

Company Registration Number: 07543202 (England & Wales)

LEO ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



LEO ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Claire Baptista
Stephen Chappel
Susan Jackson
Raymond Donovan
Paul Brione
Jackie Saddington (Term Ended 17 December 2018)
Brenda Morley (Term Ended 17 December 2018)
Guy Howford (Term Ended 17 December 2018)

Trustees

Dean Clark, Chair
Dorothy Middlemass, Vice Chair
Athar Khan
Charles Doyle
Ian Senior
Matthew Hiley
Stephen Glover (appointed 1 September 2019)
Gregory Campbell (appointed 1 September 2019)
Phillip Hedger, CEO
Francesca Durante (resigned 1 May 2019)
Suzie Atkinson (resigned 10 May 2019)
Jackie Saddington (resigned 4 November 2018)

Company registered number

07543202

Company name

LEO Academy Trust

Principal and registered office

Kingsmead Avenue
Worcester Park
Surrey
KT4 8UT

Company secretary

Shan Moylan

Chief executive officer

Phillip Hedger

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Executive team

Phillip Hedger, CEO
Danielle Scrase, Executive Principal
Malinda Young, Director of Teaching and Learning (to 31 August 2019)
Shan Moylan, Chief Finance Officer
Nicky Gillespy, Chief Operations Officer
Alison Day, Executive Principal (appointed 1 September 2019)
Catherine Lester, Executive Principal (appointed 1 September 2019)

Independent auditors

Landau Baker Limited
Chartered Accountants
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers

Lloyds Bank Plc
49-53 High Street
Sutton
SM1 1DT

Solicitors

Winckworth Sheerwood LLP
5 Montague Close
London
SE1 9BB

LEO ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates 6 primary age academies in Sutton, Cheam and Worcester Park. Its academies have a combined pupil capacity of 3,343 and had a roll of 3,307 in the school census in **2019**.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the Trust.

The Trustees of LEO Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as LEO Academy Trust Limited.

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

b. Members' liability

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

c. Trustees' indemnities

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

d. Method of recruitment and appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement.

The term of office for any Trustee or Governor is 4 years. The Principal's term of office runs parallel with his/her term of appointment. Subject to remaining eligible to be a particular type of Trustee and Governor, either may be reappointed or re-elected.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees and Governors will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new Trustees and Governors are given a tour of the Trust and the chance to meet with staff and students. All Trustees/Governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the trust.

f. Organisational structure

The Trust has established a management structure to enable its efficient running. The structure consists of two levels: the Trust Board and the Executive Team.

The Trust Board has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the trust and monitor its progress towards these objectives.

The Trust Board has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, financial matrix and terms of reference. The CEO is directly responsible for the day to day operation of the Trust. The Executive Principals are directly responsible for the day to day running of academies and are assisted by a senior leadership team.

Trustees are responsible for the strategic vision, agreeing an annual plan and budget, monitoring the academies by use of budgets and making major decisions about the direction of the Trust, including capital expenditure and senior staff appointments.

The Chief Executive assumes the accounting officer role.

g. Arrangements for setting pay and remuneration of key management personnel

The procedure for determining executive pay is agreed by the board in advance. The executive pay range has been set by the Trust Board following a benchmarking exercise, consideration of the role and guidance from the EFA.

h. Related parties and other connected charities and organisations

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

Objectives and activities

a. Objects and aims

The principal object and activity of LEO Academy Trust is to provide a broad and balanced education for pupils of all abilities. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Trust.

In accordance with the articles of association, the trust has adopted a "Scheme of Government" approved by

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

the Secretary of State for Education.

The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy.

The Scheme of Government specifies, amongst other things, that the Trust's Academies will be at the heart of their communities promoting community cohesion and sharing facilities, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

b. Objectives, strategies and activities

The Trust's vision is to build an ethos of:

Learning communities where...

Collaboration makes a real difference and enables every pupil to reach the highest possible standards.

Excellence in every academy; in every hub ...

High expectations for everyone, of everyone and in everything.

Opportunity for all ...

Experiences plus ambition equals success; because everyone in the Trust deserves the best.

LEO Academy Trust's Strategic Aims

To develop a family of great academies where ...

1. Children are safe and enjoy learning;
2. Pupils are developed for life and achieve highly across all five LEO Pupil Outcomes;
3. Teachers collaborate in Professional Learning Teams and Network Learning Communities to develop teaching & learning across the Trust;
4. Leaders are valued and developed at every level, from our pupils upwards. Embedded through clear succession planning and Talent ID programmes; and
5. Opportunities are provided for pupils, staff and governors across the Trust, that wouldn't be possible as individual schools;

The Trust will build its capacity through a mix of sponsorships, new provision and conversions.

Our five LEO pupil outcomes

Active Citizens in a Global Community

- LEO pupils are local, national & global citizens; they have a strong sense of identity and make positive contributions to their community;

Self-Directed, Collaborative & Confident Learners

- LEO pupils develop independence, confidence and character through sport, creativity, performance, volunteering & experiencing the world of work;

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Innovative Learners who pursue Excellence

- LEO pupils innovate & maximise technology; their performance in Maths, English, Science & Computing exceeds their peers nationally;

Healthy Learners who make small changes with a big impact

- LEO pupils have the physical, emotional & social literacy to overcome challenges;

Leaders of today; life long learners

- LEO pupils develop leadership skills, life skills, cultural capital & financial literacy.

The Trust has undertaken self-evaluation activities to correctly identify objectives for the next year. These objectives are:

1. Ensuring the provision of high quality teaching, learning & assessment;
2. Increasing the wide range of opportunities provided for our pupils through an enriched curriculum at each academy within, and across, the Trust;
3. Developing new partnerships to provide further opportunities for our pupils & staff and to ensure the Trust remains a 'capacity giver' to the wider educational community in our region;
4. To ensure growth through welcoming further good and outstanding schools into the Trust, sponsoring & improving schools in need and creating new school provision where opportunities arise in our region; and
5. Ensuring a financially sustainable Multi Academy Trust.

c. Public benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As a Trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money and providing support for local, national and international charities.
- Sports Leader programmes that provide sporting activities to local Primary Schools.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Strategic report

Achievements and performance

a. Key performance indicators 2018 - 2019

Within the table below, the individual schools are referred to as follows: Brookfield (BF), Cheam Common Infants (CCI), Cheam Common Junior (CCJ), Cheam Fields (CF), Cheam Park Farm Primary (CPFP), Manor Park (MP).

LEO ACADEMY TRUST 2018/19 VALIDATED RESULTS								
	Nat Ave							
Key Stage 1	18/19	BF	CCI	CCJ	CF	CPFP	MP	LEO
Good Level of Development -GLD	72%	69%	72%		75%	74%	69%	72%
% Reading EXS+	75%	77%	82%		85%	84%	80%	82%
% Reading GDS	26%	39%	26%		33%	46%	27%	34%
% Writing EXS+	70%	79%	76%		84%	80%	75%	79%
% Writing GDS	16%	25%	25%		30%	30%	21%	26%
% English GPS EXS+	-	73%	70%		78%	82%		76%
% English GPS GDS	-	29%	25%		41%	44%		35%
% Mathematics - EXS+	76%	86%	80%		88%	88%	84%	85%
% Mathematics - GDS	22%	36%	30%		30%	36%	23%	31%
% Reading, Writing, Maths - EXS+	64%	77%	71%		78%	77%	74%	75%
% Reading, Writing, Maths - GDS	11%	20%	18%		26%	26%	20%	22%
% Year 1 Phonics	81%	85%	84%		88%	89%	82%	86%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

KEY Stage 2	Nat Ave 18/19	BF	CCI	CCJ	CF	CPFP	MP	LEO
% Reading EXS+	75%	60%		88%	82%	88%	85%	81%
% Reading GDS	28%	18%		40%	40%	44%	38%	36%
% Writing EXS+	76%	84%		91%	86%	89%	88%	88%
% Writing GDS	24%	25%		49%	21%	37%	34%	33%
% English GPS EXS+	78%	80%		95%	81%	87%	88%	86%
% English GPS GDS	34%	40%		74%	42%	53%	52%	52%
% Mathematics EXS+	76%	82%		97%	84%	93%	92%	90%
% Mathematics GDS	24%	27%		69%	37%	62%	50%	49%
% Reading, Writing, Maths EXS+	65%	60%		86%	81%	83%	85%	79%
% Reading, Writing, Maths GDS	11%	9%		30%	21%	31%	22%	23%

The greyed out sections in the tables above are because the percentages do not apply to these individual academies. CCI key stage 1 only and CCJ is key stage 2 only.

b. Going concern

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

Financial review

During the period, ESFA/LA grants received totalled to £13,885k (2018: £11,690k). Other income included within restricted funds totalled to £7k (2018: £432k). Restricted fund expenditure totalled to £14,344k (2018:

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Financial review (continued)

£11,690k).

The main source of unrestricted income is donations, totalling to £619k (2018: £944k). Fundraising activities during the period included sponsored activities and school fairs.

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the trust. It should be noted that this does not present the trust with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Trust has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the Trust in the form of additional resources and facilities both in the long term and short term in conjunction with the academies development plans and aims.

The CFO has been reviewing the financial processes and controls and one of the changes made is to the accounting package used to improve reporting. The Chair of the Trust and Trustees receive monthly management accounts and the Trustees through the Finance and Operations Committee receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Finance and Operations Committee also review longer term financial models (up to 4 years) to plan and organise resources most effectively to fulfil the aims of the Academy Trust.

Reserves policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use

'Reserves' are therefore the resources the Trust has or can make available to spend for any or all of the Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Trust and is to be spent at the trustees' discretion in furtherance of any of the Trust's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Financial review (continued)

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The trustees will keep this level of reserves under review at each Board meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Trust.

Total reserves at the end of the period amounted to £31,202k (2018: £32,403k). This balance includes unrestricted funds (free reserves) of £1,269k (2018: 1,043k), which is considered appropriate for the Academy Trust, and restricted funds of NIL (2018: £60k), which includes restricted fixed asset funds of £38,782k (2018: £38,134k) and a pension deficit of £8,849k (2018: £6,834k).

It should be that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Trust due to the recognition of the deficit.

Investment policy

It should be noted that the Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at academy level, which is agreed by the local Trust Board. This ensures the level of funds the Trust holds can cover any immediate expenditure, without exposing the Trust to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by the Trust are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2019, £400,000 is being held in a 32 Day Deposit account with Lloyds Bank.

Principal risks and uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the 's expo Trust sure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Trust's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trust have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2019. 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.

Fundraising

The Trust engages in fundraising activities via a lottery scheme. All funds raised are for the benefit of the pupils in the Trust.

Plans for future periods

The Trust is establishing a centralised procurement strategy to realise cost savings and increased effectiveness across the Trust.

The Trust has an ongoing programme of repairs and maintenance and a prioritised improvement plan, for which the Trust receives a School Conditions grant from the ESFA and ACMF. Over the coming year priority will be given to projects deemed priority on the school conditions surveys.

Funds held as custodian on behalf of others

The Trust and its trustees did not act as custodian trustee during the current or previous period.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

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

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

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy Trust's equal opportunities policy, the Academy Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 17 December 2019 and signed on its behalf by:



Dean Clark
Chair of Trustees

LEO ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between LEO Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Phillip Hedger	6	6
Dean Clark	6	6
Suzie Atkinson	3	4
Charles Doyle	5	6
Francesca Durante	4	4
Matthew Hiley	6	6
Dorothy Middlemass	6	6
Athar Khan	3	4
Jackie Saddington	2	2
Ian Senior	4	6

Trustees typically also serve on a number of other sub committees, as set out on the Trusts website.

The impact of each Local Governing Board is reviewed and monitored through the minutes that each committee produces on a termly basis. The Trustees also intend to perform a self-evaluation review of governance in the coming year.

Following the two external reviews of Governance the Trust Board have implemented changes across the Trust to strengthen governance. During 2018/19 year the Chair of the Trust Board has undertaken the Governance Leadership Programme delivered by CST and Ambition Institute. This consisted of a review of the Board's effectiveness and the development of an action plan with the assistance of external governance experts. Implementation of the action plan will continue into the 19/20 academic year.

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to receive financial monitoring reports from individual academies and consider individual academy budget proposals for authorisation.

Attendance during the year at meetings was as follows:

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Trustee	Education & Standards	Finance & Audit	Risk & Compliance
Philip Hedger	3/3	1/2	2/2
Dean Clark	3/3	2/2	2/2
Suzie Atkinson			2/2
Charles Doyle			
Francesca Durante		2/2	
Matthew Hiley	3/3		
Dorothy Middlemass	3/3	2/2	
Athar Khan			
Jackie Saddington	1/1		
Ian Senior	3/3		

*Finance and Risk Committees were incorporated in the Summer 19 Trust Board meetings.
For 19/20 there will be committees for Education & Standards and Finance & Operations.

Review of value for money

As accounting officer, the CEO has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the trust has delivered improved value for money during the year by:

- Centralising the Trust business administration
- Implementing a new Leadership Structure
- Review of leadership pay scales
- Use of benchmarking and ICFP to reviewing spending

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in LEO Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function. For governance purposes, the Trust has decided to appoint an independent internal auditor. This internal auditor worked with the Chair of the Finance and Operations Committee to develop a suitable programme of internal audit.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems.

On a termly basis, the internal auditor will provide a report to the board of trustees through the Finance and Operations committee on the operation of the systems of control and on the discharge of the trustees' financial responsibilities.

The Board can confirm that an audit of monthly accounts and link finance governor checks have been carried out. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

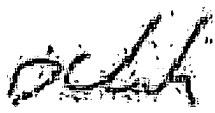
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

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GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on 17 December 2019 and signed on their behalf by:



Dean Clark
Chair of Trustees



Phillip Hedger
CEO and Accounting Officer

LEO ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of LEO Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



Phillip Hedger
Accounting Officer
Date: 17 December 2019

LEO ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

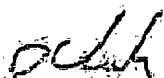
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 17 December 2019 and signed on its behalf by:



Dean Clark
Chair of Trustees

LEO ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEO ACADEMY TRUST

Opinion

We have audited the financial statements of LEO Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

LEO ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEO ACADEMY TRUST (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

LEO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEO
ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

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

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

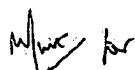
Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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 Auditors' report.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state in an Auditors' 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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

 for Landau Baker Limited

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

17 December 2019

LEO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEO
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6th April 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by LEO Academy Trust during the year 1 September 2018 to 31 August 2019 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 LEO Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to LEO Academy Trust and 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 LEO Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of LEO Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of LEO Academy Trust's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LEO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEO
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 17 December 2019

LEO ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

		Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
	Note					
Income from:						
Donations and capital grants	3	6	-	866	872	11,933
Charitable activities		612	13,892	-	14,504	12,122
Other trading activities		771	13	-	784	687
Investments	6	2	-	-	2	1
Total income		1,391	13,905	866	16,162	24,743
Expenditure on:						
Charitable activities		835	14,344	895	16,073	13,997
Total expenditure		835	14,344	895	16,074	13,997
Net income/(expenditure)		556	(439)	(29)	88	10,746
Transfers between funds	18	(330)	(347)	677	-	-
Net movement in funds before other recognised gains/(losses)		226	(786)	648	88	10,746
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(1,289)	-	(1,289)	1,089
Net movement in funds		226	(2,075)	648	(1,201)	11,835
Reconciliation of funds:						
Total funds brought forward		1,043	(6,774)	38,134	32,403	20,568
Net movement in funds		226	(2,075)	648	(1,201)	11,835
Total funds carried forward		1,269	(8,849)	38,782	31,202	32,403

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 53 form part of these financial statements.

LEO ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07543202

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	14	38,379	37,898
		<u>38,379</u>	<u>37,898</u>
Current assets			
Debtors	15	526	381
Cash at bank and in hand		2,106	1,827
		<u>2,632</u>	<u>2,208</u>
Creditors: amounts falling due within one year	16	(960)	(869)
Net current assets		<u>1,672</u>	<u>1,339</u>
Total assets less current liabilities		<u>40,051</u>	<u>39,237</u>
Net assets excluding pension liability		<u>40,051</u>	<u>39,237</u>
Defined benefit pension scheme liability	23	(8,849)	(6,834)
Total net assets		<u><u>31,202</u></u>	<u><u>32,403</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	38,782	38,134
Restricted income funds	18	-	60
		<u>38,782</u>	<u>38,194</u>
Restricted funds excluding pension asset	18	38,782	38,194
Pension reserve	18	(8,849)	(6,834)
Total restricted funds	18	<u>29,933</u>	<u>31,360</u>
Unrestricted income funds	18	<u>1,269</u>	<u>1,043</u>
Total funds		<u><u>31,202</u></u>	<u><u>32,403</u></u>

LEO ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 24 to 53 were approved by the Trustees, and authorised for issue on 17 December 2019 and are signed on their behalf, by:



Dean Clark
Chair of Trustees

The notes on pages 28 to 53 form part of these financial statements.

LEO ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	787	(9,723)
Cash flows from investing activities	21	(508)	10,594
Change in cash and cash equivalents in the year		279	871
Cash and cash equivalents at the beginning of the year		1,827	956
Cash and cash equivalents at the end of the year	22	<u>2,106</u>	<u>1,827</u>

The notes on pages 28 to 53 form part of these financial statements

LEO ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

• **Legacies**

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Academy Trust has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Academy Trust, can be reliably measured.

• **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.

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 year is deducted from income and recognised as a liability.

LEO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

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

- **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.

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

1.6 Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to

LEO ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

write off the cost of these assets, less their residual value, over their expected useful lives on the following bases:

Freehold property	- 2% on cost
Long-term leasehold property	- 2% on cost
Furniture and equipment	- 10-33% on cost
Computer equipment	- 33% on cost

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 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.

LEO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.10 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases 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 15. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1.11 Pensions

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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.

LEO ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

3. Income from donations and capital grants

Unrestricted	Restricted	Restricted	Total	Total
funds	funds	fixed asset	funds	funds
2019	2019	2019	2019	2018
£000	£000	£000	£000	£000

LEO ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants (continued)

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	6	-	-	6	24
Capital Grants	-	-	866	866	1,273
Transfer from local authority	-	-	-	-	10,636
	<u>6</u>	<u>-</u>	<u>866</u>	<u>872</u>	<u>11,933</u>
<i>Total 2018</i>	<u>512</u>	<u>(1,445)</u>	<u>12,866</u>	<u>11,933</u>	

4. Funding for the Academy Trust's educational activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
General Annual Grant (GAG)	-	11,536	11,536	9,954
Other DfE/ESFA grants	-	1,297	1,297	1,601
Local authority grants	-	1,052	1,052	135
Other income	612	7	619	432
	<u>612</u>	<u>13,892</u>	<u>14,504</u>	<u>12,122</u>
<i>Total 2018</i>	<u>432</u>	<u>11,690</u>	<u>12,122</u>	

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5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Trip income	285	-	285	242
Catering income	290	-	290	219
Miscellaneous income	61	13	74	226
Lettings income	135	-	135	-
	<u>771</u>	<u>13</u>	<u>784</u>	<u>687</u>
<i>Total 2018</i>	<u>687</u>	<u>-</u>	<u>687</u>	

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	<u>2</u>	<u>2</u>	<u>1</u>

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Educational activities:					
Direct costs	9,267	895	1,051	11,213	9,892
Allocated support costs	3,309	175	1,376	4,860	4,105
	<u>12,576</u>	<u>1,070</u>	<u>2,427</u>	<u>16,073</u>	<u>13,997</u>
<i>Total 2018</i>	<u>10,910</u>	<u>1,187</u>	<u>1,900</u>	<u>13,997</u>	

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7. Expenditure (continued)

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Educational activities	11,213	4,860	16,073	13,997
<i>Total 2018</i>	<i>9,892</i>	<i>4,105</i>	<i>13,997</i>	

Analysis of direct costs

	Educational activities 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Staff costs	9,139	9,139	8,126
Depreciation	895	895	700
Educational supplies	829	829	1,066
Staff development and training	86	86	-
Technology costs	54	54	-
Educational consultancy	82	82	-
Teaching supply costs	128	128	-
	11,213	11,213	9,892

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational activities 2019 £000	Total funds 2019 £000	<i>Total funds 2018 £000</i>
Pension finance cost	171	171	169
Staff costs	3,273	3,273	2,495
Technology costs	154	154	167
Support staff supply costs	36	36	289
Maintenance of premises and equipment	695	695	487
Other support costs	497	497	469
Governance costs	34	34	29
	<u>4,860</u>	<u>4,860</u>	<u>4,105</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	<i>2018 £000</i>
Operating lease rentals	103	34
Depreciation of tangible fixed assets	894	700
Fees paid to auditors for:		
- audit	10	15
- other services	6	10
	<u>10</u>	<u>10</u>

10. Staff costs

a. Staff costs

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	9,329	7,607
Social security costs	793	592
Pension costs	2,274	2,422
	<u>12,396</u>	<u>10,621</u>
Agency staff costs	164	289
Staff restructuring costs	16	-
	<u>12,576</u>	<u>10,910</u>

Staff restructuring costs comprise:

	2019 £000	2018 £000
Redundancy payments	16	-
	<u>16</u>	<u>-</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	150	148
Administration and support	303	281
Management	15	15
	<u>468</u>	<u>444</u>

c. Higher paid staff

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

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10. Staff costs (continued)

c. Higher paid staff (continued)

	2019	2018
	No.	No.
In the band £60,001 - £70,000	5	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	1	-

On 1 February 2018, Cheam Common Infants School (CCIS) and Manor Park Primary School (MMPS) joined the Trust. CCIS is a four form entry infant school and MMPS is a three form entry primary school. The above table discloses actual employee remuneration received. The numbers in 2019 are higher than 2018 because both of the above academies have had a full 12 months of operation within the Trust in 2019.

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior executive team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £442,141 (2018: £381,284).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Central services

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

- Human resources
- Financial services
- Legal services
- Educational and support services
- IT services
- Careers support

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

Between 6% and 10% (2018 - 6% and 10%) of School Budget Share income, for all schools apart from Manor Park Primary Academy. Manor Park Primary Academy's charge paid to the Central Trust is equal to the salary of one member of the Trust's senior management team, who is paid via the Academy's payroll.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Cheam Park Farm Academy	182	179
Cheam Common Junior Academy	94	160
Cheam Fields Academy	106	108
Brookfield Primary	95	96
Cheam Common infants' Academy	74	47
Manor Park Primary Academy	76	76
Total	627	666

12. Trustees' remuneration and expenses

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

		2019 £000	2018 £000
Mr Phillip Hedger, CEO and Executive Headteacher	Remuneration	115 - 120	110 - 115
	Pension contributions paid	15 - 20	15 - 20

During the year ended 31 August 2019, expenses were reimbursed or paid directly to 1 Trustee (2018 - 1 Trustee) broken down as follows:

	2019 £000	2018 £000
Travel	-	2

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12. Trustees' remuneration and expenses (continued)

13. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of 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 membership.

14. Tangible fixed assets

	Freehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2018	39,186	519	163	39,868
Additions	1,265	-	111	1,376
At 31 August 2019	40,451	519	274	41,244
Depreciation				
At 1 September 2018	1,589	335	46	1,970
Charge for the year	694	49	152	895
At 31 August 2019	2,283	384	198	2,865
Net book value				
At 31 August 2019	38,168	135	76	38,379
At 31 August 2018	37,597	184	117	37,898

The value of the buildings above has been included at a depreciated replacement cost valuation. The land on which the academies are built has been designated for educational use only and therefore has been included at £NIL value in the financial statements.

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15. Debtors

	2019 £000	2018 £000
Due within one year		
Trade debtors	44	-
Other debtors	151	241
Prepayments and accrued income	331	140
	<u>526</u>	<u>381</u>

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	35	-
Other taxation and social security	129	185
Accruals and deferred income	796	684
	<u>960</u>	<u>869</u>

	2019 £000	2018 £000
Deferred income at 1 September 2018	365	189
Resources deferred during the year	327	365
Amounts released from previous periods	(365)	(189)
	<u>327</u>	<u>365</u>

As at the balance sheet date the academy trust was holding onto funds received in advance for 2019/20.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Financial instruments

	2019	2018
	£000	£000
Financial assets		
Financial assets measured at fair value through income and expenditure	2,106	1,827
Financial assets that are debt instruments measured at amortised cost	220	165
	<u>2,326</u>	<u>1,992</u>
	2019	2018
	£000	£000
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(504)</u>	<u>(319)</u>

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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18. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General Funds - all funds	1,043	1,391	(835)	(330)	-	1,269
Restricted general funds						
GAG	60	11,536	(11,249)	(347)	-	-
Pupil premium	-	542	(542)	-	-	-
PE & sports grants	-	121	(121)	-	-	-
Other DfE/ESFA grants	-	635	(635)	-	-	-
SEN funding (LA)	-	161	(161)	-	-	-
Early years funding (LA)	-	873	(873)	-	-	-
Other LA funding	-	19	(19)	-	-	-
General funds	-	18	(18)	-	-	-
Pension reserve	(6,834)	-	(726)	-	(1,289)	(8,849)
	(6,774)	13,905	(14,344)	(347)	(1,289)	(8,849)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	38,134	-	(895)	677	-	37,916
Devolved Formula Capital	-	203	-	-	-	203
Condition Improvement Fund	-	432	-	-	-	432
LA Capital Funding	-	219	-	-	-	219

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Capital Donations	-	12	-	-	-	12
	<u>38,134</u>	<u>866</u>	<u>(895)</u>	<u>677</u>	<u>-</u>	<u>38,782</u>
Total Restricted funds	<u>31,360</u>	<u>14,771</u>	<u>(15,239)</u>	<u>330</u>	<u>(1,289)</u>	<u>29,933</u>
Total funds	<u>32,403</u>	<u>16,162</u>	<u>(16,074)</u>	<u>-</u>	<u>(1,289)</u>	<u>31,202</u>

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

Restricted Fixed Asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Cheam Park Farm Primary	284	149
Cheam Common Junior	95	33
Cheam Fields Primary	270	421
Brookfield Primary	94	113
Cheam Common Infants'	33	21
Manor Park Primary	341	266
Trust	152	100
	<u>1,269</u>	<u>1,103</u>
Total before fixed asset funds and pension reserve	1,269	1,103
Restricted fixed asset fund	38,782	38,134

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

	2019 £000	2018 £000
Pension reserve	(8,849)	(6,834)
Total	31,202	32,403

Total cost analysis by academy

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 2019 £000	Total 2018 £000
Cheam Park Farm Primary	2,073	1,034	204	406	3,717	3,722
Cheam Common Junior	1,178	370	230	202	1,980	1,924
Cheam Fields Primary	1,302	419	163	253	2,137	2,205
Brookfield Primary	1,313	357	113	237	2,020	2,071
Cheam Common Infants'	1,183	499	60	186	1,928	1,108
Manor Park Primary	1,906	439	103	225	2,673	1,660
Central services	312	191	38	183	724	607
Academy Trust	9,267	3,309	911	1,692	15,179	13,297

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Unrestricted funds						
General Funds - all funds	381	1,631	(969)	-	-	1,043
Restricted general funds						
GAG	-	9,954	(9,894)	-	-	60
Pupil premium	-	463	(463)	-	-	-
Other DfE/ESFA grants	-	1,139	(1,139)	-	-	-
SEN funding (LA)	-	135	(135)	-	-	-
Pension reserve	(5,780)	(1,445)	(698)	-	1,089	(6,834)
	<u>(5,780)</u>	<u>10,246</u>	<u>(12,329)</u>	<u>-</u>	<u>1,089</u>	<u>(6,774)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	729	1,273	-	(1,369)	-	633
Transfer on conversion	20,192	11,593	(546)	-	-	31,239
Transfer from other Academy Trusts	4,928	-	(99)	-	-	4,829
Other fixed assets	119	-	(55)	1,369	-	1,433
	<u>25,968</u>	<u>12,866</u>	<u>(700)</u>	<u>-</u>	<u>-</u>	<u>38,134</u>

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18. Statement of funds (continued)

	<i>Balance at 1 September 2017 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2018 £000</i>
Total Restricted funds	20,188	23,112	(13,029)	-	1,089	31,360
Total funds	20,569	24,743	(13,998)	-	1,089	32,403

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	38,379	38,379
Current assets	1,269	960	403	2,632
Creditors due within one year	-	(960)	-	(960)
Provisions for liabilities and charges	-	(8,849)	-	(8,849)
Total	1,269	(8,849)	38,782	31,202

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	37,898	37,898
Current assets	1,043	929	236	2,208
Creditors due within one year	-	(869)	-	(869)
Provisions for liabilities and charges	-	(6,834)	-	(6,834)
Total	1,043	(6,774)	38,134	32,403

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Reconciliation of net income to net cash flow from operating activities

	2019 £000	2018 £000
Net income for the year (as per Statement of financial activities)	88	10,746
Adjustments for:		
Depreciation	895	700
Capital grants from DfE and other capital income	(866)	(11,593)
Defined benefit pension scheme obligation inherited	-	1,445
Defined benefit pension scheme cost less contributions payable	555	529
Defined benefit pension scheme finance cost	171	169
Increase in debtors	(145)	(122)
Increase in creditors	91	313
Tangible assets donated	-	(11,909)
Interest receivable	(2)	(1)
Net cash provided by/(used in) operating activities	787	(9,723)

21. Cash flows from investing activities

	2019 £000	2018 £000
Purchase of tangible assets	(1,376)	(1,316)
Capital grants from DfE Group	866	11,909
Interest received	2	1
Net cash (used in)/provided by investing activities	(508)	10,594

22. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	2,106	1,827
Total cash and cash equivalents	2,106	1,827

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Barnett Waddingham. 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 August 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website - <https://www.teacherspensions.co.uk/public/login.aspx>.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015. In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £991,000 (2018 - £774,000), of which employer's contributions totalled £819,000 (2018 - £626,000) and employees' contributions totalled £ 172,000 (2018 - £148,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.65	3.80
Rate of increase for pensions in payment/inflation	2.15	2.30
Discount rate for scheme liabilities	1.90	2.70
Inflation assumption (CPI)	2.15	2.30

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	23.4	24.5
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	25.1	26.8
Females	26.7	28.5

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23. Pension commitments (continued)

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

	At 31 August 2019 £000	<i>At 31 August 2018 £000</i>
Equities	3,247	2,832
Gilts	1,143	555
Corporate bonds	-	381
Property	636	344
Cash	379	66
Total market value of assets	5,405	4,178

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

	2019 £000	<i>2018 £000</i>
Current service cost	(1,204)	(1,155)
Past service cost	(168)	-
Interest income	124	88
Interest cost	(295)	(257)
Total amount recognised in the Statement of Financial Activities	(1,543)	(1,324)

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23. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	11,012	8,573
Conversion of academy trusts	-	2,144
Current service cost	1,204	1,155
Interest cost	295	257
Employee contributions	172	148
Actuarial losses/(gains)	1,465	(1,173)
Benefits paid	(62)	(92)
Past service costs	168	-
At 31 August	14,254	11,012

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £000	2018 £000
At 1 September	4,178	2,793
Conversion of academy trusts	-	699
Interest income	124	88
Actuarial gains/(losses)	176	(84)
Employer contributions	819	626
Employee contributions	172	148
Benefits paid	(62)	(92)
Administration expenses	(2)	-
At 31 August	5,405	4,178

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24. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	19	16
Later than 1 year and not later than 5 years	84	19
	<u>103</u>	<u>35</u>

25. Members' liability

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

26. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.