

L.E.A.D. Multi-Academy Trust

Registered number: 08296921

Trustees' report and financial statements

for the year ended 31 August 2017

L.E.A.D. MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

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L.E.A.D. MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2017

Trustees

Mr M Blois, Chair
Mr CE Richards, Vice Chair
Ms D Owen, Chief Executive & Accounting Officer
Mr I Hancocks
Mr M Kenyon
Mr N Ydlibi
Ms T Shrestha
Mr M Church (appointed 29 March 2017)

Members

Mr M Blois
L.E.A.D. Academy Trust
Mrs D Harvey

Company registered number

08296921

Principal and registered office

The Old Pumphouse, 5 The Ropewalk, Nottingham, NG1 5DU

Executive management team

Ms D Owen, Chief Executive and Accounting Officer
Mr B Thandi, Deputy Chief Executive and Chief Financial Officer
Mr N Spencelayh, Director of the MAT

Company secretary

Mrs L Bird

Independent auditors

Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Bankers

Lloyds Bank PLC, 1 City Road East, Manchester, M15 4PU

Solicitors

Eversheds-Sutherland LLP, Water Court, 116-118 Canal Street, Nottingham, NG1 7HF

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2016 to 31st August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The charitable company was incorporated on 16 November 2012 and commenced trade as an Academy Trust on 1 January 2013. The Trust as at the 31st August 2017 consists of twenty academies working across Nottingham, Nottinghamshire, Derby, Sheffield, Leicester and Leicestershire. Its academies have a pupil capacity of 9,800 and had a roll of 8,523 in the May 2017 school census.

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 L.E.A.D. Multi-Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the L.E.A.D. Multi-Academy Trust.

The company is referred to as the L.E.A.D. Academy Trust in terms of its public profile.

Details of the Trustees who served during the year 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

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

The Trustees have liability insurance with Zurich effective date 1st February 2017. There is a limit of indemnity of £2,000,000.

Method of recruitment and appointment or election of Trustees

The total number of Trustees including the Management Team Trustees who are employees of the Company shall not exceed one third of the total number of Trustees.

Subject to Articles 48-49 and 63, the Academy Trust shall have the following Trustees:

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

- a) Up to six Sponsor Trustees appointed under Article 50.
- b) Academy Trustees, appointed under Article 51;
- c) Management Team Trustee appointed under Article 57;
- d) Additional Trustees, if appointed under Article 61, 61A or 67a;
- e) Parent Trustees, if appointed under Clause 53 to 56.

The Secretary of State may appoint additional Trustees if the Trustees fail to comply with a Secretary of State warning notice.

Any vacancies or additions to the Board of Trustees are completed through a recruitment process which also involves sourcing a potential shortlist of candidates from the Academy Ambassadors programmes and existing Local Governing Bodies. The candidates are assessed jointly by the Chair of Trustees and Executive Management Team.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience and where necessary the induction programme will provide training on charity, educational, legal and financial matters. All Trustees of the Academy Trust are provided with access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. The Academy Trust will also perform an annual skills audit of Trustees which forms part of the self-review process, should any gaps be identified training courses are offered to address these issues.

Organisational structure

The L.E.A.D. Multi-Academy Trust is a separate trust sponsored by the L.E.A.D. Academy Trust. The L.E.A.D. Multi-Academy Trust currently contains the following:

- Huntingdon Academy
- Sycamore Academy
- Warren Academy
- St Ann's Well Academy
- Edna G Olds Academy
- Hogarth Academy
- Windmill L.E.A.D. Academy
- Millfield L.E.A.D. Academy
- Bishop Alexander L.E.A.D. Academy
- Glapton Academy
- Radford Academy
- Jubilee L.E.A.D. Academy
- Uplands Juniors L.E.A.D. Academy
- Noel-Baker Academy
- Birley Secondary Academy
- Birley Primary Academy
- Birley Spa Academy
- Charnock Hall Academy
- Rainbow Forge Academy
- Da Vinci Academy

The management structure consists of seven levels; the Members, the Board of Trustees, the Executive Management Team, the Director of Schools, the Head Teachers of each academy, the Governing Body of each

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

academy and the Senior Leadership Team within each academy. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual strategic plan and budget, monitoring of each academy's performance and appointment of the Head Teachers and Chairs of Governing Bodies.

The Executive Management Team is the Chief Executive, the Deputy Chief Executive and the Director of the MAT supported by Director of Schools and Executive Head Teachers and Head Teachers of each academy. These managers control the academies at an executive level implementing policies laid down by the Trustees and reporting back to them. As a group these managers are responsible for the authorisation of spending within agreed budgets and appointment of staff.

Each Governing Body receives delegated authority from the Academy Trust Board to support the Board in fulfilling its obligations.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the Executive Management Team and the Director of Schools is set by the pay committee. Head Teachers pay is set in line with teachers pay and conditions.

The pay committee commission an external independent report which benchmarks the most senior roles across the public sector. Each role is benchmarked taking into consideration the following:

- Internal job size & internal pay relativities.
- Relevant external market positioning, and data.
- Individual experience, performance and contribution.

The pay committee benchmark these roles on an annual basis and utilising the report in order to review pay and remuneration of the key management personnel.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Connected organisations, including related party relationships

The L.E.A.D. Multi-Academy Trust is one of two subsidiaries of the L.E.A.D. Academy Trust (company no 07767010) and the other subsidiary is L.E.A.D. Services Limited (company no 08423697).

The L.E.A.D. Academy Trust is the sponsor for the L.E.A.D. Multi-Academy Trust and during the financial year 2016/17 there were no connected party transactions between the two entities.

The L.E.A.D. Academy Trust is a registered charity and its Board of Trustees are responsible for the following principle:

- Appoint majority of Trustees of L.E.A.D. Multi-Academy Trust
- Act as a check and balance on the performance of the L.E.A.D. Multi-Academy Trust
- Provide expert guidance & support on educational issues to the L.E.A.D. Multi-Academy Trust & L.E.A.D. Services Limited
- Appoint directors of L.E.A.D. Services Limited and exercises strategic control over its activities

Directors of L.E.A.D. Services Limited received no remuneration and any surpluses generated by L.E.A.D. Services Limited are gifted to the L.E.A.D. Academy Trust for reinvestment as grants within the L.E.A.D. Multi-Academy Trust. During the financial year 2016/17 L.E.A.D. Services provided the following services to L.E.A.D. Multi-Academy Trust at cost only:

- £9,675 National Professional Leadership Qualifications
- £28,617 Teaching School membership
- £33,708 training events

Objectives and Activities

Objects and aims

The principal object and activity of the charitable company is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

In addition, to promote for the benefit of individuals living in the East Midlands and surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

In accordance with the articles of association, the charitable company has entered into relevant a funding agreement with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

The main objects / aims of the trust during the period ended 31 August 2017 are summarised below:

- Through outstanding leadership we, at the L.E.A.D. Multi-Academy Trust, will provide the highest quality education to enable every pupil to realise their full potential.
- Utilising the power of partnership working as a catalyst for ensuring more children receive an exceptional education.
- Embracing a combination of autonomy and collaboration across key areas of leadership and management, underpinned by shared vision, values and best practice.
- Provide value for money for the funds expended.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

In every aspect of life the ability to lead is essential. Strong leadership is the key to the success of our schools. We will develop leadership skills in everyone who attends one of them, ensuring the development of pupils as leaders of their own learning.

At L.E.A.D. Multi-Academy schools, pupils are empowered to have high aspirations for their futures. We nurture and challenge pupils to take responsibility, make decisions and work together so they grow into confident and resilient young people.

We believe in achievement in its broadest sense and that enjoyment of learning is crucial to success. We continually look for and reward achievement in every individual in our schools. We also know that a strong command of English and Maths is vital as a foundation for the whole curriculum and prioritise learning in these core subjects.

We will provide the very best education and training for every individual in our schools and will ensure that this is delivered. We value excellent teaching, underpinned by high quality professional development and will constantly move forwards, using and instigating the best ideas and practice.

We also understand that children need to be motivated if they are to succeed in life and we will provide a stimulating curriculum and environment which will prepare them for their futures with confidence and determination

Public benefit

The Trustees have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Strategic Report

Achievements and performance

The Trust now provides the education for approximately 8,500 children across the East Midlands and South Yorkshire fulfilling its primary objective in some of the most deprived areas in England. Seven academies joined the Trust over the course of the 2016-17 financial year increase the number of academies to twenty.

The quality of education provided by the Trust has improved which is reflected in improved Ofsted judgements secured for its academies. The following academies have improved or maintained their Ofsted judgements since 2012.

- Edna G Olds Academy Requires Improvement to Good
- Warren Academy Good to Outstanding
- St Anns Well Academy Good to Good
- Sycamore Good to Good
- Warren Good to Outstanding
- Millfield L.E.A.D. Academy Special Measures to Good
- Windmill L.E.A.D. Academy Special Measures to Good
- Hogarth Academy Requirements Improvement to Good
- Bishop Alexander Requires Improvement to Good

Children served by the Trust have been empowered through the L.E.A.D. Award enrichment activities delivered to all key stage 1 and 2 children through Bushcraft and Olympic events during the academic year. Throughout the activities children were learning and developing leadership skills as well as developing a range of life skills and attributes.

Partnership working has continued to develop over the academic year. The Teaching School Alliance has continued to develop across both the primary and secondary phase leading to an increased breadth of training programmes and sharing of best practice.

Value for money has been secured through robust financial monitoring and control frameworks underpinned by the oversight maintained by the Trustees and Executive Management Team. The Trust has secured efficiency savings of more than 1% during the course of the financial year.

Key financial performance indicators

A summary analysis of key financial performance indicators is given below:

Indicator	Target	Actual
All staff costs as percentage of expenditure	75%	74%
Percentage of academies judged Good or Outstanding	50%	55%
Financial Efficiencies	1%	1.7%
Activities delivered under the L.E.A.D. Award	4,000	4,345

Over the course of the year Noel-Baker Academy, Birley Secondary Academy, Birley Primary Academy, Birley Spa Academy, Charnock Hall Academy and Rainbow Forge Academy all joined the Academy Trust on the 1st February 2017. Da Vinci Academy also joined the Academy Trust on the 1st May 2017.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

By the end of KS2, the percentages of pupils meeting or exceeding the expected standards are as follows:

	Trust's Performance*	National (2017)
Reading, Writing and Maths Combined	56%	61%
Reading (Expected Standard)	65%	71%
Writing (Expected Standard)	77%	76%
SPAG (Expected Standard)	75%	77%
Maths (Expected Standard)	74%	75%

* all figures are provisional and unvalidated at the time of submission.

The Trust provides education for almost 5,700 primary-aged children living in areas across the East Midlands and South Yorkshire with higher than average levels of social deprivation. The above figures demonstrate the Company's public benefit.

At KS4, the 2016/17 outcomes were as follows:

	No	Ebacc Entry	Ebacc Ach.	Eng/Ma 5+	Eng/Ma 5+ PP	A8	P8	Eng 5+	Eng 4+	Ma 5+	Ma 4+
2017 National		37%	23%			49.5	0	48%	65%	48%	69%
Noel Baker	185	10%	2%	16%	11%	31.41	-0.67	30%	47%	23%	40%
Da Vinci	95	7%	0%	20%	14%	32.49	-0.97	35%	52%	25%	48%
Birley	219	50%	10%	25%	18%	41.69	-0.26	44%	66%	31%	57%
Trust Average	166.33	26.9%	5.1%	20.7%	14.4%	36.1	-0.5	37.1%	56.3%	26.9%	49%

* 2016 National

At KS5, the 2016/17 outcomes were as follows:

	No	2+ A* - E	3+ A* - E	APS (per entry Grade)	VA	Academic VA	Applied VA
Noel Baker	45	96%	69%	C-	0.2	-0.09	0.99

Noel Baker and Birley academies joined the Trust in February 2017, with Da Vinci joining in May 2017. The 2017 figures show that pupil performance by the end of KS4 is typically well below national expectations, and is broadly in line with national expectations by the end of KS5:

- The percentages of students achieving 5+ for English and Mathematics were 37% and 27% respectively, compared to 48% for both subjects nationally. Attainment 8 (A8) ranged from 30 to 41 points (49.5 national average in 2016). Ebacc achievement was 11% (23% national in 2016).
- KS5 performance in 2017 showed improvement compared to 2016, with an APS entry grade of C-, and VA of +0.2.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

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

The vast majority of the Trust's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants to the Trust's academies (Revenue and Capital), the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities.

At 31st August 2017 the net book value of fixed assets was £109,761,595 and the net book value of intangible assets was £121,586; the movements in tangible and intangible fixed assets are shown in notes 14 & 15 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the academies.

During the year funding of £1,564,705 was secured for investment in the Trusts fixed assets.

Key financial policies adopted or reviewed during the period cover Assets and Depreciation, Finance Procedures and regulations are set out within the Trusts Finance Procedures. In addition the Trust has approved policies on Fraud, whistleblowing, Tendering and Expenses and charges. The Trust's procedures set out the framework for financial management, including the financial responsibilities of Trustees, Executive Management Team, Head Teachers and finance staff centrally and in academies. Delegated financial responsibilities are set out within the Trust's scheme of delegation and the financial procedures.

Central support services have been developed covering educational support, finance, governance, IT, risk management, legal and human resources. These services will continue to develop as further academies join the Trust.

Reserves policy

The Board of Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

During this financial year seven academies have joined the Trust contributing towards the current level of reserves as at the 31 August 2017.

The Trust in the short term will ensure some of the reserve funds are invested in the following:

- Capital projects due to commence during the next academic year.

Future financial cost pressures and capital commitments for each of the academies will also reduce the level of financial reserves in the long term. However the Trust is mindful of the level of cash required to ensure the ongoing liquidity and success of the Trust.

The Board of Trustees have agreed that the minimum level of reserves held for revenue purposes should fall no lower than £2 million.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Material investments policy

Trustees have adopted an Investment Policy which is included in the Finance Policy. It allows for surplus funds to be invested in low risk short term bonds with high street banks only.

Principal risks and uncertainties

The major risks to which the Trust is exposed, as identified by the Trustees, have been reviewed, and systems and procedures have been established to mitigate those risks. The schedule of risks is tabled and reviewed at all Board Meetings and mitigating actions are agreed as required.

Operational Risk

No current or soon to be joining academy faces any financial risk associated with falling rolls. A number of academies are working with the relevant local authority to increase planned admission numbers to meet local shortages of primary places. It is anticipated that expansion of pupil numbers will be an opportunity to strengthen finances of academies. Nevertheless at the same time the uncertainties relating to the next stage of the reform of school funding arrangements, the freeze on the Government's overall education budget, changes in funding arrangements for special needs pupils and increasing employment and premises costs are all contributing to cost pressure in future periods, which increases the importance of maintaining robust levels of revenue reserves.

Credit Risk

The Trust recognises exposure to credit risk is the risk that revenues (self-generated or government funding) cannot be collected, and the exposure to banks where the Trust's own cash is deposited. The credit risk is low for the Trust due to all cash and performance fee balances being with banks assigned high credit ratings. The Trust does not hold client cash balances or assets so are not exposed to client credit risk.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and interest-bearing deposits. To minimise this risk a high percentage of asset funds are held within flexible accounts. The Trust recognises that the defined benefit schemes deficits (Local Government Pension Schemes) are a significant liability, which is set out in note 29 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Trust is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable.

Cash Flow

Forward financial planning has mitigated the risk of any potential cash flow issues across the Trust. New academies joining the Trust during the next financial year in the short term will potentially experience cash flow shortfalls, however the Trust will deploy reserves on a short term basis in order to maintain operational levels at these academies.

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

Future developments

The Trust will continue to work towards delivering the following core characteristics in all of its Schools:

- the highest standards of behaviour and conduct;
- outstanding teaching and learning;
- a fully inclusive approach where all children are equally important;
- a climate of mutual respect between the children, staff and community;
- positive relationships;
- high aspirations for all involved with the schools – a 'can do' attitude;
- a wide range of enrichment opportunities for all to get involved;
- a celebration of all the cultures and faiths represented in the schools;
- an organisation where there are no excuses for underachievement.

The Trust plans to increase the number of academies it runs. It is anticipated that by the end of the next accounting year there will be at least 26 schools within the organisation. The predicted combined annual turnover at that point will be approximately £50m.

The next phase of growth has been carefully planned and measured and will be reviewed on an annual basis by the Trustees.

Resources have been carefully invested in the Trust in order to manage the next growth phase with a further economies of scale expected to materialise in the very near future.

Funds held as custodian trustee on behalf of others

None.

Employee involvement and employment of disabled people

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

In accordance with the Trust's Equal Opportunities Policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report, incorporating the Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2017 and signed on the Board's behalf by:



**Mr M Blois
Chair of Trustees**

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that L.E.A.D. Multi-Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 L.E.A.D. Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Mr M Blois, Chair	5	5
Mr CE Richards	5	5
Ms D Owen, Chief Executive & Accounting Officer	5	5
Mr I Hancocks	3	5
Mr M Kenyon	5	5
Mr N Ydlibi	3	5
Ms T Shrestha	3	5
Mr M Church*	3	3

*Mr Church joined the Board in March 2017.

The Trust has undertaken a self-evaluation of its Board of Trustees and identified areas for improvement. A review of governance at each Local Governing Body level has also been completed and this formed the basis of the review programme for governance in the Autumn term.

The next annual review of the Board of Trustees will take place early in 2018.

The pay committee is a sub-committee of the main Board of Trustees. Its purpose is to review remuneration of the Executive Management Team and determine the annual performance related pay (PRP) awards for Headteachers.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr I Hancocks	1	2
Mr M Blois	2	2
Mr CE Richards	2	2

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GOVERNANCE STATEMENT

The audit and risk committee is also a sub-committee of the main Board of Trustees. Its purpose is to review the risks to internal financial control at the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr CE Richards	3	3
Mr M Kenyon	3	3
Mr N Ydlibi	3	3
Ms D Owen	2	3

Review of Value for Money

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

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

- Procurement processes on IT equipment have reduced costs by 30%.
- Procurement processes across staff absence insurance and general insurance have reduced costs by £89,000.
- Transition to an in house attendance provision reduced costs by 46%.
- Introduction of an agency supply register has reduced agency costs by 12% since being implemented in May 2017.
- Procurement of uniforms generated savings of 33%.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 L.E.A.D. Multi-Academy Trust for the year 1 September 2016 to 31 August 2017 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 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board 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 Board of Trustees has considered the need for a specific internal audit function and has decided to appoint GreenbiRo as internal auditors who have supported creating a new risk register for the Academy Trust.

GreenbiRo was established by Rosanne Fleming in 2011 after a 15 year career in local government finance and audit. It operates as a limited company, primarily supplying expertise in risk management, internal auditing and governance advice. It works almost exclusively with public service organisations to deliver these services through its own employees, and a number of professional associates with similar professional backgrounds and experience. GreenbiRo has extensive experience of auditing schools.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the internal auditor reports to the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The current checks carried out include:

- Safeguarding
- Medium term financial planning
- Data protection
- Risk management

No material control issues were identified by the internal auditors.

Review of Effectiveness

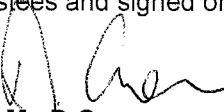
As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

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


Mr M Blois
Chair of Trustees


Ms D Owen
Accounting Officer

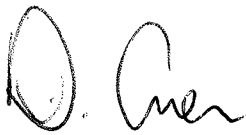
**L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of L.E.A.D. Multi-Academy Trust I have considered my responsibility to notify the Trust's board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2016).

I confirm that I and the Trust's Board of Trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook (2016).

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.



**Ms D Owen
Accounting Officer**

Date: 13/12/17

**L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members
of L.E.A.D. Multi-Academy Trust
FOR THE YEAR ENDED 31 AUGUST 2017**

Opinion

We have audited the financial statements of L.E.A.D. Multi-Academy Trust ("the 'Trust'") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

L.E.A.D. MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of L.E.A.D. Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities Statement of Recommended Practice (SORP);
- 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 company will continue in business.

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

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

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

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



Mr M Blois
Chair of Trustees

Date: 13/12/17

L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members
of L.E.A.D. Multi-Academy Trust
FOR THE YEAR ENDED 31 AUGUST 2017

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

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

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

**L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members
of L.E.A.D. Multi-Academy Trust
FOR THE YEAR ENDED 31 AUGUST 2017**

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 17, the Trustees 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 Trustees 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 Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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. This description forms part of our auditor's report.



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 13/12/17

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to L.E.A.D. Multi-Academy Trust and the Education and Skills Funding Agency

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 21 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by L.E.A.D. Multi-Academy Trust during the period 1 September 2016 to 31 August 2017 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 L.E.A.D. Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to L.E.A.D. Multi-Academy Trust and the ESFA those matters we are required to state to it 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 L.E.A.D. Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of L.E.A.D. Multi-Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of L.E.A.D. Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 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.

**L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**Independent Reporting Accountant's Assurance Report on Regularity to L.E.A.D.
Multi-Academy Trust and the Education and Skills Funding Agency**

FOR THE YEAR ENDED 31 AUGUST 2017

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

David Hoose
Reporting Accountant
Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date *13/12/17*

L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017
(Including Income & Expenditure)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income						
Donations and capital grants	3	27	-	1,565	1,592	642
Transfer from Local Authority on conversion		338	(10,726)	81,633	71,245	3,074
Charitable Activities:						
Funding for the Academy Trust's educational operations	4	513	35,900	-	36,413	21,026
Teaching schools		-	40	-	40	-
Other trading activities	5	581	136	-	717	504
Investments	6	4	-	-	4	5
Total		1,463	25,350	83,198	110,011	25,251
Expenditure on:						
Raising funds	7	713	321	-	1,034	113
Charitable activities:						
Academy trust educational operations	8	1,070	37,264	1,749	40,083	21,540
Teaching schools		-	40	-	40	-
Total		1,783	37,625	1,749	41,157	21,653
Net income / (expenditure)		(320)	(12,275)	81,449	68,854	3,598
Transfer between funds	20	-	(494)	494	-	-
Other recognised gains / (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	20	-	937	-	937	(5,138)
Net movement in funds		(320)	(11,832)	81,943	69,791	(1,540)
Reconciliation of funds						
Total funds at 1 September 2016		2,410	(11,328)	28,141	19,223	20,763
Total funds at 31 August 2017		2,090	(23,160)	110,084	89,014	19,223

L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets:					
Intangible assets	14	122		-	
Tangible assets	15	<u>109,761</u>		<u>28,095</u>	
			109,883		28,095
Current assets					
Stock	16	38		47	
Debtors	17	1,718		1,505	
Cash at bank and in hand		<u>6,388</u>		<u>4,920</u>	
		8,144		6,472	
Liabilities					
Creditors: Amounts falling due within one year	18	<u>(4,158)</u>		<u>(1,972)</u>	
Net current assets			3,986		4,500
			113,869		32,595
Creditors: Amounts falling due after more than one year	19		<u>(7)</u>		<u>(8)</u>
Net assets excluding pension liability			113,862		32,586
Defined benefit scheme liability			<u>(24,848)</u>		<u>(13,363)</u>
Total net assets			89,014		19,223
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund		110,084		28,141	
Restricted income fund		1,688		2,035	
Pension reserve		<u>(24,848)</u>		<u>(13,363)</u>	
Total restricted funds			86,924		16,813
Unrestricted income funds			<u>2,090</u>		<u>2,410</u>
Total funds			89,014		19,223

The financial statements on pages 25 - 55 were approved by the Trustees and authorised for issue on 13 December 2017 and are signed on their behalf by



Trustee

L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	24	1,466	1,494
Cash transferred on conversion to an Academy Trust	32	338	198
Cash flows from investing activities	26	(335)	(694)
Cash flows from financing activities	25	(1)	(2)
Change in cash and cash equivalents in the reporting period		<u>1,468</u>	996
Cash and cash equivalents at 1 September 2016		4,920	3,924
Cash and cash equivalents at 31 August 2017	27	<u>6,388</u>	<u>4,920</u>

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies

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

1.1 Basis of Preparation

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 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

L.E.A.D Multi-Academy Trust meets the definition of a public benefit entity under FRS 102

1.2 Going Concern

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

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **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 there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including from the hiring of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

- **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 fairly 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'.

- **Transfer on conversion**

Where assets are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

This includes all expenditure by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies (continued)

1.5 Intangible Fixed Assets

Intangible assets costing £5000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 5 years

1.6 Tangible Fixed Assets

Assets costing £1,000 (ICT), £2,000 (Fixtures & Fittings), £5,000 (Long leasehold), £5,000 (Motor Vehicles) or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of 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 each asset on a straight-line basis over its expected useful life, as follows:

- Long leasehold buildings 50 years
- Freehold buildings 50 years
- Fixtures, fittings and equipment 5 years
- Computer hardware 4 years
- Motor vehicles 5 years

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

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

L.E.A.D. MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies (continued)

1.7 Private Finance Initiative

The school buildings of Da Vinci Academy were built under a private finance initiative ("PFI") agreement between Derby City Council and Derby School Solutions Limited. The school buildings at Noel Baker were built under a PFI agreement between Derby City Council and Derby City BSF Limited. When Noel Baker converted on 1 February 2017 and Da Vinci on 1 May 2017 to Academy status, the agreements were legally amended to take account of the change in circumstances.

The cost included in these financial statements for the year to 31 August 2017 is £610,585.32 (Noel Baker: £480,545.17) (Da Vinci: £130,313.15) and it is included in the Statement of Financial Activities under academy's educational operations. The Education and Skills Funding Agency currently fund PFI factors 1 and 2 which totalled £237,381.82 (Noel Baker £229,898.03) (Da Vinci £7,483.79) during the year and the academies fund the operational charges which amounted to £603,142.17 plus ongoing PFI benchmarking charges. Each year the payments are subject to an increase which is linked to the retail price index.

As the private finance initiative liability does not rest with the academy, the Trustees have decided to treat the payments made in the year to 31 August 2017, as if they were made under an operating lease agreement on the grounds that these payments related entirely to operating and maintenance.

1.8 Liabilities

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

1.9 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 on a straight line basis over the lease term.

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies (continued)

1.10 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 17. Prepayments are not financial instruments. Amounts due to the charity'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 cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

1.11 Stock

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

1.12 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.

1.13 Pensions Benefits

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

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 29, 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.

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of 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.

1.14 Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency.

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and 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 29, 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 2017. 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.

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of accounting policies (continued)

1.16 Conversion to Academy status

On 1 February 2017 the following schools converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to L.E.A.D Multi-Academy Trust from Sheffield City Council for £nil consideration:

- Birley Community College
- Birley Primary
- Birley Spa Primary
- Charnock Hall Primary
- Rainbow Forge Primary

On 1 February 2017 Noel-Baker School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to L.E.A.D Multi-Academy Trust from Derby City Council for £nil consideration.

On 1 May 2017 Da Vinci Community College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to L.E.A.D Multi-Academy Trust from Derby City Council for £nil consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as “Donations – transfer from local authority on conversion”.

Further details are set out in note 32.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust does not have a restriction on the amount of GAG that can be carried forward.

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Notes to the Financial Statements for the year ended 31 August 2017

3 Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	1,565	1,565	642
Donated fixed assets	-	-	-	-
Other donations	27	-	27	-
Total	27	1,565	1,592	642
2016 total	-	642	642	

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	29,165	29,165	15,934
Start Up Grants	-	-	-	108
Other DfE/EFSA grants	-	4,415	4,415	2,571
	-	33,580	33,580	18,613
Other Government grants				
Local authority grants	-	2,320	2,320	1,553
	-	2,320	2,320	1,553
Other income from the Academy Trust's educational operations	513	-	513	860
Total	513	35,900	36,413	21,026
2016 total	304	20,722	21,026	

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	141	-	141	36
Trip income	-	136	136	82
Other	440	-	440	386
Total	581	136	717	504
2016 total	422	82	504	

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Notes to the Financial Statements for the year ended 31 August 2017

6 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	4		4	5
Total	<u>4</u>		<u>4</u>	<u>5</u>
2016 total	<u>5</u>		<u>5</u>	

7 Expenditure

	Staff costs £000	Premises £000	Other £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds (support costs)	537	48	449	1,034	113
Academy's educational operations					
Direct cost	24,213	1,457	2,544	28,214	15,140
Allocated support costs	5,945	2,931	2,993	11,869	6,400
Teaching school	40	-	-	40	-
Total	<u>30,735</u>	<u>4,436</u>	<u>5,986</u>	<u>41,157</u>	<u>21,653</u>
2016 total	<u>16,303</u>	<u>1,963</u>	<u>3,388</u>	<u>21,653</u>	

All costs included in expenditure on raising funds are support costs.

In 2016, the expenditure totals were split as follows: Unrestricted £1,203k, Restricted General £19,569k, Restricted Fixed Asset Fund £881k.

Net income / (expenditure) for the period includes:

	Total 2017 £000	Total 2016 £000
Operating lease rentals	63	18
Depreciation	1,733	881
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	16	-
Fees payable to auditor for:		
Audit	24	26
Other services	15	8

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Notes to the Financial Statements for the year ended 31 August 2017

8 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	28,214	15,140
Support costs – educational operations	11,869	6,400
Total	40,083	21,540

Analysis of support costs:	Total 2017 £000	Total 2016 £000
Support staff costs	5,945	3,265
Depreciation	292	239
Technology costs	474	382
Premises costs	2,297	1,081
Other support costs	2,635	1,305
Governance costs	226	128
Total support costs	11,869	6,400

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Notes to the Financial Statements for the year ended 31 August 2017

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	21,500	11,609
Social security costs	2,077	1,017
Operating costs of defined benefit pension schemes	5,240	2,387
Apprenticeship levy	49	-
Total	28,866	15,013
Supply staff costs	1,765	1,289
Staff restructuring costs	103	-
Total	1,868	1,289
Staff restructuring costs comprise:		
Redundancy costs	55	-
Severance payments	48	-
Other restructuring costs	-	-
Total	103	-

b. Non statutory/non-contractual staff severance payments

Included in the staff restructuring costs are non-statutory/non-contractual severance payments totalling £47,767 (2016: £nil). Individually the payments were: £27,759, £1,110, £4,236, £3,995, £1,400, £8,500, £632 and £134.

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	302	183
Administration and support	695	429
Management	77	48
Total	1,074	660

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Notes to the Financial Statements for the year ended 31 August 2017

10 Staff (continued)

d. Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	11	4
£70,001 - £80,000	2	3
£80,001 - £90,000	4	1
£90,001 - £100,000	5	3
£100,001 - £110,000	2	1
£110,001 - £120,000	-	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£160,001 - £170,000	-	1
£180,000 - £185,000	1	-

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £547,683 (2016: £519,648:).

L.E.A.D. MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

Notes to the Financial Statements for the year ended 31 August 2017

11 Central Services

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

- Educational support services
- ICT services
- Governance services
- Data services
- Academy conversion services
- Internal audit
- Human Resources services
- Financial Services
- Estates Services
- Procurement Services

The trust charges for these services on the following basis:

Existing academies – 5.5%

New academies – 4.6%

	2017	2016
Birley Academy	143	-
Birley Primary Academy	59	-
Birley Spa Academy	45	-
Bishop Alexander Academy	71	55
Charnock Hall Primary Academy	41	-
Da Vinci Academy	47	-
Edna G Olds Academy	63	49
Glapton Academy	76	61
Hogarth Academy	54	43
Huntingdon Academy	85	68
Jubilee Academy	114	164
Millfield Academy	82	65
Noel Baker Academy	127	-
Radford Academy	53	48
Rainbow Forge Primary Academy	29	-
St Ann's Well Academy	65	55
Sycamore Academy	101	75
Uplands Junior Academy	87	24
Warren Academy	57	48
Windmill Academy	116	100
Total	<u>1,515</u>	<u>855</u>

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Notes to the Financial Statements for the year ended 31 August 2017

12 Related Party Transactions – Trustee’s remuneration and expenses

One or more Trustees have been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

D Owen (Chief Executive and Trustee):

Remuneration £180,000 - £185,000 (2016: £170,000 - £175,000)

Employer’s pension contributions paid £nil (2016: £15,000 - £20,000)

T Shrestha (Executive Head Teacher and Trustee):

Remuneration £85,000 - £90,000 (2016: £60,000 - £70,000)

Employer’s pension contributions paid £10,000 - £15,000 (2016: £10,000 - £15,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £1,033 were reimbursed or paid directly to 4 Trustees (2016: £2,016).

13 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2017 was £2,240.78 (2016: £2,464). The cost of this insurance is included in the total insurance cost.

14 Intangible fixed assets

	Computer Software £000	Total £000
Cost		
At 1 September 2016	-	-
Additions	138	138
At 31 August 2017	<u>138</u>	<u>138</u>
Amortisation		
At 1 September 2016	-	-
Charged in year	16	16
At 31 August 2017	<u>16</u>	<u>16</u>
Carrying amount		
At 31 August 2016	-	-
At 31 August 2017	<u>122</u>	<u>122</u>

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Notes to the Financial Statements for the year ended 31 August 2017

15 Tangible fixed assets

	Assets under Construction £000	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
Cost							
At 1							
September 2016	499	-	27,263	1,228	991	-	29,981
Additions	376	-	741	315	334	-	1,766
Assets Under Construction	(499)	-	489	10	-	-	-
Donated Assets	-	79,030	2,268	32	293	11	81,633
At 31 August 2017	376	79,030	30,761	1,585	1,618	11	113,380
Depreciation							
At 1	-	-	1,116	414	356	-	1,886
September 2016							
Charged in year	-	684	483	273	290	3	1,733
At 31 August 2017	-	684	1,599	687	646	3	3,619
Net book values							
At 31 August 2016	499	-	26,147	814	635	-	28,095
At 31 August 2017	376	78,346	29,162	898	972	8	109,761

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

- the acquisition of the freeholds on Birley Community College, Birley Primary, Charnock Hall Primary, Rainbow Forge Primary, Noel-Baker School and Da Vinci Community College which were donated to the Trust at a total value of £106,679,690 and
- the taking up of a leasehold on Birley Spa Primary for a total of £8,256,800 over a term of 125 years.

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Notes to the Financial Statements for the year ended 31 August 2017

16 Stock

	2017	2016
	£000	£000
Goods for resale	38	47
Total	38	47

17 Debtors

	2017	2016
	£000	£000
Debtors due after more than one year	18	18
Trade debtors	66	39
VAT recoverable	186	299
Other debtors	23	58
Prepayments and accrued income	1,425	1,091
Total	1,718	1,505

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Notes to the Financial Statements for the year ended 31 August 2017

18 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	1,011	-
Other taxation and social security	988	507
Other loans	2	2
Other creditors	91	-
Accruals and deferred income	2,066	1,463
Total	4,158	1,972

Included within other creditors is a loan from Salix, which is an approved ESFA loan via the Salix loan programme for capital projects. The loan is interest free, unsecured and repayable via a General Annual Grant Sacrifice.

Deferred Income

	2017	2016
	£000	£000
Deferred income at 1 September 2016	813	90
Released from previous years	(813)	(90)
Resources deferred in the year	763	813
Deferred income at 31 August 2017	763	813

At the balance sheet date the Academy Trust was holding funds received in advance for Universal Infant Free School Meals £389,266 (2016: 251,662), SEN £212,048 (2016: 61,763) Early Years £54,018 (2016: nil), Trip income £45,145 (2016: £5,957), Rates Relief £8,122 (2016: £21,338), ESFA grants £51,315 (2016: £419,845) and miscellaneous items of £3,468

19 Creditors: amounts falling due in greater than one year

	2017	2016
	£000	£000
Other creditors	7	8
Total	7	8

Included within other creditors is a loan from Salix, which is an approved ESFA loan via the Salix loan programme for capital projects. The loan is interest free, unsecured and repayable via a General Annual Grant Sacrifice.

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Notes to the Financial Statements for the year ended 31 August 2017

20 Funds

	Balance as at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance as at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	1,712	29,165	(29,781)	(494)	602
Other restricted	-	2,496	(1,733)		763
Other DfE grants	323	4,415	(4,415)	-	323
Pension reserve	(13,363)	(10,726)	(1,696)	937	(24,848)
Total	(11,328)	25,350	(37,625)	443	(23,160)
Restricted fixed asset fund					
Transfer on conversion	25,605	81,633	(1,328)	-	105,500
ESFA capital grants	1,147	1,565	(74)	-	3,048
Capital expenditure from GAG	1,389		(347)	494	1,536
Total	28,141	83,198	(1,749)	494	110,084
Total restricted funds	16,813	108,548	(39,374)	937	86,924
Total unrestricted funds	2,410	1,463	(1,783)	-	2,090
Total funds	19,223	110,011	(41,157)	937	89,014

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Directors;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the Academy Trust;
- Pension reserve represents the liability on the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.
- The transfer between Restricted and Restricted Fixed Asset funds relates to funds allocated from General Annual Grant to purchase fixed assets.

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Notes to the Financial Statements for the year ended 31 August 2017

20 Funds (continued)

Total funds analysis by academy:

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	Total 2016 £000
Birley Academy	5	-
Birley Primary Academy	22	-
Birley Spa Academy	86	-
Bishop Alexander Academy	81	96
Charnock Hall Primary Academy	99	-
Da Vinci Academy	(23)	-
Edna G Olds Academy	139	197
Glapton Academy	278	301
Hogarth Academy	108	141
Huntingdon Academy	296	413
Jubilee Academy	-	127
Millfield Academy	225	212
Noel Baker Academy	(253)	-
Radford Academy	(4)	94
Rainbow Forge Primary Academy	84	-
St Ann's Well Academy	238	267
Sycamore Academy	661	559
Uplands Junior Academy	201	305
Warren Academy	99	109
Windmill Academy	1,330	1,317
Central	106	307
Total	<u>3,778</u>	<u>4,445</u>
Restricted fixed asset fund	110,084	28,141
Pension reserve	(24,848)	(13,363)
Total	<u>89,014</u>	<u>19,223</u>

Noel-Baker Academy is carrying a deficit of £253k due to operating costs exceeding income which was a position inherited by the Trust on conversion as at 1st February 2017. The Trust also ensured additional investments in the infrastructure for the academy were enabled over the summer period.

The Trust is taking the following action to return the academy to surplus:

- A restructure process is underway and due for completion by 1 January 2018. The projected annual cost reductions equate to £167,000 enabling a balance position to be secured by 2019/20.
- Arrangements for alternative provision are also expected to reduce operating costs during this academic year.

Da Vinci is carrying a deficit of £23k due to operating costs exceeding income which was a position inherited by the Trust on conversion on 1 May 2017, the delay to the conversion process at Local Authority level significantly contributed towards the financial deficit arising.

The Trust is taking the following action to return the academy to surplus:

- Financial efficiencies are being identified within the current operating model and options to pool capacity within the Derby hub as it develops will enable a balanced position to be secured by 2018/19.
- Arrangements for alternative provision are also expected to reduce operating costs during this academic year.

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20 Funds (continued)

Radford is carrying a deficit of £4k due to additional investments required in the infrastructure of the academy.

The Trust is taking the following action to return the academy to surplus:

- A realignment of teaching load capacity will ensure the academy has a balanced position before the end of the 2017/18 financial year.

20 Total cost analysis by academy

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2017 £000	Total 2016 £000
Birley Academy	2,256	534	25	793	3,608	-
Birley Primary Academy	988	208	16	261	1,473	-
Birley Spa Academy	841	158	6	206	1,211	-
Bishop Alexander Academy	985	149	33	414	1,581	1,468
Charnock Hall Primary Academy	613	132	8	184	937	-
Da Vinci Academy	724	85	3	370	1,182	-
Edna G Olds Academy	764	183	13	388	1,348	1,291
Glapton Academy	1,049	110	35	420	1,614	1,575
Hogarth Academy	735	144	50	279	1,208	1,072
Huntingdon Academy	1,187	214	51	534	1,986	1,931
Jubilee Academy	1,760	278	48	706	2,792	2,760
Millfield Academy	1,268	146	39	387	1,840	1,770
Noel Baker Academy	2,716	316	34	1,221	4,287	-
Radford Academy	776	161	27	322	1,286	1,224
Rainbow Forge Primary Academy	547	104	8	165	824	-
St Ann's Well Academy	898	161	33	401	1,493	1,368
Sycamore Academy	1,392	189	62	544	2,187	2,198
Uplands Junior Academy	1,562	187	39	485	2,273	472
Warren Academy	718	170	14	334	1,236	1,271
Windmill Academy	1,499	255	50	558	2,362	2,151
Central services	935	902	3	619	2,459	331
Teaching School	40	-	-	-	40	-
FRS 102 pension	-	1,696	-	-	1,696	559
Head Office re-charge	-	-	-	-	(1,515)	-
Total	24,253	6,482	597	9,591	39,408	21,441

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Notes to the Financial Statements for the year ended 31 August 2017

21 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total funds £000	2016 £000
Intangible fixed assets	-	-	122	122	-
Tangible fixed assets	-	-	109,761	109,761	28,095
Debtors due after more than 1 year	-	18	-	18	18
Current assets	2,090	5,835	201	8,126	6,454
Current liabilities	-	(4,158)	-	(4,158)	(1,942)
Non-current liabilities	-	(7)	-	(7)	(8)
Pension scheme liability	-	(24,848)	-	(24,848)	(13,363)
Total net assets	2,090	(23,160)	110,084	89,014	19,223
2016	2,410	(11,328)	28,141	19,223	

22 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	852	147

23 Commitments under operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	1,291	61
Amounts due between one and five years	5,038	78
Amounts due after five years	16,072	-
Total	22,401	139

On conversion, the Private Finance Initiative ("PFI") property used by the Trust at Noel Baker and Da Vinci was transferred from Derby City Council to the Trust via a donation. No liability has arisen as a result of this transaction as Derby City Council retained ultimate responsibility for the outstanding capital finance. However a financial commitment exists for the Trust in the form of PFI charges to cover the service charge element of the unitary charge payable by Derby City Council

The commitment for Noel Baker currently amounts to approximately £850,770 per annum over the term of 20 years, plus PFI benchmarking charges. These charges are subject to an increase which is linked to the Retail Price Index. The PFI contributions are recognised in the Statement of Financial Activities.

The commitment for Da Vinci currently amounts to approximately £367,791 per annum over a term of 14 years, plus PFI benchmarking charges. These charges are subject to an increase which is linked to the Retail Price Index. The PFI contributions are recognised in the Statement of Financial Activities.

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Notes to the Financial Statements for the year ended 31 August 2017

24 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017	2016
	£000	£000
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	68,854	3,598
Adjusted for:		
Fixed Asset Transfer from Local Authority [Note 32]	(81,633)	(3,516)
Cash transferred on conversion to an Academy Trust [Note 32]	(338)	(198)
Amortisation [note 14]	16	-
Depreciation [note 15]	1,733	881
Capital grants from ESFA and other capital income	(1,565)	(642)
Interest receivable [note 6]	(4)	(5)
Defined benefit pension scheme obligation inherited	10,726	683
Defined benefit pension scheme cost less contributions payable [note 29]	1,246	289
Defined benefit scheme finance cost [note 29]	450	270
(Increase)/decrease in stocks	9	(10)
(Increase)/decrease in debtors	(213)	(580)
Increase/(decrease) in creditors	2,185	724
Net cash provided by / (used in) Operating Activities	1,466	1,494

25 Cash flows from financing activities

	2017	2016
	£000	£000
Repayments of borrowing	(1)	(2)
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	(1)	(2)

26 Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	4	5
Purchase of Intangible fixed assets	(138)	-
Purchase of Tangible fixed assets	(1,766)	(1,341)
Capital grants from ESFA	1,565	642
Net cash provided by / (used in) Investing activities	(355)	(694)

27 Analysis of cash and cash equivalents

	At 31	At 31
	August	August
	2017	2016
	£000	£000
Cash in hand and at bank	6,388	4,920
Total cash and cash equivalents	6,388	4,920

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Notes to the Financial Statements for the year ended 31 August 2017

28 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.

29 Pension and similar obligations

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

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

Contributions amounting to £460,666 were payable to the schemes at 31 August 2017 (2016: £229,684) 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 (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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29 Pension and similar obligations (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 £2,044,207 (2016: £1,072,320).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,865,000 (2016: £1,020,000), of which employer's contributions totalled £1,477,000 (2016: £769,000) and employees' contributions totalled £418,000 (2016: £251,000). The agreed contribution rates across the Trust for future years range between 12.2% - 24.3% per cent for employers and 5.5% - 12.5% per cent for employees. Some academies also make lump sum deficit payments, which reduce the percentage applied.

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.

Range of Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.90% - 4.20%	3.10% - 4.10%
Rate of increase for pensions in payment/inflation	2.20% - 2.70%	2.10% - 2.30%
Discount rate for scheme liabilities	2.40% - 2.60%	2.00% - 2.20%
Inflation assumption (CPI)	2.20% - 2.70%	2.00% - 2.30%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The range of assumed life expectancy on retirement age 65 across the Trust are:

	At 31 August 2017	At 31 August 2016
Retiring today		
Males	21.9 – 22.9	22.1 – 22.2
Females	24.3 – 25.7	24.3 - 25.3
Retiring in 20 years		
Males	23.8 – 25.1	24.2 - 24.4
Females	26.2 – 28.0	26.6 - 27.7

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Notes to the Financial Statements for the year ended 31 August 2017

29 Pension and similar obligations (continued)

The Trust's actuaries have provided the following sensitivity analysis:

Nottinghamshire Pension Fund

		+0.1% £000	0.0% £000	-0.1% £000
Adjustment to Discount rate	Present Value of total obligation	20,119	20,642	21,181
Adjustment to long term salary increase	Present Value of total obligation	20,719	20,642	20,565
Adjustment to pension increase and deferred revaluation	Present Value of total obligation	21,102	20,642	20,195
Adjustment to life expectancy assumptions	Present Value of total obligation	21,334	20,642	19,973

South Yorkshire Pension Fund

		+0.1% £000	0.0% £000
Discount rate	Liabilities	10,331	10,483
Pay Growth	Liabilities	10,639	10,483
Inflation	Liabilities	10,819	10,483
Increase in life expectancy	Present Value of total obligation	10,757	10,483

Leicestershire & Derbyshire Pension Funds

		+0.5% £000	0.0% £000	-0.5%
Decrease in Real Discount Rate	Liabilities		9,186	10,295
Increase in Salary Increase Rate	Liabilities	9,433	9,186	
Increase in Pension Increase Rate	Liabilities	10,022	9,186	

The Leicestershire & Derbyshire actuary estimates that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3% - 5%.

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Notes to the Financial Statements for the year ended 31 August 2017

29 Pension and similar obligations (continued)

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	10,169	6,475
Gilts	976	584
Corporate bonds	1,837	524
Property	1,506	1,075
Cash and other liquid assets	376	343
Other	598	333
Total market value of assets	15,462	9,335

The actual return on the scheme was £1,466,000 (2016: £887,000)

Amount recognised in the Statement of Financial Activities

	2017 £000	2016 £000
Current service cost	(2,688)	(1,058)
Interest income	(722)	(562)
Interest cost	272	292
Administration expenses	(6)	-
Total amount recognised in the SOFA	(3,144)	(1,328)

Changes in the present value of defined benefit obligations were as follows:

	2017 £000	2016 £000
At 1 September 2016	22,698	13,816
Conversion to academy status	14,366	1,200
Current service cost	2,687	1,058
Interest cost	722	562
Employee contributions	418	251
Actuarial (gain)/loss	(216)	6,025
Benefits paid	(365)	(214)
At 31 August 2017	40,310	22,698

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Notes to the Financial Statements for the year ended 31 August 2017

29 Pension and similar obligations (continued)

Changes in the fair value of academy's share of scheme assets

	2017	2016
	£000	£000
At 1 September	9,335	6,833
Conversion to academy status	3,640	517
Interest income	272	292
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	721	887
Administration expenses	(6)	-
Employer contributions	1,447	769
Employee contributions	418	251
Benefits paid	(365)	(214)
At 31 August	15,462	9,335

30 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 12.

31 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £3,874 and disbursed £283.30 from the fund.

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Notes to the Financial Statements for the year ended 31 August 2017

32 Conversion to Academy status

On 1 February 2017 Noel-Baker School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to L.E.A.D Multi-Academy Trust from Derby City Council for £nil consideration.

On 1 May 2017 Da Vinci Community College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to L.E.A.D Multi-Academy Trust from Derby City Council for £nil consideration.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as "Donations – transfer from local authority on conversion".

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

The Trust's 2016 financial statements included the land and buildings at Uplands at a provisional fair value of £3,339k, as an external valuation had yet to be obtained. During the 2016/17 financial year, the Trust has undertaken further work to consider the valuations of its properties and has concluded that the Uplands land and buildings would be more appropriately valued at £1,277k.

Birley Secondary	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	14,436	14,436
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	172	172
Budget surplus / (deficit) on LA funds	59	-	-	59
Budget surplus / (deficit) on other school funds	34	-	-	34
LGPS pension surplus / (deficit)	-	(3,377)	-	(3,377)
Net assets / liabilities	93	(3,377)	14,608	11,325

Birley Primary	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	7,305	7,305
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	11	11
Budget surplus / (deficit) on LA funds	14	-	-	14
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(1,381)	-	(1,381)
Net assets / liabilities	14	(1,381)	7,316	5,949

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Notes to the Financial Statements for the year ended 31 August 2017

32 Conversion to Academy status (continued)

Birley Spa Primary	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	-	-
Leasehold land and buildings	-	-	4,329	4,329
Other tangible fixed assets	-	-	8	8
Budget surplus / (deficit) on LA funds	59	-	-	59
Budget surplus / (deficit) on other school funds	4	-	-	4
LGPS pension surplus / (deficit)	-	(1,830)	-	(1,830)
Net assets / liabilities	63	(1,830)	4,337	2,569
Charnock Hall Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	8,019	8,019
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	45	45
Budget surplus / (deficit) on LA funds	53	-	-	53
Budget surplus / (deficit) on other school funds	39	-	-	39
LGPS pension surplus / (deficit)	-	(955)	-	(955)
Net assets / liabilities	92	(955)	8,064	7,201
Rainbow Forge Primary School	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	4,554	4,554
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	8	8
Budget surplus / (deficit) on LA funds	69	-	-	69
Budget surplus / (deficit) on other school funds	7	-	-	7
LGPS pension surplus / (deficit)	-	(331)	-	(331)
Net assets / liabilities	76	(331)	4,562	4,307

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Notes to the Financial Statements for the year ended 31 August 2017

32 Conversion to Academy status (continued)

Noel-Baker Secondary	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	-	-
Leasehold land and buildings	-	-	33,269	33,269
Other tangible fixed assets	-	-	46	46
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(1,616)		(1,616)
Net assets / liabilities		(1,616)	33,315	31,700

Da Vinci Secondary	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	-	-
Leasehold land and buildings	-	-	11,447	11,447
Other tangible fixed assets	-	-	46	46
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	-	-	-	-
LGPS pension surplus / (deficit)	-	(1,236)	-	(1,236)
Net assets / liabilities	-	(1,236)	11,493	10,257

33 Events after the end of the reporting period

Following the year 2016/17, Cloudside Junior School joined L.E.A.D Multi-Academy Trust on 1 September 2017.

