

**Leigh
Academies
Trust**

**Annual Report and Financial
Statements**

31 August 2018

Company Limited by Guarantee
Registration Number 2336587
(England and Wales)

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Reference and administrative information 31 August 2018

Members	Sir G Leigh (Chairman) Mr S Clubb Mr P Carter	Professor D Nightingale Mr R J Findlay Professor M J Snowden
Directors	Mr R J Findlay (Chairman) Ms A Barritte Mr A F X Green Cllr J Kite Mr K Ellis Mr S P Beamish Mrs T Davies	Mrs T Trusler Mr G Clewes Mr J Nicholson Dr W Hogan – O'Neill Dr A Lawrence Professor M J Snowden
Secretary	Mr S Avis	
Trust Executives	Mr S P Beamish Mr N Willis Mr S Avis Ms S Crocker Mr S Vernoux Mr R Taylor Mrs S Waterman	CEO Deputy CEO Finance Director Business Director IT Director HR Director Education Director
Registered office	Strood Academy Carnation Road Rochester ME2 2SX	
Company registration number	2336587 (England and Wales)	
External Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL	
Bankers	HSBC plc 38 High Street Dartford Kent DA1 1DG Lloyds Bank plc 78 New Road Gravesend Kent DA11 0AR	

Reference and administrative information 31 August 2018

Solicitors T G Baynes
Baynes House
Market Street
Dartford
Kent DA1 1DB

Stone King LLP
16 St John's Lane
London
EC1M 4BS

Actuaries Barnett Waddingham
Cheapside House
138 Cheapside
London
EC2V 6BW

The Directors present their report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2017 to 31 August 2018. The annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 38 of the attached financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Background and constitution

Since February 2008, Leigh Academies Trust has been a multi-academy Trust with Master Funding Agreements (MFA) and separate Supplemental Funding Agreements (SFA) to govern each academy. Cherry Orchard Primary Academy – a brand new 3-11 school – joined the Trust from 1 September 2017 and The Halley Academy (formally Corelli College Co-operative Academy) – an 11-19 school - joined the Trust from 1 March 2018. Roundash Nursery School, based at Hartley Primary Academy, joined the Trust on 1 August 2018.

There were 17 academies within the Trust on 31 August as shown below and Leigh Academy Blackheath – a brand new 11-19 school – joined from 1 September 2018. The Williamson Trust, which comprises five academies (one 11-19 grammar school, one 3-19 school and three 4-11 schools) is planned to merge with Leigh Academies Trust on 1 January 2019.

- ◆ Cherry Orchard Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Dartford Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Eastcote Primary Academy (a 3-11 Primary School and Nursery)
- ◆ The Halley Academy (an 11-19 Secondary School)
- ◆ Hartley Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Langley Park Primary Academy (a 3-11 Primary School and Nursery)
- ◆ The Leigh Academy (an 11-19 Secondary School)
- ◆ The Leigh UTC (an 11-19 free school with a licence from the Baker Dearing Trust to operate as a University Technical College)
- ◆ Longfield Academy (an 11-19 Secondary School)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Background and constitution (continued)

- ◆ Mascalls Academy (an 11-19 Secondary School)
- ◆ Milestone Academy (a 3-19 Special School)
- ◆ Molehill Primary Academy (a 4-11 Primary School)
- ◆ Oaks Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Stationers' Crown Woods Academy (an 11-19 Secondary School)
- ◆ Strood Academy (an 11-19 Secondary School)
- ◆ Tree Tops Primary Academy (a 3-11 Primary School and Nursery)
- ◆ Wilmington Academy (an 11-19 Secondary School)

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are its primary governing documents. The Trustees are also Directors of the charitable company for the purposes of company law. The charitable company is known as Leigh Academies Trust.

Members of the company are nominated by the sponsors, Sir Geoffrey Leigh, Kent County Council, the University of Kent and the University of Greenwich.

Members' liability

Each Member of the charitable company undertakes to contribute to the assets of the Trust 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.

Directors Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1 million on any one claim.

Directors

The Articles of Association require the appointment of at least three Directors (unless otherwise determined by ordinary resolution). Directors are appointed to the Board by the Members. Governors are appointed to Academy Boards by the Directors.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors (continued)

The training and induction provided for new Directors depends on their existing experience. Where necessary, induction provides training on charity, education, legal and finance matters. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents to undertake their role as Directors.

The following Directors were in office at 31 August 2018 and served throughout the year, except as shown:

Director	Appointed/Retired	Committees
Mrs A Barritte		Resources
Mr S P Beamish		
Mr G Clewes		
Mrs T Davies		Resources (Chairman), Audit (Chairman)
Mr K Ellis		Audit
Mr R J Findlay (Chairman)		Resources and Standards
Mr A F X Green (Vice Chairman)		Standards (Chairman)
Dr W Hogan-O'Neill		Resources
Professor M Hunt	Retired 18 June 2018	
Cllr J Kite		
Dr A Lawrence		
Mr J Nicholson		
Professor M Snowden	Appointed 28 March 2018	Standards
Mrs T Trusler		

During the year under review the Trust Board held three full meetings and eight committee meetings.

Organisational Structure

The Board of Directors governs the activities of the Trust and oversees the work of the Academy Boards. It is also ultimately responsible for the strategic direction of the Trust and its overarching policies. Each Academy Board governs the work and outcomes of its assigned academies. Individual Academy Board governors are directly attached to a secondary or primary academy; they carry out regular visits to monitor progress at the Academy and report their findings to the next available meeting. The Trust's Scheme of Delegation sets parameters for decision-making by executives and approvals by governors.

The senior managers of the Trust are the CEO, Deputy CEO, Education Director, Finance Director, Business Director, IT Director and HR Director. They lead and manage the Trust, setting strategy and implementing policy in conjunction with the Board. Principals lead and manage the individual academies.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel are set by the Senior Pay Committee which comprises the Chairman of the Trust Board, the Chairman of the Resources Committee and the Chief Executive Officer. The pay and remuneration of the Chief Executive Officer is determined by the Chairman of the Trust Board, the Chairman of the Resources Committee and the Chairman of Members.

Trade union facility time

The following information is provided in accordance with the provisions of the Trade Union (Facility Time Publications Requirements) Regulations 2017

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
23	20

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1%-50%	23
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£21,000
Total pay bill	£62,630,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.03%

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related Parties and other Connected Charities and Organisations

No Director received any remuneration in respect of their services during the year, nor for any other work undertaken on behalf of the Trust, with the exception of Mr S P Beamish and Mrs T Trusler in their capacity as employees of the Trust. Governors are from sponsoring organisations, employers, local authorities or other organisations, some of which from time to time have dealings with the Trust in the course of their usual work. All transactions between these organisations and the Trust were carried out at arm's length and all material transactions were at standard rates.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The objects of Leigh Academies Trust are summarised as follows:

- ◆ To advance for the public benefit education in the United Kingdom, by establishing, maintaining, running, managing and developing schools which offer a broad and balanced curriculum or are specifically organised to make special educational provision for pupils with Special Educational Needs; and
- ◆ To promote for the benefit of the inhabitants of the areas in which the Academies are located and the surrounding areas the provision of facilities for recreation or other leisure.

Objectives, Strategies and Activities

The Trust has an Excellence Charter that sets the context for the LAT Performance Agreement. The Charter commits the Trust to do the following:

- ◆ We will provide outstanding leadership and governance at every level so that all pupils attend an academy judged to be at least good overall by Ofsted.
- ◆ We will ensure a rich, engaging and inclusive curriculum with effective teaching and high-quality learning resources across all subjects and year groups.
- ◆ Regardless of their ability or personal circumstances we will ensure that all groups of pupils make at least good progress and diminish differences in their attainment.
- ◆ We will develop pupils' characters and attributes in line with the International Baccalaureate Learner Profile so that all LAT alumni obtain a collection of desirable qualities before they leave school.
- ◆ We will ensure that pupils are well-behaved, confident and respectful in a safe and secure environment.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, Strategies and Activities (continued)

- ◆ We will ensure a high-quality workforce and prioritise staff retention, professional development and well-being.
- ◆ Through our "Business Promise" we will guarantee strong engagement for all pupils with industry and employers.
- ◆ We will provide all pupils with a high-quality careers learning programme.
- ◆ We will grow to support more schools in the region so long as the education of current pupils and performance of existing academies does not suffer.
- ◆ We will work with our own and other primaries to ensure smooth transition to our secondary academies.

Public Benefit

In setting the Trust's objectives and planning its activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

Subsidiary company

The Trust owns 100% of the issued ordinary share capital of LAT Enterprises C.I.C, a community interest company incorporated in England and Wales in 1991. The results of the subsidiary are consolidated in these financial statements.

STRATEGIC REPORT

Achievements and performance

Overview

During the year, two new academies joined Leigh Academies Trust – one secondary and one primary. This brings the total number of academies within the Trust to 17, with more than 12,000 students. From 1 September 2018, the Trust welcomed an eighteenth academy, Leigh Academy Blackheath, which opened in temporary accommodation in Blackheath, London prior to its planned move to a new building in 2020. The Trust is also progressing three 'free school' projects: a secondary school, a primary school and a special school, which are expected to open in new buildings in two to three years.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Overview (continued)

Building work was completed on the new premises for the Inspiration Academy, which opened in September 2017 as a year 7-9 annex to The Leigh University Technical College (UTC). The facility was heavily over-subscribed in its first year and the size of the second Year 7 cohort which started in September 2018 is similarly exceeding expectations. The Leigh UTC has enjoyed much success this year with a highlight being seven post-16 students receiving The Duke of York Gold Award for Technical Education. The UTC was also selected to be part of a national pilot project to deliver the government's new T-levels. The UTC will use T-levels to promote its digital pathways in software applications, design and cyber-security to provide entry to degree apprenticeships.

During the year, Ofsted carried out inspections at five of our academies. The Leigh Academy and Dartford Primary Academy were judged to be 'Good' in all areas; Longfield Academy was graded 'Good' with 'Outstanding' provision of post-16 education. The significant improvements in recent years at Molehill Primary Academy were recognised by Ofsted's judgement that the academy was 'Good' in all areas having previously been rated as inadequate by Ofsted before joining Leigh Academies Trust. Eastcote Primary Academy was rated 'Good' with a recommended follow-up section 5 inspection to consider raising the assessment to 'Outstanding'.

There has been much to celebrate across LAT this year with students in all academies achieving success. Children attending LAT primary academies have performed well, exceeding national averages in almost all cases. This is a particularly impressive achievement as the intake tends towards more disadvantaged communities with high rates of pupil mobility and academic profiles significantly below average.

The wellbeing of our staff has been a major focus for 2017-18 and continues to be in the current year. Three major programmes designed to support this were launched:

- ♦ LATOne – a new learning and knowledge platform designed to support staff at induction and throughout their careers;
- ♦ Leigh Thrive – a holistic wellbeing programme that improves physical, mental, financial and social wellbeing, including access to professional counselling and financial guidance.
- ♦ Leigh Voice – a new survey platform that enables staff to have a clearer voice more often and to express where the trust can build on strengths and grasp opportunities.

This year saw exciting curriculum developments. Much attention is being paid to the substance and quality of what pupils study in school, not just the outcomes they achieve at the end of KS1, 2, 4 and 5.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Overview (continued)

Three secondary academies are embarking on the second year of the International Baccalaureate Career-related Programme (IBCP) in Key Stage 5 and two more are now Candidate Schools intending to implement this programme in September 2019.

All LAT secondary academies began delivering the IB Middle Years Programme in September 2018. The intention is for them all to be accredited as IB World Schools by the summer of 2020.

Furthermore, LAT primary academies are embarking on a phased introduction of the Primary Years Programme with five academies delivering this curricular framework from September 2018.

Academies that have already begun implementation are reporting significant improvements in the quality of teaching and engagement of pupils. The pupils themselves are developing higher levels of confidence, greater enjoyment in learning and new critical thinking skills.

Once again LAT students in secondary academies faced a number of changes to examinations this summer. A-Levels were subject to reformed, more demanding qualifications and for the first time the impact became apparent of the new vocational qualifications (Applied General) where students have to sit an external test alongside coursework. There has been much to celebrate and A-Level results rose this year to an average grade of C.

New GCSEs grades of 9 to 1 introduced in both English and mathematics last year were rolled out to most other subjects, the first year where students were assessed entirely on an increased number of terminal examinations. Across all LAT academies, well over half of all pupils achieved grades 9 - 4 in both English language/literature and mathematics and 3 in 10 achieved the same at grades 9 - 5. The introduction of the Combined Science also provided challenge as for a standard pass, a grade 4 – 4 was required and pupils are no longer able to be entered for just one science qualification.

LAT primary academies, in the third year of the new curriculum where scaled scores have replaced National Curriculum Levels, performed extremely well this summer. In Early Years Foundation Stage 76% of pupils achieved a good level of development. All are in line with the national average, with 37% of academies exceeding this benchmark by some margin.

The assessment of Phonics in Key Stage 1 is tested initially at the end of Year 1, so that pupils yet to meet the expected threshold have another attempt at the end of Year 2. Across LAT 83% of pupils passed the phonic screening compared to the national average of 81% and 37% of LAT primary academies achieved much higher at 90%.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Overview (continued)

In Key Stage 1 LAT academies exceeded the National Average in all three subjects - reading, writing and mathematics - with some academies showing significant improvements. In Key Stage 2 the National Average for combined subjects increased by 3%, with LAT academies performing above national level at 66%.

Results achieved compared with national averages are set out below. It should be noted that national comparisons with LAT secondaries are unbalanced because six out of eight LAT secondaries are in Kent and Medway, where the most able third of all pupils attend grammar schools.

Performance Measure		National Average	LAT Average
EYFS	% achieving Good Level of Development	72	76
Phonics Screening	% passing Yr1	82	83
KS1	% achieving expected in Reading	75	75
	% achieving expected in Writing	70	70
	% achieving expected in Maths	76	77
KS2	% achieving expected in Reading, Writing & Maths (Combined)	64	66
	Progress Score in Reading (1dp)	0.0	-0.4
	Progress Score in Writing (1dp)	0.0	2.0
	Progress Score in Maths (1dp)	0.0	1.1

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Overview (continued)

Performance Measure		National Average	LAT Average
KS4	% grade 9-4 English & Maths	59	54
	% grade 9-5 English & Maths	40	30
	Attainment 8	44.3	40.8
	Progress 8	0	-0.2
	Ebacc points score	3.83	3.36
KS5	Average point score per academic entry expressed as a grade	C+	C-
	Average point score per applied general entry expressed as a grade	Merit+	Merit
	Average point score per tech level entry expressed as a grade	Merit+	Dist-

Financial review

Financial report for the year

Most income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, restricted to particular purposes. The grants received during 2017/18 and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The net movement in funds for the Trust for the year was an increase of £33,906,000 (2017 – increase of £27,967,000), including depreciation and amortisation of £5,689,000 (2016 - £4,960,000) and adjustments to pension schemes.

At 31 August 2018 the net book value of fixed assets was £183,466,000 (2017 – £146,810,000) and movements in tangible fixed assets are shown in notes 13 and 14 to the accounts.

STRATEGIC REPORT (continued)

Reserves policy and financial position

Reserves policy

The Directors consider it essential to review each year the reserves target. The unrestricted reserves at the end of the year stood at £3,185,000 (2017- £2,438,000) and restricted income reserves at £755,000 (2017 - £3,516,000). The Directors have determined that the target level of free reserves, not invested in tangible fixed assets or restricted or designated for specific projects, should be at least 4% of annual income.

During the year, the Directors decided to allocate reserve funds to projects in academies to support the improvement of educational outcomes including £1,725,000 on the renewal of IT infrastructure and hardware. While this reduced the overall reserves balance, the funding provided direct support to academies and is assisting with the delivery of a high quality digital curriculum.

Some funding for essential building repairs comes from the DfE School Condition Allocation, but this does not cover all of the medium term cost of maintaining the estate.

The Trust has opened an age 11 entry annex ("Inspiration Academy") as part of The Leigh UTC and the DfE is advancing funds to meet current deficits. The advance will be repayable from future surpluses to be earned by the UTC and is not repayable from other resources of the Trust or its academies. As at 31 August 2018, a total of £1,688,000 had been advanced of which £1,488,000 is recorded in the accounts as a long-term creditor balance (Note 18) and £200,000 has been repaid.

Individual Trust academies do not hold reserves, and surpluses are managed centrally for the benefit of academies. Fund balances at academy level are therefore zero (Note 19).

Tangible fixed assets are all held for use by the Trust.

In the next year, the Trust plans to make strategic use of reserves in renewing IT networks and hardware; in a range of measures to support improvement in educational outcomes, and through initiatives to promote staff wellbeing.

Financial position

The Trust held fund balances at 31 August 2018 of £157,509,000 (2017 – £123,603,000). This consists of unrestricted funds of £3,185,000 (2017 – £2,438,000), restricted general funds of £755,000 (2017 – £3,516,000), the Trust's fixed asset fund of £180,038,000 (2017 – £144,407,000) and the Trust's pension reserve liability of £26,469,000 (2017 – £26,823,000). The fund balances are currently adequate to fulfil the known obligations of the Trust and are in line with the reserves policy set out above.

STRATEGIC REPORT (continued)

Reserves policy and financial position (continued)

Financial position (continued)

The Trust is required to include the Local Government Pension Scheme deficit of £26,469,000 (2017 - £26,823,000) on its balance sheet although the Directors have no control over the management of the pension fund, its financial arrangements or investment decisions. The Trust is required to remain a member of the pension scheme. Additionally, the Trust will inherit the pension liability of any new schools that join the Trust, thus increasing the overall liability. The Trust accepts its financial responsibilities, subject to assurances received from the Department for Education and has fully implemented the provisions of FRS102 relating to the Pension Scheme.

The Trust has received confirmation that, in the unlikely event that the operation of an academy ceased altogether, the Department for Education would undertake discussions with the relevant pension authorities as to the best way in which the deficit could be dealt with, having regard for that academy's members of the scheme. These discussions would recognise that the Trust was never funded to meet any outstanding pension deficit. 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.

Investment policy

The Trust invests surplus funds prudently to maximise interest returns with minimal risk.

Principal risks and uncertainties

The Trust has a rolling programme of risk assessment and management through which risks across all areas of the Trust's operations are identified and managed. The risk register is reviewed at least three times a year by Directors and key members of staff.

Principal risks on the risk register are:

- ◆ Changes to the school performance landscape – mitigated by being agile in response to external challenges and maintaining close links with DfE policy makers.
- ◆ Reduction in real terms funding adversely impacting on the delivery of high quality teaching and learning – mitigated by efficient delivery of educational and support services and regular Board review of budgets and long term plans.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

- ◆ Increases in costs arising from external factors, such as increases in employer's pension scheme contributions and taxation – mitigated by forward planning.
- ◆ Failure to recruit and retain high quality staff – mitigated by implementation of a funded recruitment and retention strategy, with staff wellbeing at its core.

Fundraising

The trust does not actively fundraise and seek funds from the public.

Plans for future periods

We are delighted with the achievements of our students in 2017-18 and will continue to build on this success. Key objectives for the coming year are:

- ◆ Pupil excellence. More pupils achieve a good level of development in early years; pass the phonics screen at Key Stage (KS) 1; achieve national standards at KS2; improve 9-5 grades in English and maths at GCSE; achieve a positive Progress 8 score at GCSE; and deliver value added of at least +0.2 for International Baccalaureate Careers Related Programme at post-16.
- ◆ Staff Excellence. Continue to grow good and outstanding teachers; increase staff retention; improve work-life balance; develop a five-stage embedded leadership programme; achieve stronger performance management.
- ◆ Trust Excellence. Extend apprenticeship opportunities for students; fully embed International Baccalaureate Learner Profile in all academies; and further enhance impact of IT on student outcomes.
- ◆ Extending Excellence. Complete merger with The Williamson Trust from January; continue progress towards opening three approved new free schools; create new sports facilities for The Leigh UTC/Inspiration Academy annex; Dartford Primary Academy (juniors) finally refurbished and rebuilt; a third college building completed at Wilmington Academy.

Going concern

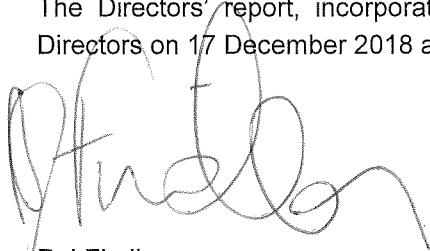
After making appropriate enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. It continues to adopt the going concern basis in preparing its financial statements. Further details regarding the adoption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

AUDITOR

In so far as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by the Board of Directors on 17 December 2018 and signed on the Board's behalf by:

A handwritten signature in black ink, appearing to read 'R J Findlay', written over a light grey circular stamp.

R J Findlay

Chairman

Approved by the board on

17 December 2018

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Leigh Academies 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 Directors have delegated the day-to-day responsibility to the Chief Executive Officer, 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 agreements between the Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. Attendance at meetings is high and Directors give of their time generously to support committee and working party meetings.

Director	Number of meetings attended	Out of a possible
Mr RJ Findlay (Chairman)	3	3
Ms A Barritte	2	3
Mr AFX Green	3	3
Mr J Kite	3	3
Professor M Snowden (joined March 18)	1	2
Mrs T Davies	3	3
Mr S P Beamish	3	3
Mr G Clewes	0	3
Mr K Ellis	2	3
Mrs T Trusler	3	3
Dr W Hogan-O'Neill	3	3
Professor M Hunt (retired June 18)	1	2
Mr J Nicholson	3	3
Dr A Lawrence	1	3

Governance reviews

Leigh Academies Trust undertook a thorough review of all facets of its governance structure as part of an ongoing focus on effective governance. Terms of Reference were reviewed for each board and committee and expectations relating to all governance roles were fully documented. The Governors' Handbook which now forms the basis for the induction process for all new governors was updated.

Governance statement 31 August 2018

Governance (continued)

Governance reviews (continued)

The Resources Committee is a sub-committee of the main Trust Board. Its purpose is to focus on compliance with approved budgets, policies, legislation and regulations. It is responsible to the Board of Directors. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mrs T Davies (Chairman)	3	3
Mrs A Barritte	3	3
Mr J Carter	2	3
Dr W Hogan-O'Neill	3	3
Mr M Laming	1	3
Mr D Mead	2	3
Mr A Styles	1	1
Mr R J Findlay	3	3

The Standards Committee is a sub-committee of the main Trust Board. Its purpose is to focus on delivering the Trust and Academy curriculum to students and ensure that quality of teaching remains high. It is responsible to the Board of Directors. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mr AFX Green (Chairman)	2	2
Mrs L Harker	2	2
Mrs J Gall	2	2
Mr C Barker	2	2
Ms S Pandit	2	2
Dr S Woodhead	1	2
Mr R Tibbott	1	2
Mr R J Findlay	2	2

The Audit Committee is a sub-committee of the Members. It helps the Board oversee financial and other controls including risk management, in the context of the planned growth in the network. The committee exists to ensure probity, efficiency, and compliance with the requirements of the ESFA Academies Financial Handbook. It is responsible to the Members. Attendance at meetings in the year was as follows:

Committee Member	Number of meetings attended	Out of a possible
Mrs T Davies (Chairman)	3	3
Mr S Clubb	1	3
Mr K Ellis	3	3
Mr J Carter	2	3

Governance (continued)

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value for money 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 Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer has delivered improved value for money during the year by:

- ◆ streamlining the senior management structure of some academies to maintain a balanced budget in a climate of funding pressures.
- ◆ enhancing central services to academies across the Trust, including finance, human resources, estates management, IT and an increase in the numbers of Directors of Improvement to assist educational achievement in all academies. The centre delivers consistently high level educational and support services to academies with valuable economies of scale.
- ◆ achieving reductions in IT operating costs in all academies
- ◆ procuring a new contract for the provision of cleaning services across academies to generate significant efficiency savings.

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 to identify and prioritise the risks to achievement of the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Directors have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls implemented to mitigate those risks. The Directors are of the view that an ongoing process for identifying, evaluating and managing the Trust's significant risks has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Directors.

Governance statement 31 August 2018

The risk and control framework

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 reviewed and agreed by the board of directors.
- ◆ Regular reviews by the Resources Committee of financial performance against forecasts, major purchase plans, capital works and expenditure programmes.
- ◆ Setting targets to measure financial and other performance.
- ◆ Clearly defined asset purchase and capital investment guidelines.
- ◆ Delegation of authority and segregation of duties.
- ◆ Identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor, but to commission Buzzacott LLP to perform a range of checks on the Trust's financial systems. Upon receipt of their findings and recommendations, management reports to the Directors on the operation of the systems of control and on the discharge of the board's financial responsibilities.

Buzzacott LLP delivered their schedule of work as planned. Their findings and recommendations did not include any material control issues.

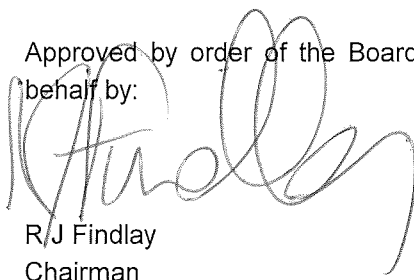
Review of effectiveness

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

- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Trust Executive Group which is responsible for the development and maintenance of the internal control framework.

The Accounting Officer has received a review of the systems of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 17 December 2018 and signed on their behalf by:



R/J Findlay
Chairman



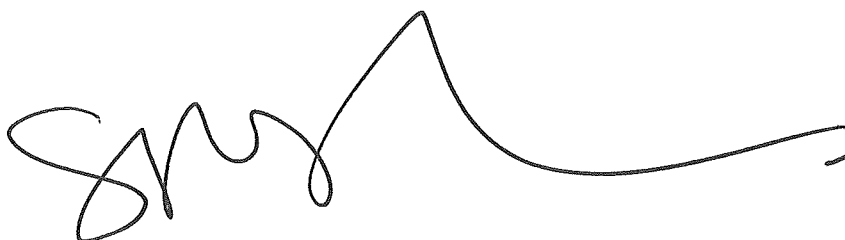
S P Beamish
Chief Executive Officer
and Accounting Officer

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of Leigh Academies Trust, I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust Board of Directors 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 agreements and the Academies Financial Handbook 2017.

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

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

S P Beamish
CEO and Accounting Officer

Date: 17 December 2018

Statement of directors' responsibilities 31 August 2018

The Directors (who act as trustees of the Trust for the purposes of charity law and are also the directors of the Trust for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

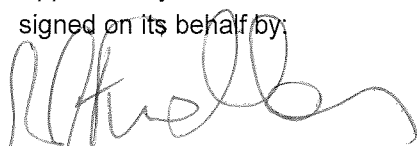
Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of its incoming resources and application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

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

The Directors are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 17 December 2018 and signed on its behalf by:



R J Findlay
Chairman

Independent auditor's report on the financial statements to the Board of Directors of Leigh Academies Trust

Opinion

We have audited the financial statements of Leigh Academies Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, the group and charitable parent company balance sheets and statements of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2018 and of the group's 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 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Independent auditor's report on the financial statements 31 August 2018

Conclusions relating to going concern (continued)

- ◆ the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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.

Other information

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

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 Directors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Directors' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the 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 by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records or returns; or

Independent auditor's report on the financial statements 31 August 2018

Matters on which we are required to report by exception (continued)

- ◆ certain disclosures of Directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Directors' responsibilities statement, the Directors 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 Directors 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 Directors are responsible for assessing the group's and the charitable parent 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 Directors either intend to liquidate the group or the charitable parent 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.

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.

Use of our report

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



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

20 December 2018

Independent reporting accountant's assurance report on regularity to Leigh Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leigh Academies Trust during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Leigh Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Leigh Academies Trust's funding agreements with the Secretary of State for Education dated 1 February 2012 and 29 April 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Independent reporting accountant's report on regularity 31 August 2018

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP, Reporting Accountant
130 Wood Street
London
EC2V 6DL

20 December 2018

Consolidated statement of Financial Activities Year to 31 August 2018

		Restricted funds					2018	2017
	Notes	Unrestricted funds £'000	ESFA £'000	General £'000	Fixed assets £'000	Endowment funds £'000	Total Funds £'000	Total Funds £'000
Income from:								
Donations and capital grants	2	157	—	—	18,610	—	18,767	7,665
Transfer from Pre-School Learning Alliance	21	—	—	28	5	—	33	—
Transfers on existing Academies joining the Trust	21	19	(2,976)	—	22,640	—	19,683	23,626
<i>Charitable activities:</i>								
. Funding for the Leigh Academies Trust's educational operations	5	—	62,978	5,551	—	—	68,529	60,056
Other trading activities	3	604	—	2,522	—	—	3,126	2,246
Investments	4	14	—	—	—	—	14	10
Total income		794	60,002	8,101	41,255	—	110,152	93,603
Expenditure on:								
Raising funds	6	47	—	—	2	—	49	98
<i>Charitable activities:</i>								
. Leigh Academies Trust's educational operations	7	—	70,243	7,440	5,687	—	83,370	70,535
Total expenditure		47	70,243	7,440	5,689	—	83,419	70,633
Net income (expenditure)		747	(10,241)	661	35,566	—	26,733	22,970
Transfers between funds	19	—	—	—	65	(65)	—	—
Other recognised gains and losses								
Actuarial gains (losses) on defined benefit pension schemes	9	—	7,173	—	—	—	7,173	4,997
Net movement in funds		747	(3,068)	661	35,631	(65)	33,906	27,967
Balances brought forward at 1 September 2017		2,438	(23,761)	454	144,407	65	123,603	95,636
Balances carried forward at 31 August 2018		3,185	(26,829)	1,115	180,038	—	157,509	123,603

All of the Trust's activities derived from continuing operations during the above two financial periods. There is no difference between the net movement in funds stated above and its historical cost equivalent. The statement of financial activities analyses all the capital and income resources and expenditures of the Trust during the year and reconciles the movements in funds.

Balance sheet 31 August 2018

		2018		2017	
	Notes	Group £'000	Leigh Academies Trust £'000	Group £'000	Leigh Academies Trust £'000
Fixed assets					
Intangible fixed assets	13	—	—	48	48
Tangible fixed assets	14	183,466	183,461	146,762	146,755
		183,466	183,461	146,810	146,803
Current assets					
Debtors	16	3,100	3,535	2,561	2,767
Stock		8	8	5	5
Cash at bank and in hand		10,302	9,822	10,724	10,475
		13,410	13,365	13,290	13,247
Liabilities					
Creditors: amounts falling due within one year	17	(10,598)	(10,572)	(8,055)	(8,232)
Net current assets		2,812	2,793	5,235	5,015
Total assets less current liabilities		186,278	186,254	152,045	151,818
Creditors: amounts falling due after more than one year	18	(2,300)	(2,300)	(1,619)	(1,419)
Net assets excluding pension scheme liability		183,978	183,954	150,426	150,399
Pension scheme liability	9	(26,469)	(26,469)	(26,823)	(26,823)
Total net assets		157,509	157,485	123,603	123,576
Restricted funds					
Fixed asset funds	19	180,038	180,033	144,407	144,400
Restricted income funds	19	755	755	3,516	3,516
Endowment funds	19	—	—	65	65
Pension reserve	19	(26,469)	(26,469)	(26,823)	(26,823)
Total restricted funds		154,324	154,319	121,165	121,158
Unrestricted income funds					
General fund	19	3,157	3,166	2,410	2,418
Funds retained with subsidiary	19	28	—	28	—
Total funds		157,509	157,485	123,603	123,576

Approved by the board on 17 December 2018

Signed on behalf of the board of Directors by:



R. J. Findlay
Chairman

Consolidated statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Net cash inflow from operating activities			
Net cash (used in) / provided by operating activities	A	(1,207)	47
Cash flows from investing activities			
	B	(673)	(2,439)
Cash inflow from financing activities			
	C	1,130	179
Cash flows from conversions/existing academies joining the trust			
	22	328	4,209
Change in cash and cash equivalents in the year		(422)	1,996
Cash and cash equivalents at 1 September 2017		10,724	8,728
Cash and cash equivalents at 31 August 2018		10,302	10,724
A Reconciliation of income (expenditure) to net cash flow from operating activities			
		2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)		26,733	22,970
Adjusted for:			
Amortisation (note 13)		48	48
Depreciation charges (note 14)		5,641	4,912
Capital grants from DfE and other capital income		(18,610)	(7,135)
Assets transferred from Local Authority		(22,692)	(26,802)
Interest receivable (note 4)		(14)	(10)
Defined benefit pension scheme obligation inherited		2,976	3,176
Defined benefit pension scheme cost less contributions payable (note 9)		1,428	1,596
Defined benefit pension scheme finance cost (note 9)		707	604
Loss on curtailments and settlements		(142)	(43)
Profit from sale of tangible fixed assets		36	20
Increase in stocks		(4)	(4)
Increase in debtors		(539)	(603)
Increase in creditors		3,225	1,318
Net cash (used in) / provided by operating activities		(1,207)	47
B Cash flows from investing activities			
		2018 £'000	2017 £'000
Interest received		14	10
Proceeds from sale of tangible fixed assets		37	16
Purchase of tangible fixed assets		(19,334)	(9,600)
Capital grants from DfE/ESFA		18,592	7,135
Capital funding received from sponsors and others		18	—
Net cash used in investing activities		(673)	(2,439)

Consolidated statement of cash flows Year to 31 August 2018

C Cash flows from financing activities

	2018 £'000	2017 £'000
Repayments of borrowing	(95)	(449)
Loan transfer from existing academy	627	—
Cash inflows from new borrowing	598	628
Net cash provided by financing activities	1,130	179

D Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	10,302	10,724
Total cash and cash equivalents	10,302	10,724

Statement of accounting policies

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

Basis of preparation

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

Leigh Academies Trust meets the definition of a public benefit entity under FRS 102.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet include the financial statements of the charitable company and its trading subsidiary LAT Enterprises C.I.C made up to the balance sheet date.

No separate statement of financial activities has been presented for Leigh Academies Trust alone, as permitted by Section 4 of the Companies Act 2006.

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.

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.

Income (continued)

Grants

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

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

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

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

Income (continued)

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, 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, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within donations and capital grant income.

Expenditure

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

Expenditure on raising funds

This includes all expenditure incurred by the academy 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 stated net of recoverable VAT.

Intangible fixed assets

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

- ♦ Purchased computer software 33% per annum

Tangible fixed assets

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost. Assets other than land and buildings inherited on establishment of the Trust are assumed to be fully depreciated.

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. The related grants are credited to restricted fixed asset funds (in the statement of financial activities and carried forward in the balance sheet) and are released to the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Equipment, other than computer equipment and IT software, costing less than £1,000 per individual item or groups of related items is written off in the year of acquisition. All other equipment is capitalised.

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following annual rates:

- ◆ Freehold and leasehold properties 2-4%
- ◆ Furniture and equipment 20%
- ◆ Computer equipment 33%
- ◆ Motor vehicles 20%

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the 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.

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.

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 (continued)

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.

Leased assets

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

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 16. Prepayments are not financial instruments. Amounts due to the trust's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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 trust's wholly owned subsidiary are held at face value less any impairment.

Investments

The Trust's shareholding in the wholly owned subsidiary, LAT Enterprises C.I.C, is included in the balance sheet at the cost of the share capital owned, less any impairment, There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

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

Taxation

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

Pensions benefits

Retirement benefits to employees of the 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 9, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

Fund accounting

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 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.

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 9, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 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.

Critical areas of judgement

There were no areas of judgement that had a significant effect on the amounts recognised in the financial statements.

Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and balances held are disclosed in note 27.

1 General Annual Grant (GAG)

Under the funding agreements with the Secretary of State, 12 of the academies within the Trust were subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2018.

There were no carry forward limits for one academy within the Trust.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	—	18,592	18,592	7,135
Other donations	157	—	18	175	530
	157	—	18,610	18,767	7,665

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	112	—	112	131
Trip income	—	799	799	652
Catering income	61	231	292	142
LAT Enterprises C.I.C	431	—	431	313
Miscellaneous income	—	1,492	1,492	1,008
	604	2,522	3,126	2,246

4 Investments

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Bank interest receivable	14	—	14	10

5 Funding for the Trust's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE/ESFA grants				
General Annual Grant (GAG) (note 1)	—	58,713	58,713	51,794
Start Up Grants	—	23	23	139
Other DfE/ESFA grants	—	3,976	3,976	3,304
Teacher training	—	266	266	181
	—	62,978	62,978	55,418
Other Government grants				
Local authority grants	—	5,551	5,551	4,638
	—	5,551	5,551	4,638
	—	68,529	68,529	60,056

6 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds	16	—	33	49	98
Academy's educational operations					
. Direct costs	49,247	5,069	4,846	59,162	51,476
. Allocated support costs	13,367	5,684	5,157	24,208	19,059
	62,630	10,753	10,036	83,419	70,633
The result for the year is stated after charging:				2018 £'000	2017 £'000
Operating lease rentals				1,169	1,172
Depreciation				5,641	4,912
Amortisation				48	48
Fees payable to auditor for:					
. Audit				83	83
. Other services				17	8

7 Charitable activities – Trust’s educational operations

	2018 Total funds £’000	2017 Total funds £’000
Direct costs – educational operations		
Teaching and educational support staff costs	49,247	42,454
Depreciation and amortisation	5,118	4,462
Educational supplies	1,152	1,128
Educational consultancy	724	697
Examination fees	765	800
School trips	862	709
Staff development	273	236
Other direct costs	1,021	809
	59,162	51,295

	2018 Total funds £’000	2017 Total funds £’000
Analysis of support costs		
Support staff costs	13,367	9,970
Recruitment and other staff costs	432	388
Staff development	81	42
Depreciation and amortisation	571	496
Technology costs	1,564	1,103
Premises costs	5,684	4,956
Other support costs	2,340	1,964
Governance costs (legal and professional fees)	169	140
Total support costs	24,208	19,059

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Restricted funds					2017 Total Funds £'000
	Unrestricted funds £'000	ESFA £'000	General £'000	Fixed assets £'000	Endowment funds £'000	
Income from:						
Donations and capital grants	21	—	509	7,135	—	7,665
Transfers on existing Academies joining the Trust	195	334	—	22,593	504	23,626
<i>Charitable activities:</i>						
· Funding for the Leigh Academies Trust's educational operations	—	55,237	4,638	—	—	59,875
Teacher training	—	—	181	—	—	181
Other trading activities	505	—	1,741	—	—	2,246
Investments	9	—	—	—	1	10
Total income	730	55,571	7,069	29,728	505	93,603
Expenditure on:						
Raising funds	95	—	—	3	—	98
<i>Charitable activities:</i>						
· Leigh Academies Trust's educational operations	—	58,136	7,260	4,958	—	70,354
Teacher training	—	—	181	—	—	181
Total expenditure	95	58,136	7,441	4,961	—	70,633
Net income (expenditure)	635	(2,565)	(372)	24,767	505	22,970
Transfers between funds	—	—	5	435	(440)	—
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes	—	4,997	—	—	—	4,997
Net movement in funds	635	2,432	(367)	25,202	65	27,967
Balances brought forward at 1 September 2016	1,803	(26,193)	821	119,205	—	95,636
Balances carried forward at 31 August 2017	2,438	(23,761)	454	144,407	65	123,603

9 Staff costs

(a) Staff costs

Staff costs during the year were:

	Total 2018 £'000	Total 2017 £'000
Wages and salaries	46,280	39,932
Social security costs	4,413	3,786
Pension costs	10,337	7,712
Apprenticeship levy	233	80
	61,263	51,510
Supply staff costs	1,263	1,002
Staff restructuring costs	104	60
	62,630	52,572

	2018 £'000	2017 £'000
Staff restructuring costs comprise		
Severance payments	104	60
	104	60

(b) Staff restructuring costs

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £103,559 (2017: £59,638). Individually, the payments were: £2,819, £9,000, £9,601, £12,000, £12,826, £18,000, £19,250 and £20,063.

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Trust during the period was as follows:

	2018 No.	2017 No.
Teaching	1,483	1,413
Administration and support	265	244
Management	74	63
	1,822	1,720

9 Staff costs (continued)

(d) Higher paid staff

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

	2018	2017
£60,001 - £70,000	33	32
£70,001 - £80,000	9	10
£80,001 - £90,000	7	5
£90,001 - £100,000	8	9
£100,001 - £110,000	4	2
£110,001 - £120,000	1	—
£130,001 - £140,000	1	2
£140,001 - £150,000	1	—
£180,001 - £190,000	—	1
£220,001 - £230,000	1	—
	65	61

(e) Key management personnel

The key management personnel of the academy trust comprise the Executive Directors and Academy Principals. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £2,841,775 (2017: £2,764,644).

(f) 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 [name]. 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 £747,806 were payable to the schemes at 31 August 2018 (2017: £716,675) 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.

9 Staff costs (continued)

(f) Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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%.

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 £5,904,154 (2017: £3,847,465).

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.

9 Staff costs (continued)

(g) Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £3,487,000, of which employer's contributions totalled £2,660,000 and employees' contributions totalled £827,000. The agreed contribution rates for future years are unknown pending valuation information.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.1	22.6
Females	25.2	24.7
<i>Retiring in 20 years</i>		
Males	25.3	24.8
Females	27.5	27.0

Sensitivity analysis	At 31 August 2018 £'000
Discount rate +0.1%	48,859
Discount rate -0.1%	51,255
Mortality assumption – 1 year increase	51,709
Mortality assumption – 1 year decrease	48,430
CPI rate +0.1%	50,164
CPI rate -0.1%	49,920

9 Staff costs (continued)

(h) Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	21,671	19,314
Bonds	4,420	3,363
Property	4,646	3,626
Cash	1,020	881
Other	7,244	3,030
Total market value of assets	39,001	30,214
Present value of scheme liabilities		
Funded	(65,470)	(57,037)
Deficit in the scheme	(26,469)	(26,823)

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost	(4,848)	(4,297)
Net interest cost	706	604
Total amount recognised in the SOFA	(4,142)	(3,693)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	57,037	46,924
Transferred in on existing academies joining the trust	7,234	6,043
Current service cost	5,675	4,990
Interest cost	1,588	1,131
Employee contributions	827	693
Actuarial (gain)/loss	(6,516)	(1,785)
Benefits paid	(477)	(225)
Experience gain on defined benefit obligation	—	(1,113)
Plan introductions, benefit changes, curtailments and settlements	102	379
At 31 August 2018	65,470	57,037

9 Staff costs (continued)

(i) Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	30,214	20,439
Upon conversion	4,258	2,867
Interest income	882	527
Return on assets less interest	—	3,169
Actuarial gain/(loss)	657	43
Employer contributions	2,660	2,263
Employee contributions	827	693
Benefits paid	(477)	(225)
Settlement prices received/paid	—	452
Administration expenses	(20)	(14)
At 31 August 2018	39,001	30,214

10 Directors' remuneration and expenses

Staff Directors only receive remuneration in respect of services they provide undertaking the roles of staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Trust in respect of their role as governors. The value of Staff Directors' remuneration was as follows:

	Year to 31 August 2018 £'000	Year to 31 August 2017 £'000
S P Beamish (CEO and Director)		
. Remuneration	220 – 225	180 – 185
. Employer's Pension contributions	30 – 35	30 – 35
T Trusler (Principal and Director)		
. Remuneration	105 – 110	95 – 100
. Employer's Pension contributions	25 – 30	25 – 30

Directors of the Trust received payment for reimbursement of travel and subsistence expenses incurred in the course of their duties in the current year of £4,395 (2017 - £2,628). No director has any beneficial interest in any contract with the company.

11 Directors', Governors' and officers' insurance

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

12 Central services

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

- ◆ Financial services;
- ◆ Legal services;
- ◆ Educational support services;
- ◆ Comprehensive IT services;
- ◆ Human Resources;
- ◆ Leadership and Governance; and
- ◆ Estates.

The Trust has charged for these services on the basis of 2.8% (2017 – 2.8%) of GAG and SEN funding per Academy plus 0.6% for HR and variable rates for central IT services depending on the levels of service provided. The contributions made by academies charged during the year for each of these services were as follows:

	2018 £'000	2017 £'000
Cherry Orchard Primary Academy	32	—
Dartford Primary Academy	122	145
Eastcote Primary Academy	45	31
Hartley Primary Academy	68	65
Langley Park Primary Academy	42	32
The Leigh Academy	431	451
The Leigh UTC	135	96
Longfield Academy	340	368
Mascalls Academy	342	364
Milestone Academy	305	308
Molehill Primary Academy	72	76
Oaks Primary Academy	64	62
Stationers' Crown Woods Academy	571	351
Strood Academy	386	230
The Halley Academy	196	—
Tree Tops Primary Academy	68	64
Wilmington Academy	336	363
LAT Enterprise Limited C.I.C	9	8
	3,564	3,014

13 Intangible fixed assets

Group and Trust	Computer software £'000	Total funds £'000
Cost/valuation		
At 1 September 2017	146	146
At 31 August 2018	146	146
Amortisation		
At 1 September 2017	98	98
Charge in year	48	48
At 31 August 2018	146	146
Net book value		
At 31 August 2018	—	—
At 31 August 2017	48	48

14 Tangible fixed assets

Group	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2017	54,086	107,432	6,259	8,827	152	176,756
Transfers on existing academies joining the trust	24,685	—	299	452	—	25,436
Additions	—	15,857	1,656	1,821	—	19,334
Disposals	(20)	—	(109)	(422)	—	(551)
At 31 August 2018	78,751	123,289	8,105	10,678	152	220,975
Depreciation						
At 1 September 2017	8,047	10,437	4,792	6,589	129	29,994
Transfers on existing academies joining the trust	1,769	—	227	389	—	2,385
Charge for year	1,397	2,508	522	1,209	5	5,641
Disposals	—	—	(89)	(422)	—	(511)
At 31 August 2018	11,213	12,945	5,452	7,765	134	37,509
Net book values						
At 31 August 2018	67,538	110,344	2,653	2,913	18	183,466
At 31 August 2017	46,039	96,995	1,467	2,238	23	146,762

14 Tangible fixed assets (continued)

Trust	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment and software £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 September 2017	54,086	107,432	6,235	8,827	152	176,732
Transfers on existing academies joining the trust	24,685	—	299	452	—	25,436
Additions	—	15,857	1,656	1,821	—	19,334
Disposals	(20)	—	(109)	(422)	—	(551)
At 31 August 2018	<u>78,751</u>	<u>123,289</u>	<u>8,081</u>	<u>10,678</u>	<u>152</u>	220,951
Depreciation						
At 1 September 2017	8,047	10,437	4,775	6,589	129	29,977
Transfers on existing academies joining the trust	1,769	—	227	389	—	2,385
Charge for year	1,397	2,508	520	1,209	5	5,639
Disposals	—	—	(89)	(422)	—	(511)
At 31 August 2018	<u>11,213</u>	<u>12,945</u>	<u>5,433</u>	<u>7,765</u>	<u>134</u>	37,490
Net book values						
At 31 August 2018	<u>67,538</u>	<u>110,344</u>	<u>2,648</u>	<u>2,913</u>	<u>18</u>	183,461
At 31 August 2017	<u>46,039</u>	<u>96,995</u>	<u>1,460</u>	<u>2,238</u>	<u>23</u>	146,755

The land on which leasehold buildings are sited is leased at peppercorn rents. No value has been placed on the land in the financial statements due to restrictive covenants in the leases.

The Halley Academy joined the Trust during the year. Details of the value of the buildings transferred to Leigh Academies Trust are included in note 21.

Stationers' Crown Woods Academy joined the Trust on 1 September 2014, and is subject to a contract under the Private Finance Initiative (PFI). Under this contract the Academy premises are maintained and managed for a period of 25 years by the PFI-Contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract, the residual benefit of the premises passes to the Academy as a result of a 125 year lease granted to the Academy. The ESFA has issued guidance within the Academies Accounts Direction 2016/17 which concurs with the treatment adopted by Leigh Academies Trust.

15 Wholly owned trading subsidiary

The Trust owns 100% of the issued ordinary shares of LAT Enterprises C.I.C, a community interest company incorporated in England. The principal activities of the subsidiary are the provision of commercial and community IT training as an extension of the facilities made available to students and the letting of leisure and sports facilities to the community.

15 Wholly owned trading subsidiary (continued)

A summary of the results for the year and position at the year end of LAT Enterprises C.I.C , which have been included in the consolidated financial statements is shown below:

	2018 £'000	2017 £'000
Turnover	461	335
Cost of Sales	(35)	(30)
Gross profit	426	305
Administrative expenses	(16)	(71)
Profit on ordinary activities before Gift Aid and taxation	410	234
Gift Aid	(411)	(234)
Tax	—	—
Profit (loss) on ordinary activities after taxation	(1)	—

The assets and liabilities of the subsidiary were:

	2018 £'000	2017 £'000
Fixed assets	4	7
Current assets	500	302
Creditors: amounts falling due within one year	(476)	(281)
Total assets less current liabilities	28	28

16 Debtors

	Group 2018 £'000	Leigh Academies Trust 2018 £'000	Group 2017 £'000	Leigh Academies Trust 2017 £'000
Trade debtors	436	416	239	190
VAT recoverable	907	910	576	578
Amount due from subsidiary	—	452	—	256
Other debtors	79	79	60	57
Prepayments and accrued income	1,678	1,678	1,686	1,686
	3,100	3,535	2,561	2,767

17 Creditors: amounts falling due within one year

	Group 2018 £'000	Leigh Academies Trust 2018 £'000	Group 2017 £'000	Leigh Academies Trust 2017 £'000
Trade creditors	3,456	3,455	1,530	1,530
Taxation and social security	1,098	1,098	881	881
ESFA creditor: abatement of GAG	352	352	—	—
Amount due to subsidiary	—	4	—	—
Other creditors	1,058	1,037	1,382	1,566
Accruals and deferred income	4,511	4,503	4,139	4,132
VAT repayable	123	123	123	123
	10,598	10,572	8,055	8,232
Deferred income				
Deferred income at 1 September 2017	1,342	1,340	1,076	1,072
Resources deferred in the year	2,435	2,430	1,250	1,248
Amounts released from previous years	(1,459)	(1,458)	(984)	(980)
Deferred income at 31 August 2018	2,318	2,312	1,342	1,340

At the balance sheet date the Trust was holding funds received in respect of capital grants, development grants and other sources, which have been deferred to the financial year ending 31 August 2018.

18 Creditors: amounts falling due more than one year

Group and Trust	2018 £'000	2017 £'000
Loans from ESFA	2,300	1,267
ESFA creditor	—	352
	2,300	1,619

Details of the loans outstanding are as below:

	Repayment due within one year £'000	Repayment due in more than one year £'000	Total £'000
Stationers' Crown Woods Academy	39	223	262
The Leigh UTC	—	1,488	1,488
Hartley Primary Academy	6	22	28
The Leigh Academy	8	79	87
The Halley Academy	89	488	577
	142	2,300	2,442

19 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Other adjustments £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	3,062	58,713	(62,159)	24	(360)
Start Up Grant	—	23	—	(23)	—
Pupil Premium	—	2,947	(2,947)	—	—
Other DfE/ESFA grants	—	1,295	(1,295)	—	—
Pension reserve	(26,823)	(2,976)	(3,843)	7,173	(26,469)
	<u>(23,761)</u>	<u>60,002</u>	<u>(70,244)</u>	<u>7,174</u>	<u>(26,829)</u>
Restricted fixed asset funds					
Transfer from Local Authority on conversion and from existing academy	—	22,645	—	(22,645)	—
DfE/ESFA capital grants	144,407	18,592	(5,688)	22,727	180,038
Private sector capital sponsorship		18	—	(18)	—
	<u>144,407</u>	<u>41,255</u>	<u>(5,688)</u>	<u>64</u>	<u>180,038</u>
Other restricted funds					
Local authority grants	—	5,551	(5,551)	—	—
Transfer from Pre – school Learning Alliance	—	28	—	(28)	—
Other restricted funds	454	2,522	(1,889)	28	1,115
	<u>454</u>	<u>8,101</u>	<u>(7,440)</u>	<u>—</u>	<u>1,115</u>
Total restricted funds	<u>121,100</u>	<u>109,358</u>	<u>(83,372)</u>	<u>7,238</u>	<u>154,324</u>
Endowment funds	65	—	—	(65)	—
	<u>65</u>	<u>—</u>	<u>—</u>	<u>(65)</u>	<u>—</u>
Unrestricted funds					
General funds	2,410	314	—	433	3,157
Transfer from existing academy	—	19	—	(19)	—
LAT Enterprises C.I.C	28	461	(47)	(414)	28
Total unrestricted funds	<u>2,438</u>	<u>794</u>	<u>(47)</u>	<u>—</u>	<u>3,185</u>
Total funds	<u>123,603</u>	<u>110,152</u>	<u>(83,419)</u>	<u>7,173</u>	<u>157,509</u>

General Annual Grant (GAG)

General Annual Grant (GAG) must be used for the normal running costs of the Academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Under the funding agreements with the Secretary of State, some academies within the Trust were subject to limits on the amount of GAG that it could carry forward at 31 August 2018. Note 1 discloses whether the limits were exceeded.

12 of the Academies are allowed by ESFA to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of total GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. One academy is not subject to a carry forward limit.

19 Funds (continued)

The transfers relate to fixed assets purchased from unrestricted funds and actuarial losses on defined benefit pension schemes.

Analysis of academies by fund balance (including unrestricted funds)

All fund balances at 31 August 2018 were held centrally by the Trust.

	2018 £'000	2017 £'000
Trust	3,912	5,991
Total before fixed assets and pension reserve	3,912	5,991
Restricted fixed asset fund	180,038	144,407
Pension liability	(26,469)	(26,823)
Total for Trust	157,481	123,575
Subsidiary	28	28
	157,509	123,603

Analysis of academies by cost

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

	Teaching and Educational Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Total 2018 £'000
Cherry Orchard Primary Academy	459	135	85	202	881
Dartford Primary Academy	1,843	348	123	277	2,591
Eastcote Primary Academy	710	156	54	144	1,064
The Halley Academy	3,085	586	223	475	4,369
Hartley Primary Academy	1,026	189	120	218	1,553
Langley Park Primary Academy	679	141	60	185	1,065
The Leigh Academy	5,428	778	716	972	7,894
The Leigh UTC	1,757	356	184	437	2,734
Longfield Academy	4,000	610	437	883	5,930
Mascalls Academy	4,484	685	491	548	6,208
Milestone Academy	4,598	564	229	614	6,005
Molehill Primary Academy	1,123	134	58	145	1,460
Oaks Primary Academy	868	236	85	110	1,299
Stationers' Crown Woods Academy	7,298	920	678	1,540	10,436
Strood Academy	5,311	659	548	738	7,256
Tree Tops Primary Academy	952	160	63	180	1,355
Wilmington Academy	4,306	541	473	624	5,944
Trust	1,320	3,041	326	1,219	5,906
LAT Enterprises C.I.C	—	8	—	32	40
	49,247	10,247	4,953	9,543	73,990

19 Funds (continued)**Comparative information**

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Other adjustments £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	—	51,794	(52,242)	3,510	3,062
Start Up Grant	292	139	(431)	—	—
Pupil Premium	—	2,664	(2,664)	—	—
Other DfE/ESFA grants	—	640	(640)	—	—
Transfer from existing academy	—	3,510	—	(3,510)	—
Pension reserve	(26,485)	(3,176)	(2,159)	4,997	(26,823)
	(26,193)	55,571	(58,136)	4,997	(23,761)
Restricted fixed asset funds					
Transfer from Local Authority on conversion and from existing academy	—	22,593	—	(22,593)	—
DfE/ESFA capital grants	119,205	7,135	(4,961)	23,028	144,407
	119,205	29,728	(4,961)	435	144,407
Other restricted funds					
Local authority grants	—	4,659	(4,659)	—	—
Other restricted funds	821	2,410	(2,782)	5	454
	821	7,069	(7,441)	5	454
Total restricted funds	93,833	92,368	(70,538)	5,437	121,100
Endowment funds	—	505	—	(440)	65
	—	505	—	(440)	65
Unrestricted funds					
General funds	1,774	200	—	436	2,410
Transfer from existing academy	—	195	—	(195)	—
LAT Enterprises C.I.C	29	335	(95)	(241)	28
Total unrestricted funds	1,803	730	(95)	—	2,438
Total funds	95,636	93,603	(70,633)	4,997	123,603

19 Funds (continued)

Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	183,466	183,466
Current assets	3,185	10,225	—	13,410
Current liabilities	—	(7,576)	(3,022)	(10,598)
Non-current liabilities	—	(1,894)	(406)	(2,300)
Pension scheme liability	—	(26,469)	—	(26,469)
Total net assets	3,185	(25,714)	180,038	157,509

Multi-Academy Trust	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	183,461	183,461
Current assets	3,166	10,199	—	13,365
Current liabilities	—	(7,550)	(3,022)	(10,572)
Non-current liabilities	—	(1,894)	(406)	(2,300)
Pension scheme liability	—	(26,469)	—	(26,469)
Total net assets	3,166	(25,714)	180,033	157,485

20 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	nil	nil

21 Commitments under operating leases

At 31 August 2018 the Leigh Academies Trust had future minimum commitments under non-cancellable operating leases as follows:

	2018 £'000	2017 £'000
Payments falling due:		
Amounts due within one year	1,169	1,172
Amounts due between one and five years	4,636	4,386
Amounts due after five years	12,634	13,687
	18,439	19,245

22 Funds transferred

During the year ended 31 August 2018, The Halley Academy, Cherry Orchard Primary Academy and Roundash Nursery School joined Leigh Academies Trust. At the date of transfer under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration. The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	2018 £'000
Tangible fixed assets				
. Leasehold land and buildings	—	—	22,916	22,916
. Other tangible fixed assets	—	—	135	135
Budget surplus on other school funds	—	28	—	28
LGPS pension (deficit)	—	(2,976)	—	(2,976)
Borrowing obligations	(62)	—	(406)	(468)
Current asset	941	—	—	941
Current liability	(860)	—	—	(860)
Net assets	19	(2,948)	22,645	19,716

23 Contingent liabilities

In the event of the sale or disposal of any asset for which a capital grant was received, the Trust must, if it does not reinvest the proceeds, repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates to the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreements, the Trust must repay to the Secretary of State sums determined by reference to:

- (a) The value at the time of the academies' sites and premises and other assets held for the purpose of the Trust; and
- (b) The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 Related party transactions

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

24 Related party transactions (continued)

Kent and Medway Training (KMT) is a school-centred initial teacher training programme which is run as a partnership between 26 schools. S P Beamish, CEO of Leigh Academies Trust, is Chairman of KMT and KMT operates from The Leigh Academy site. During the year ended 31 August 2018 KMT was charged with rent of £15,500 (2017 - £12,500), £248,558 (2017 - £182,668) in recharged salaries and £16,598 (2017 - £4,604) in other services. As at 31 August 2018 KMT owed Leigh Academies Trust £40,629 (2017 - £19,130). During the year ended 31 August 2018, Leigh Academies Trust was charged £102,000 (2017 - £43,375) in tuition fees.

During the year ended 31 August 2018, Leigh Academies Trust was charged £1,380 (2017 - £360) by C E Burch Services for premises and maintenance work. At the year end £660 (2017 - £nil) was due to the company. C E Burch, owner of the company, is a governor at one of the Trust's academies.

During the year ended 31 August 2018, Leigh Academies Trust was charged £11,973 (2017 - £16,227) by K M Media Group for media advertising at various newspapers and media outlets. At the year end £nil (2017 - £1,800) was due to the company. G Allinson, a governor at one of the Trust's academies, is a director of K M Group.

During the year ended 31 August 2018, Leigh Academies Trust was charged £1,630 (2017: £nil) by Giles Osborne Services. At the year end £480 (2017 - £nil) was due to the company. Giles Osborne, owner of the company, is a governor at one of the Trust's academies.

25 Post balance sheet events

After the year end, on 1 September 2018, Leigh Academy Blackheath joined the trust. It is planned that five academies currently in The Williamson Trust (a Secondary school, an all-through school and three Primary schools) will merge with Leigh Academies Trust on 1st January 2019.

26 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust received £278,590 (2017 - £179,492) and distributed £242,605 (2017 - £142,803) from the fund. An amount of £139,133 (2017 - £103,146) is included in other creditors relating to undistributed funds that is repayable to the ESFA if not used within 12 months.