.

People

LocatED has and will continue to prioritise the wellbeing of LocatED employees by:

- Providing a supportive, safe and vibrant environment to work in;
- Promoting equality of opportunity and real diversity;
- Offering a fair and competitive total value proposition;
- Enabling clear paths of personal and professional growth;
- Providing opportunity to make an impact and see that impact; and
- Encouraging a happy work/life balance and a true meritocracy.

Environment

LocatED has reduced its impact on the environment by cutting waste through office-based initiatives such as:

- Recycling material waste and cutting material usage;
- Energy-efficient premises;
- Sustainable travel plans and use of intelligent IT to limit travel;
- Electricity/energy-saving practices;
- Educating staff and promoting environmental initiatives in the workplace.

Through the management of the Secretary of State's asset portfolio of school sites, LocatED has also been committed to:

- The de-energisation of sites where there is no immediate requirement for sites to be 'active';
- Achieving a 100% statutory compliant estate;
- Pro-actively managing third-party suppliers, agents and partners to ensure adherence to agreed service levels and environmental policy.

Now that LocatED has completed its first operational year we will seek to benchmark the carbon impact of the asset portfolio. The team is committed to using this insight to identify and implement enhanced strategies and initiatives that will drive efficiencies and lessen the environmental impact by March 2020.

Health and safety

In April 2017, LocatED's Board endorsed LocatED's Health and Safety Policy. LocatED's business model and activities continue to evolve and a specialist health and safety consultant was appointed to review LocatED's current activities and update and roll out revised health and safety policies and procedures accordingly.

The report was approved by the Board and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

2. Directors' Report

Principal activities of the company over the course of the year

LocatED was incorporated on 20 September 2016. It is registered in England and Wales and it is a property company launched to improve the capacity and capability available to the Department to acquire and manage sites to deliver Free Schools.

The company does not enter into any research or development activities.

The Directors of LocatED

The current directors and Board members of LocatED are:



Lara Newman MBE
Chief Executive



Michael Strong
Board Chairman



Caroline Tolhurst
Non-executive Board Member



Jayne MacLennan
Non-executive Board Member



Julian Rudd-Jones
Non-executive Board Member



Phil Ellis
Non-executive Board Member



Alyson Gerner
Finance Director



Michael Wu
Legal Counsel

Directors of the Board	Appointment to the Board	Resignation from the Board
Lara Newman	16 March 2017	n/a
Michael Wu	22 February 2017	n/a
Alyson Gerner	22 February 2017	n/a
Michael Strong	3 February 2017	n/a
Caroline Tolhurst	3 February 2017	n/a
Jayne MacLennan	3 February 2017	n/a
Phil Ellis	3 February 2017	n/a
Julian Rudd-Jones	3 February 2017	n/a

Business review

A review of LocatED's performance is included in the Strategic Report along with details of the KPIs that applied from 1 April 2017 to 31 March 2018.

Future developments of the business

This is included in the Forward Look section of the Strategic Report.

Directors' conflicts

The Companies Act 2006 provides that directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with a company's interests. Any interests must be brought to the attention of the Board and then dealt with in accordance with the Board's conflict of interest policy. A register of directors' interests is maintained and made available for inspection at all Board meetings where Board decisions are made.

Directors' indemnity

DfE rather than LocatED provides the Non-Executive Directors (NEDs) and Executive Directors with third party liability cover (subject to terms and conditions) through the NED letters of appointment and Risk Protection Arrangements for LocatED.

Directors' remuneration

The directors' remuneration is shown in the Remuneration and Staff Report.

Public sector information

LocatED is a holder of public information but does not charge for any data it provides.

Political and charitable donations

No political or charitable donations were made during the year ended 31 March 2018 (2016-17: £nil).

Financial risk, market risk, liquidity risk and cash flow risk

There was no significant credit risk to LocatED during 2017-18. LocatED does not own the property that is acquired so there is no market risk. Regarding liquidity and cash flow, cash will be provided to meet LocatED's cash needs and the Department has provided LocatED with a Keep Well agreement, the details of which are in the 'Going Concern' paragraph within this report.

Principal risks facing LocatED

These are described in the Governance Statement.

Dividends

The company has not paid any dividends during the period and no dividends are proposed by the directors.

Share capital

The company issued one £1 Ordinary share for a consideration of £1 on the 20 September 2016. The sole shareholder is the Secretary of State for Education. Following the issue of the share, the issued share capital of the company is £1.

Governance, internal controls and risk management

The Board accepts and acknowledges that it is both accountable and responsible for ensuring that the company has in place appropriate and effective systems, procedures, policies and processes for internal controls.

The Board believes that there have been appropriate internal controls and risk management in place throughout the period to 31 March 2018.

A full report on governance and risk management can be found in the Governance Statement.

Equality and diversity

LocatED is committed to the principle of equal opportunities in employment and is opposed to any form of less favourable treatment or financial reward through direct or indirect discrimination, harassment, victimisation to employees or job applicants on the grounds of race, religious beliefs, political opinions, colour, ethnic origin, nationality, marital or parental status, gender, age, sexual orientation or disability.

LocatED is committed to the promotion and implementation of a culture of diversity, both internally and externally, and expects its staff to accept the duty it imposes upon itself not to discriminate, either in employment practices or in the provision of facilities and services, by reference to race, colour, ethnic or national origin, religion, creed, gender, sexual orientation, disability, appearance, age or marital status.

Social and community issues

These are described in the Strategic Report, Corporate and Social Responsibility section.

Pension

All employees have access to a pension scheme, which is described in the Remuneration and Staff Report.

Report on personal information breaches

All NDPBs are required to report personal data-related incidents that have occurred during the financial year in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data-related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is

data that a department, or its delivery partner, agrees the release or loss of which could cause harm or distress to individuals:

- Information that links one or more identifiable living person with information about them, the release of which would put the person or persons at significant risk of harm or distress;
- Any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

LocatED had no protected personal data-related incidents that we judged significant enough to report formally to the Information Commissioner's Office in 2017-18 and we had no protected personal data-related incidents reported in 2017-18 that did not fall within the criteria for reporting to the Information Commissioner's Office, but that were significant enough for the Department for Education to record centrally.

Financial commentary

In the year to 31 March 2018 was LocatED's first full year of operation so it is not possible to make financial comparisons with the previous period.

All of LocatED's actual expenditure was funded from grant-in-aid from the Department for Education. The Department does not provide cash to LocatED to cover outstanding liabilities however the Department will provide cash to cover these when they are paid. This amount is currently shown as the balance in the Statement of Changes in Taxpayers' Equity.

In the year to the 31 March 2018 LocatED was given a budget to cover its operating costs that was in line with the costs anticipated in the original business case. LocatED's operating costs were £5million which was significantly less than anticipated.

In addition the Department gave LocatED £3.2million of funding to cover project related pre-acquisition costs for sites, these were costs previously incurred by the ESFA.

LocatED acquired 55 sites in the year and managed 90 properties held for free schools but not yet in use, however it did this on behalf of the ESFA and so all costs were paid directly by the ESFA.

In 2018-19 LocatED will continue to get all of its funding from grant-in-aid provided by the Department.

Relationships essential to the business of the company

LocatED's operating model uses a range of shared services provided by the Department: Financial Accounting, Financial Management, Payments and Treasury Management, Information Technology and Property Management Services (in relation

to LocatED's office premises). These arrangements have been in place since November 2016.

Auditor and remuneration paid to auditor for non-audit work

LocatED has appointed the Comptroller and Auditor General as its external auditor. The National Audit Office carries out the audit for and on behalf of the Comptroller and Auditor General. The remuneration paid to its external auditor for work during this financial year was £35,000. No non-audit work was undertaken by the auditors.

Parliamentary accountability disclosures

There were no losses or special payments, including severance payments, there were no gifts made and there were no fees or charges made that required notification to Parliament.

Events after the reporting period

These are described in the notes to the accounts.

Company registration

LocatED is a company registered in England and Wales. Its registered address is 6th Floor, Roxburghe House, 273-287 Regent Street, London, W1B 2HA.

Going concern

These accounts have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The directors have reviewed the forward plans of the Department. Funding from the Department, taking into account the amount required to meet LocatED's liabilities falling due in the year, has already been included in the Department's Estimate for the year. Parliament has approved the Estimate and there is no reason to believe that the Department's sponsorship and future Parliamentary approval will not be forthcoming.

In addition, the Department has provided LocatED with a Keep Well agreement signed on behalf of the Secretary of State. This guarantees that if LocatED at any time determines that it will not have available to it sufficient cash or other liquid assets to meet its payment obligations in connection with its business activity, then it will promptly notify the Secretary of State (via the Department's Accounting Officer) of the shortfall and the Secretary of State will make available to LocatED, as soon as is reasonably practicable, funds sufficient to enable it to meet such payment obligations in full. LocatED will use the funds made available to it by the Secretary of State solely for the discharge when due of such payment obligations. The funds will be provided to LocatED in the form of a Grant-in-Aid.

The directors therefore consider that it is appropriate for the accounts to be prepared on a going concern basis.

Directors' declaration

The directors who held office at the date of approval of this Directors' Report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

3. Statement of the Directors and the Accounting Officer's Responsibilities

The directors and the Accounting Officer are responsible for preparing the Annual Report and Accounts in accordance with the applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing the accounts, LocatED is required to comply with the requirements of the Companies Act 2006 and the Financial Reporting Manual (FReM) and in particular to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors and Accounting Officer are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

The Accounting Officer for the Department designated Lara Newman as Accounting Officer of LocatED in May 2017. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding LocatED's assets as set out in *Managing Public Money* published by HM Treasury.

Each of the current directors and the Accounting Officer confirms that, to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position of the company; and
- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of its risks and uncertainties.

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the directors and Accounting Officer are satisfied that the annual report and accounts, taken as a whole, are fair, balanced and understandable.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

4. Governance Statement

The purpose of the Governance Statement

The statement explains how the Chief Executive and directors of LocatED have put in place arrangements for good corporate governance and reviews of the effectiveness of these arrangements to ensure compliance with HM Treasury's *Corporate governance in central government departments: code of good practice*, where relevant to LocatED.

Scope of responsibility

LocatED is an NDPB established to assist the Department in implementing its policies and achieving its aims and objectives in relation to Free Schools. This is further explained in the Strategic Report.

Regarding recruitment, LocatED was given delegated authority to offer appointments at the numbers and salary ranges set out in the staff and pay framework that was agreed by HM Treasury (HMT) except where the potential remuneration was in excess of £100,000, in which case the approval of the Department was also required. The Secretary of State approved all pay awards including bonus payments.

A system of internal control has been in place to govern spending in LocatED for the financial period ending 31 March 2018 and up to the date of approval of the Annual Report and Accounts.

The organisation's governance framework

As sole shareholder, the Secretary of State resolved to adopt the Articles on the 4 January 2017; these were subsequently approved by the LocatED Board on the 22 February 2017 subject to amendment. The Secretary of State subsequently adopted the amended Articles on 7 March 2017.

LocatED's other governance documents consist of:

- The Framework Document dated 26 April 2017, which sets out the broad corporate framework within which LocatED must operate. It sets out the roles and responsibilities of the Board, Chair and the Accounting Officer as well as LocatED's objectives. This document is underpinned by *Managing Public Money* and other government-wide corporate governance requirements and recommendations;
- The annual letter, dated 19 April 2017, which is referenced in the Framework Document. This sets out LocatED's detailed objectives, its funding for this financial year and KPIs against which it will be judged;
- The letter dated 8 May 2017 from the Department's Accounting Officer appointing the Chief Executive as Accounting Officer;

- The letter dated 8 May 2017 from the ESFA Chief Executive confirming LocatED's budget allocation for the financial year 2017-18;
- The Keep Well agreement between the Secretary of State and LocatED, pursuant to which the Secretary of State guarantees certain liabilities and obligations required to support LocatED as a going concern.

The Board and committees

The Board

As at 1 April 2017 the Board consisted of the Chair, four other non-executive directors, the Chief Executive and two executive directors. A Secretary of State Representative is invited to attend the Board, Audit and Remuneration Committee meetings and receives all the relevant papers. The Board currently meets on a monthly basis for 10 out of 12 months and each member, as well as the Secretary of State representative, is provided in advance with all the relevant information relating to the matters to be discussed.

Function – Establishing and taking forward the strategic aims and objectives of LocatED consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State. It provides leadership, strategic direction and specialist expertise as well as independent scrutiny to ensure that effective arrangements are in place for assurance on risk management, governance and internal controls. It provides independent perspective and assurance on capability, and independent support, guidance and challenge on the progress and implementation of the business plan. It scrutinises the performance of the organisation in meeting agreed goals and objectives and monitors the reporting of performance, including financial targets.

The Board met 10 times in 2017-18.

Member	Role	Meetings attended
Mike Strong	Chair and Non-Executive Director	10
Caroline Tolhurst	Non-Executive Director	10
Jayne Maclennan	Non-Executive Director	9
Phil Ellis	Non-Executive Director	10
Julian Rudd-Jones	Non-Executive Director	7
Lara Newman	Chief Executive Officer	9
Alyson Gerner	Finance Director, Executive Director	9

Member	Role	Meetings attended
Michael Wu	Legal Counsel and Company Secretary, Executive Director	10
Shareholder Representative	CEO of Education & Skills Funding Agency to 18 September, thereafter COO of Education & Skills Funding Agency or its representative	10

The Board's annual review of its own processes and practices

In November 2017 the Board and the Audit Committee carried out a review of their effectiveness through a self-assessment questionnaire. The self-assessment questionnaire was produced by the National Audit Office with HM Treasury's corporate governance in central government departments in mind, so was used to provide assurance that the Chief Executive and the directors were complying with the code where relevant to an arm's length body. This was followed up by a Board Strategy day in December, where the Board reflected on the organisation's achievements and its own effectiveness.

On 11 April 2018 the Board confirmed that in 2017-18 the Board and committees had received papers in advance and in a format that provides them with the information that they require.

The Shareholder Representative attends the Board and gives a summary of any new developments within the Department or the ESFA.

Ongoing training is provided to the Board members relating to their obligations as directors. They have received training from external lawyers and a presentation on corporate governance from the Department's Corporate Governance team.

Highlights of the Board and committee reports

During 2017-18 the Board met 10 times and took forward the strategic aims and objectives of LocatED whilst ensuring effective arrangements are in place to provide assurance on risk management and governance. The Board approved policies regarding data protection, health and safety, anti-bribery, anti-slavery and a corporate risk management strategy. It received training in respect of its legal responsibilities and corporate governance in the public sector. Over 50 acquisitions were exchanged over the year, all of which were assessed and approved by the Investment Committee.

The work of the Board is supported by three Board committees:

Audit Committee (AC)

During 2017-18 the Audit Committee approved the Government Internal Audit Agency (GIAA) internal audit plan, the GIAA charter and the Risk Management Strategy.

Function – To advise the Board and provide assurance on processes for risk, controls, anti-fraud policies, whistleblowing arrangements, special investigations and governance, including the Governance Statement and the rest of the Annual Report and Accounts of LocatED. To review planned activity and results from both internal and external audits and management reports. The AC Terms of Reference were adopted by the Board on 22 February 2017.

During 2017-18 the Audit Committee met 3 times. The membership and their attendance is listed below:

Members	Meetings attended
Caroline Tolhurst (Chair)	3
Jayne Maclennan	3
Phil Ellis	3

Other attendees by invitation are: LocatED Chief Executive, LocatED Finance Director, representatives from the NAO, representatives from GIAA and the Shareholder's Representative.

Investment Committee (IC)

Function – To approve all transactions based on agreed investment criteria. IC Terms of Reference were adopted by the Board on 22 February 2017 and revised at the Board meeting on 26 April 2017.

During 2017-18 the Investment Committee met 21 times. The membership and their attendance is listed below:

Members	Meetings attended
Julian Rudd-Jones (Chair)	21
Lara Newman	16
Phil Ellis	21

Other attendees by invitation are: LocatED Finance Director, Legal Counsel, Acquisitions Director, and Associate Director – Technical and Planning.

Remuneration Committee (RC)

Function – Operation of the pay framework outlined in the Framework Document, ensuring that the remuneration arrangements support strategic aims and enable the recruitment, motivation and retention of staff. The RC Terms of Reference were adopted by the Board on 22 February 2017.

During 2017-18 the Remuneration Committee met twice. The membership and their attendance is listed below:

Members	Meetings attended
Michael Strong (Chair)	2
Jayne Maclennan	2
Caroline Tolhurst	2

Other attendees by invitation are: LocatED Chief Executive, Stakeholder's Representative, LocatED Chief People Officer.

Risk management

Key issues and risks facing the entity

The principal risks facing LocatED as it works as a key delivery partner in the Free Schools programme are managing the challenges of securing sites and ensuring projects offer good value for money. High demand for land across England means that securing sites for schools where they are needed and at an appropriate cost will be challenging. However, the establishment of LocatED is seen as a way to mitigate this risk as it increases the Department's property expertise. It has recruited more commercially experienced staff who are based geographically, are better engaged with the wider market and are experts in planning, construction, site acquisition and valuations; providing the capacity and capability to secure sites through a wider range of commercial options.

In 2016-17 LocatED developed a risk management strategy that was agreed by LocatED's Audit Committee in March 2017 and has now been implemented. Risks detailed in the risk register are monitored monthly by LocatED's Operational Management Team, LocatED's Board and by the Audit Committee each time it meets.

The Board and Audit Committee have risk management as a focus and scrutinise strategic risks, their countermeasures and contingencies and provide advice and challenge to ensure LocatED is effectively managing the risks. The Board also considers any risks to LocatED's sponsorship team in the ESFA. There is also a joint risk register between LocatED and the ESFA and this is reviewed monthly at the LocatED Governance and Sponsorship meeting and quarterly at LocatED's Strategic Quarterly Performance Review.

Risks relating to acquisitions are detailed in the reports prepared for the Investment Committee and are used to inform decision-making.

LocatED has designed a robust system of governance, internal control and risk management to manage risk to an appropriate level rather than eliminate all risk of

failure to achieve policies, aims and objectives. Therefore, it can only provide reasonable and not absolute assurances of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of LocatED's delivery aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- take reasonable steps to manage them efficiently, effectively and economically.

Sources of assurance

GIAA was appointed to provide LocatED with Internal Audit services from 1 April 2017. GIAA focuses on risk and prepares a risk-based audit plan. GIAA carried out four audits in 2017-18 on: Governance and Risk; Core Financials; Performance Management and Culture; Procurement and Site Acquisitions.

In each case, the opinion given was Moderate, which indicates that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

The GIAA's Head of Internal Audit has provided me with her annual report, which incorporates her opinion on LocatED's system of governance, risk management and internal control. Her opinion has been informed by the internal audit work completed during the year, in line with the internal audit plan agreed by management and the Audit Committee. Of the four possible opinion ratings, the overall opinion rating given was Moderate. GIAA concluded that since 100% of overall assurance provided in 2017-18 was rated as Moderate, this indicated a relatively stable assurance position across the organisation. LocatED has accepted this assessment and has either implemented or is working to implement the suggested improvements.

Countering fraud, error and debt

In the period to 31 March 2018 no fraud was detected in relation to LocatED's transactions.

Knowledge, information assurance and protective security

LocatED has established and implemented an information asset process consistent with Department requirements and has established its own data protection policy with Board approval. It has also taken significant steps to ensure compliance with the General Data Protection Regulations (GDPR), strengthening its data protection policy, delivering training to staff, appointing a Data Protection Officer and preparing the necessary documents and agreements intended to ensure GDPR compliance.

LocatED still operates on the same technology platform as the Department and LocatED's Accounting Officer remains the Senior Information Responsible Owner (SIRO).

Conclusion

In the period to 31 March 2018 LocatED had developed a sound system of governance, risk management and internal control.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

5. Remuneration and Staff Report

Chief Executive and Board members' remuneration policy

The Chief Executive and all staff are paid in accordance with the Framework Document provided by the Department and agreed with HMT that sets out the pay ranges and benefits for all members of staff. LocatED manages performance and non-consolidated performance awards for staff in accordance with the Framework Document.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving statutory compensation payments.

Remuneration (salary, bonuses and pensions) of directors of LocatED

The single total figure for each director is subject to audit.

Director	Salary 2017-18 £'000	Bonus Payments 2017-18 £'000	Pension Benefits 2017-18 £'000	Total 2017-18 £'000	Salary 2016-17 £'000	Bonus Payments 2016-17 £'000	Pension Benefits 2016-17 £'000	Total 2016-17 £'000
Lara Newman Chief Executive	185 - 190	20 - 25	11	225 - 230	15 - 20 (185 – 190 per annum)	-	1	15 - 20
Michael Wu Legal Counsel	85 - 90	5 - 10	33	130 - 135	10 - 15 (80 - 85 per annum)	-	4	15 - 20
Alyson Gerner Finance Director	95 - 100	5 - 10	7	105 - 110	15 - 20 (90 -95 per annum)	-	4	15 - 20
Mike Strong Chair and Non- Executive Director	20 - 25	-	-	20 - 25	5 - 10 (20 -25 per annum)	-	-	5 - 10
Caroline Tolhurst Non-Executive Director	10 -15	-	-	10 -15	0 – 5 (10 - 15 per annum)	-	-	0 - 5
Jayne MacLennan Non-Executive Director	10 -15	-	-	10 - 15	0 – 5 (10 - 15 per annum)	-	-	0 - 5

Director	Salary	Bonus Payments	Pension Benefits	Total	Salary	Bonus Payments	Pension Benefits	Total
	2017-18	2017-18	2017-18	2017-18	2016-17	2016-17	2016-17	2016-17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Phil Ellis Non-Executive Director	10 -15	-	-	10 -15	0 – 5 (10 - 15 per annum)	-	-	0 - 5
Julian Rudd- Jones Non-Executive Director	10 -15	-	-	10 -15	0 – 5 (10 - 15 per annum)	-	-	0 - 5
Michael Green (from 20 Sep 2016 to 21 Feb 2017)	-	-	-	-	-	-	-	-

Notes:

Alyson Gerner and Michael Wu are on secondment from the ESFA. £151k was paid to the ESFA in respect of directors' services of Michael Wu and £180k was paid to the ESFA in respect of directors' services of Alyson Gerner. These figures include salary, pension, employer social security costs and VAT.

The non-executive directors are not entitled to be part of LocatED's pension scheme or receive payments under the Performance Related Pay scheme.

- 'Salary' includes gross salary; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by LocatED and thus recorded in the accounts.

Michael Green did not receive any remuneration for his work as a Director of LocatED as he was a full-time ESFA employee.

Fair pay disclosure

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The Hutton fair pay disclosure for LocatED is as follows:

This section of the Remuneration Report is subject to audit.

Remuneration	2017-18	2016-17
Band of highest paid Director's remuneration	£210,000 - £215,000	£185,000 - £190,000

Remuneration	2017-18	2016-17
Median	£65,780	£65,000
Range (£)	£24,629 - £214,700	£25,500 - £190,000
Remuneration ratio from highest salary to median	3.23	2.92

In 2017-18, no employees received remuneration in excess of the highest-paid director. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits

This section of the Remuneration and Staff Report is subject to audit

	Accrued pension and related lump sum at pension age as at 31 March 2018	Real increase in pension and related lump sum at pension age	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV	Employer contribution to pension account
	£000	£000	£000	£000	£000	£000
Alyson Gerner	35 - 40 plus a lump sum of 110 - 115	0 - 2.5 plus a lump sum of 0	741	694	-	
Michael Wu	15 - 20	0 - 2.5	236	208	17	
Lara Newman	20 - 25	-	-	-	-	11

The Chief Executive, Lara Newman is part of a defined contribution workplace pensions scheme through the National Employment Savings Trust (NEST). Alyson Gerner and Michael Wu are members of the defined benefit Civil Service Pension Scheme.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another

pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the principal pension scheme and also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. Cash equivalent transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Average staff numbers and staff costs

The details of the staff costs are included in the Financial Statements, Note 2.

This section of the remuneration report is subject to audit.

Category of staff	Average headcount in the period to 31 March 2018	Headcount as of 31 March 2018	Average headcount in the period to 31 March 2017
Permanent	45.9	50	25
Contractors/Agency	0.42	0	3.5
Secondees	2	2	2
Total	48.32	52	30.5

Bonuses

LocatED awards performance-related pay as part of the performance management process. LocatED sees effective performance management as key to driving up individual and organisational performance and providing greater value for money to deliver high-quality public services. LocatED has a performance management process that is agreed with the Remuneration Committee and is in line with the Framework Document. The performance-related pay amounts reported relate to performance in 2017-18.

Sickness absence

During the period, we lost 44 days (0 in the period to 31 March 2017) to sickness absence.

Compensation payments to past directors and payments for loss of office

No compensation payments or payments for loss of office have been made to past directors of LocatED.

Trade Union Facility Time

No-one in LocatED has taken any Trade Union Facility Time.

People management

Our staff are classified as being public sector and are employed on terms and conditions agreed by HM Treasury. Recruitment of staff is within the parameters provided in the Framework Document.

At the end of March 2018 our staff headcount figures, for permanent (UK) staff with an employment contract (including 2 people who are seconded to LocatED but on permanent contracts with the ESFA), were as follows:

Title	Male	Female	Total
CEO		1	1
Director/Head of Department	3	3	6
Associate Director	3	1	4
Senior Manager	8		8
Manager	12	5	17
Land and Development Support		1	1
Corporate Support	2	1	3
EA, PA & Assistant		5	5
Graduate	7		7
Total	35	17	52

Expenditure on consultancy/contractors

During 2017-18 we employed 1 professionally qualified contractor on a short-term contract. It is the responsibility of the hiring managers to ensure that all contractors comply with their tax obligation. The Crown Commercial Service framework agreements for contingent workers that LocatED drew upon for this appointment include provision for workers supplied by this company to meet their obligations.

Off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Employees published by the Chief Secretary to the Treasury on 23 March 2012, Departments were directed to publish information pertaining to the number of off-payroll engagements, at a cost of over £58,200, that were in place on, or after, 31 January 2012 and any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility between 1 April 2017 and 31 March 2018.

There were no arrangements that existed as of 31 March 2018 for more than £220 per day and that lasted longer than 6 months.

There were no new off-payroll engagements or those that reached six months in duration between 1 April 2017 and 31 March 2018 for more than £220 per day that lasted for longer than 6 months.

There were no off-payroll engagements of Board members, and/or senior officials with significant financial responsibility in the period to 31 March 2018.

Staff exit packages

There were no staff exit packages in 2017-18 and in the period to 31 March 2017.

Pension schemes

LocatED offers a pension scheme for its employees through the National Employment Savings Trust (NEST), a defined contribution workplace pensions scheme in the United Kingdom. Employee contributions are salary-related and range between 1% and 6% of earnings. The employer matches that contribution up to a total of 6% of basic pay.

For 2017-18, LocatED made employer's contributions of £119,000.

Staff relations and communications

LocatED's people plan outlines the workforce vision and the people priorities that will support us in delivering our objectives until 2020. LocatED's Executive Management Team agreed the plan and oversees progress. LocatED's priorities include developing staff to improve both core and specialist skills, promoting a positive culture and supporting line managers.

LocatED has regular performance reviews to identify training needs and create individual training programmes which support professional qualifications. We monitor our progress in reducing skills gaps by regular reviews and analysing the effectiveness of completed training. We also use questionnaires to monitor satisfaction and wellbeing levels of our staff.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

Independent Auditor's report to the Shareholder of LocatED Property Limited

Opinion on financial statements

I have audited the financial statements of Located Property Ltd for the year ended 31 March 2018 which comprise Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity and the Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards. I have also audited the information in the Directors' Remuneration Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Located Property Ltd in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' and Accounting Officer's Responsibilities, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.

- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Located Property Ltd's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Located Property Ltd's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

Directors' are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matter[s] prescribed by the Companies Act 2006 In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept Located Property Ltd, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company.

Peter Morland (Senior Statutory Auditor)

For and on behalf of the

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

6. Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

		2017-18	Period ended 31 March 2017
	Note	£000	£000
Staff costs	2	4,036	1,374
Expenditure	3	4,135	763
Total operating expenditure		8,171	2,137
Net expenditure for the year		8,171	2,137
Other comprehensive expenditure		-	-
Total other comprehensive expenditure		-	-
Comprehensive net expenditure for the year		8,171	2,137

All income and expenditure reported in the Statement of Comprehensive Net Expenditure are derived from continuing operations.

The notes on pages 36 to 41 form part of these Accounts.

Statement of Financial Position as at 31 March 2018

		31 March 2018	31 March 2017
	Note	£000	£000
Non-current assets:			
Property, plant and equipment		5	-
Total non-current assets		5	-
Current assets			
Pre-payments		39	-
Total current assets		39	-
Total assets		44	-
Current liabilities			
Payables	4	(1,904)	(848)
Total current liabilities		(1,904)	(848)
Total assets less current liabilities		(1,860)	(848)
Assets less liabilities		(1,860)	(848)
Taxpayers' equity:			
General fund		(1,860)	(848)
Total taxpayers' equity		(1,860)	(848)

The notes on pages 36 to 41 form part of these Accounts.

The financial statements were approved for issue by the Board of Directors on 14 November.

Lara Newman

Chief Executive and Accounting Officer
14 November 2018

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

Statement of Cash Flows for the year ended 31 March 2018

	Note	2017-2018 £000	Period ended 31 March 2017 £000
Cash flows from operating activities			
Net operating cost	SoCNE	(8,171)	(2,137)
Adjustments for non-cash transactions		-	-
(Increase) in receivables		(39)	-
Increase in payables	4	1,056	848
Net cash outflow from operating activities		(7,154)	(1,289)
Cash flows from investing activities			
Purchase of PPE		(5)	-
Net cash outflow from investing activities		(5)	-
Cash flows from financing activities			
Exchequer supply from sponsor department	SoCTE	7,159	1,289
Net cash inflow from financing activities		7,159	1,289
Net increase (decrease) in cash and cash equivalents (net of overdrafts)		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		-	-

The notes on pages 36 to 41 form part of these Accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Note	General Fund £000	Total £000
Balance at 1 April 2016		-	-
Issue of Share Capital		-	-
Grant-in-Aid from sponsor Department		1,289	1,289
- deemed		-	-
Comprehensive expenditure for the year		(2,137)	(2,137)
Non-cash Adjustments			
Notional shared service recharges		-	-
Balance at 31 March 2017		(848)	(848)
Issue of Share Capital		-	-
Grant-in-Aid from sponsor Department		7,159	7,159
Comprehensive expenditure for the year		(8,171)	(8,226)
Non-cash Adjustments			
Payments made by ESFA		-	-
Balance at 31 March 2018		(1,860)	(1,915)

The General Fund represents total assets less liabilities.

The notes on pages 36 to 41 form part of these Accounts.

Notes to the accounts

NOTE 1 – Accounting policies

Comparative figures

The comparative figures in the accounts are not in fact directly comparable, in particular the Statement of Comprehensive Expenditure, Statement of Cash Flows and any related notes in 2016-17 related to the period from 20 September 2016 to 31 March 2017, whereas the current year accounts cover the year 1 April 2017 to 31 March 2018.

Statement of accounting policies and compliance

LocatED is a limited liability company incorporated in England. The registered office is 6th Floor, Roxburghe House, 273-287 Regent Street, London, W1B 2HA.

LocatED has prepared these accounts in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Financial Reporting Manual (FReM) issued by HMT where this does not conflict with the Companies Act 2006. The accounting policies contained in the manual apply IFRS as adapted or interpreted for the public sector.

Where the manual permits a choice of accounting policy, LocatED has selected the accounting policy most appropriate to the particular circumstances of LocatED to give a true and fair view. LocatED has applied these policies consistently in dealing with items considered material in relation to the accounts and has produced the accounts using accruals accounting.

Critical accounting judgements and key sources of estimation uncertainty

LocatED has made judgements, estimates and assumptions in the preparation of these accounts that affect the application of policies and reported values of liabilities and expenditure. LocatED bases these judgements, estimates and assumptions on historic and other factors that it believes to be reasonable.

Grant-in-aid from the sponsoring department

LocatED has recorded all grant-in-aid by the Department as financing as LocatED regards grant-in-aid as contributions from LocatED's controlling party giving rise to a financial interest. LocatED records grant-in-aid as financing in the statement of cash flows and credits grant-in-aid to the general fund.

Financial liabilities

LocatED classifies financial liabilities, where appropriate, at financial liabilities measured at amortised cost (face value plus any discounts). Financial liabilities include trade and other payables.

LocatED's measurement of financial liabilities depends on their classification, as follows:

Trade and other payables

Trade and other payables, including accruals, are generally not interest bearing and LocatED states them at their face value on initial recognition.

Employee benefits

LocatED offers staff a defined contribution scheme where LocatED matches the employee's contribution up to a maximum of 6% of gross salary, and this contribution is recorded as expenditure in the Statement of Comprehensive Net Expenditure.

Value added tax

LocatED is not registered for VAT as it had no VAT taxable turnover in 2017-18. All expenses are presented inclusive of VAT.

Segmental reporting

In accordance with *IFRS 8: Operating Segments* (IFRS 8), LocatED has considered the need to analyse its income and expenditure relating to operating segments. LocatED has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8.

Accounting developments

In order to comply with the requirements of *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*, LocatED must disclose where it has not applied a new IFRS that is in issue but is not yet effective. LocatED has carried out a review of the IFRSs in issue but not yet effective to assess their impact on its accounting policies and treatment, and found that none have a material impact on LocatED's accounts. LocatED therefore has chosen not to adopt early requirements of amendments to any accounting standards and interpretations that have an effective date after the date of these accounts.

Corporation tax

LocatED will not incur any corporation tax in 2017-18 as it made no supply of goods or services so did not generate any taxable surplus; however, it will submit the statutory return.

Leases

LocatED does not have any leases.

Structure of LocatED

Ultimate parent and parent – The immediate parent undertaking and ultimate controlling party of LocatED is the Secretary of State for Education. LocatED's accounts are consolidated into the Department's accounts.

Shared services

LocatED's operating model uses a range of shared services provided by the Department: Financial Accounting, Financial Management, Payments and Treasury Management, Information Technology and Property Management Services (in relation to LocatED's office premises).

The accounts include a recharge from the Department for the Estates and Facilities Management service to reflect the costs incurred. These were direct charges in relation to these services that could be directly apportioned to LocatED.

NOTE 2 – Staff costs

	2017-18			2016-17		
	Permanently employed staff £000	Others £000	Total £000	Permanently employed staff £000	Others £000	Total £000
Wages and salaries	3,182	402	3,584	773	492	1,265
Social security costs	333	-	333	93	-	93
Pension costs	119	-	119	16	-	16
	3,634	402	4,036	882	492	1,374

NOTE 3 – Operating expenditure

	2017-18 £000	2016-17 £000
Property pre-acquisition costs	3,252	-
Staff related costs	42	18
Consultancy and other professional fees	17	33
Board costs	85	21
Premises costs including rates and service charges	411	464
Utilities	(31)	35
Catering	4	-
Marketing	52	45
IT and telecommunications costs	61	42
Travel and subsistence	165	44
Audit fees *	35	30
Other expenditure	42	31
Total	4,135	763

* The NAO auditor's remuneration relates to fees payable for the audit of the statutory annual accounts. The auditors did not provide any non-audit services.

NOTE 4 – Payables

	2017-18	2016-17
	£000	£000
Trade payables	2	104
Tax and social security payables	-	-
Corporation tax	-	-
Accruals and deferred income	1,902	744
Total payables due within one year	1,904	848

NOTE 5 – Related party transactions

	2017-18	2017-18	2016-17	2016-17
	Expenditure	Revenue	Expenditure	Revenue
	£000	£000	£000	£000
Cleanslate Consulting Limited	-	-	226	-
Noble HR Solutions	-	-	5	-

As at 31 March 2017 the £5,000 noted in the table was still owed to Noble HR Solutions and was included in accruals for the period and paid in 2017-18.

LocatED regards both the ESFA and the Department for Education as related parties. During the year LocatED had a number of material transactions with the ESFA and the Department.

All of LocatED's grant-in-aid was received from the Department, of whom the ESFA was an executive agency.

LocatED provides services to the Department pursuant to the terms and conditions set out in the Framework Document and is funded by the Department for Education.

Until September 2017 Peter Lauener, the Chief Executive of the ESFA, and thereafter Julian Wood, Chief Operating Officer, Capital Group ESFA, represented the Secretary of State for Education as Shareholder Representative on LocatED's Board and committees.

Michael Wu and Alyson Gerner are employees of the ESFA and are seconded to LocatED.

The compensation paid to key management personnel can be found in the Remuneration and staff cost report on pages 22 to 26.

NOTE 6 – IFRSs in issue but not yet effective

In order to comply with the requirements of *IAS8 Accounting Policies, Changes in Accounting Estimates and Errors*, LocatED must disclose where it has not applied a new IFRS that has been issued but is not yet effective. LocatED has carried out a review of the IFRSs in issue but not yet effective to assess their impact on its accounting policies and treatment. LocatED does not consider that these will have an impact for the following reasons:

Standard	Effective	Change and impact
IFRS 9	1 January 2018	<p>Change: This change simplifies the classification and measurement of financial assets, as well as amending when and how impairments are calculated and reported, moving from an incurred loss to an expected loss model. This will result in impairments being recognised earlier than under IAS 39 Financial Instruments.</p> <p>Reason why there is no impact on LocatED:</p> <p>LocatED does not have any financial instruments and does not anticipate this changing.</p>
IFRS 15	1 January 2018	<p>Change: This change sets out steps for revenue recognition along with requirements for accounting for contract costs. The aim of the change is to report information that is more useful about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p> <p>Reason why there is no impact on LocatED:</p> <p>LocatED does not have any revenue and does not anticipate this changing.</p>
IFRS 16	1 January 2019	<p>Change: The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard</p>

requires recognition of all leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.

Reason why there is no impact on LocatED:

LocatED does not have any leases and does not anticipate this changing.

NOTE 7 – Going concern

These accounts have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The details of this are included in the Directors' Report.

NOTE 8 – Shareholder capital and dividends

Share capital

The company issued one £1 Ordinary share for a consideration of £1 on 20 September 2016. The sole shareholder is the Secretary of State for Education. Following the issue of the share, the issued share capital of the company is £1.

Dividends

The company has not paid any dividends during the period and no dividends are proposed by the directors.

NOTE 9 – Events after the reporting period

There were no events to report after the end of the reporting period and these accounts being issued.

Notes on terminology

Education and Skills Funding Agency (ESFA)

The ESFA is an executive agency of the Department for Education.

Free Schools

Free schools are non-profit-making, state-funded schools but outside of local authority control. LocatED has a vital role in supporting the Department to meet the Government's commitment to an ambitious Free Schools programme that delivers choice, innovation and higher standards. As a new provision, finding a suitable site is a key challenge in the free school delivery process.

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