

Company Registration No. 10514293 (England and Wales)

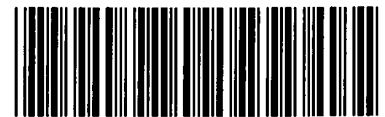
**LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

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# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

A Quigley (Appointed 7 December 2016)  
S Horan (Vice chair) (Appointed 7 December 2016)  
D Wakefield (Chairman) (Appointed 7 December 2016)  
P Roach (Accounting officer) (Appointed 7 December 2016)  
J Marsden (Appointed 7 December 2016)  
C Atkinson (Appointed 7 December 2016)  
C Knowles (Appointed 7 December 2016)  
I Ahmed (Appointed 7 December 2016 and resigned 23 March 2017)

### Members

D Wakefield (Appointed 7 December 2016)  
C Knowles (Appointed 7 December 2016)  
M Powell (Appointed 7 December 2016)  
J Lomax-Baker (Appointed 7 December 2016)  
R Gauld (Appointed 7 December 2016)

### Senior management team

- Chief Executive / Headteacher
- Headteacher (Harper Green)
- Chief Financial Officer / Deputy Chief Executive
- Business Manager
- Deputy Headteacher
- Deputy Headteacher
- Deputy Headteacher
- Deputy Headteacher

P Roach  
S J Gribbon  
C Davies  
  
J Ingram  
G Bentham  
S L Cain  
S J Gibbs  
S Vickery

### Company registration number

10514293 (England and Wales)

### Principal address & Registered office

Rivington & Blackrod High School  
Rivington Lane  
Rivington  
Bolton  
BL6 7RU

### Academies operated

Rivington and Blackrod High School  
Harper Green School  
Central services

### Location

Bolton  
Bolton

### Principal

P Roach  
S Gribbon

### Independent auditor

UHY Hacker Young Manchester LLP  
St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Bankers

Lloyds Bank Plc  
Hotel Street  
Bolton  
BL1 1DB

### Solicitors

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## TRUSTEES' REPORT

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the period 7 December 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 2 secondary academies in Bolton admitting pupils aged 11 to 18 years. Our academies have a combined pupil capacity of 3,040 age 11 to 16 years and sixth form provision for 320 and had a roll of 2,683 pupils age 11 to 16 years, and 248 students age 16 – 18 in the school census in October 2016.

On 1st March 2017 both schools converted to academy trust status.

### **Structure, governance and management**

#### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Leverhulme Academy Trust Limited are also the directors of the charitable company for the purposes of the law.

The charitable company is known as Leverhulme Academy Church of England and Community Trust.

The trustees of Leverhulme Academy Church of England and Community Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

#### Members' liability

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

#### Trustees' indemnities

The Academy has purchased indemnity insurance to protect trustees, governors and officers from claims arising in connection with academy business. The insurance provides governors liability up to £10,000,000 on any one loss and any one membership year. This is purchased through the risk protection arrangement (RPA) provided by the Department for Education.

#### Method of recruitment and appointment or election of trustees

Each Trustee's role is linked to a core strand of the business, for example secondary education, risk, finance, community engagement etc. Recruitment activity is driven by a recruitment and selection process which includes the formation of role profiles linked to required skill sets or areas of expertise needed.

Applicants are required to demonstrate how they meet the criteria and will be interviewed by a selection panel. A competitive recruitment process will help to ensure the strongest candidates are considered for vacant posts with the intention of adding value to the board.

The articles of association require members of the trust to appoint at least three trustees to be responsible for the statutory and constitutional affairs and the management of the academy.

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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### Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. All trustees are provided with access to academy documentation on appointment. On site induction training is provided by the chief executive and chief finance officer. Ongoing training is provided through Bolton Council governor services and other appropriate providers.

The clerk to the Trust will disseminate relevant legal and educational updates termly. The trustees will undertake an annual skills audit. The audit results provide a clear picture of training requirements. Appropriate internal and external training is organised to strengthen the trustees' skills.

### Organisational structure

The trust is governed by the Board of Trustees, whose members are directors of the charitable company for the purposes of the Companies Act 2006, trustees for the purposes of charity legislation and governors of the academy. The organisational structure of the trust consists of five levels: Members, Board of Trustees, Local Governing Body, Executive Management Team and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Members oversee the achievement of the objectives of the company, take part in annual and extraordinary general meetings, and have the power to ultimately to remove the trustees.

The Board of Trustees is responsible for setting key policies and the strategic direction of the Trust. They are responsible for holding school leaders to account and driving forward improvements in performance, attainment and progress.

Local Governing Bodies are the local leaders of the trust. The Board of Trustees has established a Local Governing Body for each academy. Its role is to exercise leadership in behalf of the trust in the running of each individual academy. In line with the overall vision, strategy, ethos and broad policy framework of the Trust the Local Governing Body set the direction for each academy, acts as a critical friend and holds leaders to account for the pace and rate of improvement and the achievement of all pupils, and meets the needs of parents and the wider local community.

The Trust Board appoint the majority of Governors and the Chair of each Local Governing Body. Parents elect parent Governors and the staff in each academy elects staff Governors.

The Chief Executive is also the Accounting Officer. The Accounting Officer has the responsibility for financial and administrative matters and is personally responsible to the Board of Trustees for Regularity (dealing with all items of income and expenditure in accordance with legislation and any applicable delegated authority), propriety (operating appropriate standards of conduct, behavior and corporate governance including fairness, integrity, avoidance of conflict of interest, even-handedness and open competition) and value for money (efficient and effective use of available resources, avoidance of waste and extravagance, prudent and economical administration of the financial affairs of the academy including the day to day organisation, staffing and management of the academy).

The Chief Financial Officer, is also the Deputy Chief Executive and is responsible for the maintenance of effective systems of internal financial control including the development of appropriate financial regulations to control, disburse and monitor academy funds. The management of financial processes including the buying and ordering of academy supplies and services to ensure value for money is achieved; the management of the academy's financial position at a strategic and operational level, including the development of an annual budget and forecasts for future years as part of the academy's three-year plan.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### Arrangements for setting pay and remuneration of key management personnel

The Trust Board approves pay policies for all employees annually. Pay recommendations for members of the executive management team are approved by the board.

Performance management reviews are conducted by the chief executive, or delegated, via the Scheme of Delegation, annually for the senior management personnel. The result of these reviews are then provided to the board for approval.

The Trust has a process of annual performance review, appraisal, for all staff. Pay is linked to the outcome of the appraisals to the level indicated on the teaching and support staff contracts and terms and conditions.

### Related parties and other connected charities and organisations

The Trust is presently made up of two academies and does not formally work with any other organisations but is developing links with other schools, academies, colleges and other businesses where these partnerships assist in the Trust's objectives.

## **Objectives and activities**

### Objects and aims

The principal object and activity of the trust is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing its academies, offering a broad curriculum

The main aims of the Trust are:

- To ensure that leadership and management at all levels focuses on ensuring all students have the learning environment, culture and resources to achieve their full potential. This will be achieved through a clear set of principles that underpin all we do. There will be the opportunity for all leaders to engage in continuous professional development that will enable them to gain a wide range of leadership skills and be self-reflective practitioners.
- To ensure that the curriculum provides all students with a broad range of opportunities that allows them to have the right qualification for further education and employment. It should ensure that the curriculum and extra curriculum opportunities develop the spiritual, moral, social and cultural development of all students.
- To develop teaching and learning that is creative, engaging and inspiring for all students. The learning experience for all students should enable them to acquire knowledge and develop the learning skills for life-long learning and employability.
- To develop a pastoral system across the trust that provides students with a secure and supportive place to learn and develop. It should focus on the needs of the individuals and allow for students to express themselves as unique individuals whilst upholding the core values of the trust.
- As a trust we aim to centralise the core services of the schools. We are currently in the process of centralising the finances and ICT systems. We will look to develop this across other aspects of the trust including procurement, site management and catering.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### Public benefit

The trust has complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

### **Strategic report**

#### **Achievements and performance**

The academies within the trust converted on 1 March 2017, as such there are no OfSTED judgements over the period since conversion.

The following data refers to the year 2016/17

School	NOR	Attendance	English and maths 4 +	English and maths 5 +	ALPS
Rivington and Blackrod	1691	94.7 %	56 %	35 %	3
Harper Green School	1226	94.5 %	53 %	27 %	N/A

English and maths 4+ indicates the percentage of students who achieved grade C or grade 4 and above in four or more GCSE's (Summer 2017)

English and maths 5+ indicates the percentage of students who achieved grade C or grade 4 and above in five or more GCSE's (Summer 2017)

ALPS (A Level performance system) score is a national measurement of "A" level performance for value added. An Alps grade 1 relates to the best performing sixth form college in the country and this gradually decreases to an ALPS grade 9 which is the lowest performing college in the country. Rivington and Blackrod High School score of 3 places the school sixth form provision in the top 25% of performance nationally and is judged to be excellent.

### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.



# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### Financial review

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 period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for fixed assets. In accordance 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) (Effective 1 January 2015) (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.

During the period ended 31 August 2017, total expenditure of £8.754 m was covered by recurrent grant funding together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds & donated pension deficits) was £1.496m.

At 31 August 2017 the net book value of tangible fixed assets was £46.4m and movements in fixed assets are shown in notes 12 to the financial statements. The value of fixed assets includes the assets that had previously been "donated" by Bolton MBC as part of the transfer agreements as set out below:

- The leasehold land and buildings at Rivington and Blackrod are occupied under a 125 year lease from the local authority which is in the process of being formalised. These are included in the balance sheet at a value of £24.9m, together with other fixed assets.
- The leasehold land and buildings at Harper Green are occupied under a 125-year lease from the local authority. These are included in the balance sheet at a value of £21.2m, together with other fixed assets.

Other than donated assets, the major items of expenditure on fixed assets during the year were the completion of a new Autistic Spectrum Disorder support provision at Rivington and Blackrod lower school site, classroom remodelling and upgrades at both Harper Green and Rivington and Blackrod, remodelling of reception areas at Rivington and Blackrod and general upgrading of computer equipment across all the academies.

The deficits in the Local Government Pension Schemes (LGPS) which were inherited on conversion in March 2017 are recognised on the balance sheet in accordance with the provisions of FRS 102.

The assets were used exclusively for providing education and the associated support services to the pupils of all the academies.

### Reserves policy

The policy of the trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

Individual academies are expected to produce at least breakeven budgets each year, but the trust also recognises that this is not feasible in some cases where academies have low pupil numbers and lower funding levels from the ESFA. In these cases, the trust supports those academies in deficit and works with them to return the academy to a surplus position. Reserves of the trust are pooled for the benefit of the trust as a whole and the consolidated trust budget is set as at least a breakeven budget.

The current forecast for the next three years, based on our current delivery model, shows an overall surplus position for 16/17, 17/18 & 18/19.

The reserves of the academy are broken down into Fixed Asset Reserves (restricted), Unrestricted Reserves (free reserves); Restricted General Reserves and the Pension reserves.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## TRUSTEES' REPORT (CONTINUED)

*FOR THE PERIOD ENDED 31 AUGUST 2017*

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### **Restricted General Reserves**

Restricted Income Funds are the restricted general reserves balance from income and costs purely for the provision of education, or to help fund capital projects purely for the better education of students and children. The restricted income funds of the trust as at 31 August 2017 are £1,273,615. The trust board are aware that these reserves appear high, but are cognisant of potential future funding reductions as a result of possible changes in the funding formula and, therefore, wish to maintain a reserve against the uncertainty of future funding.

### **Unrestricted Reserves**

Unrestricted income funds are those funds that the trust can spend how they believe appropriate. As at 31 August 2017 the unrestricted reserves of the trust are £222,106.

### **Combined Reserves**

The combined reserves of the trust for restricted income funds and unrestricted income funds (excluding pension deficits) are £1,495,721. The Trust has assessed that it requires approximately £1.0m safety reserves to fund any deficits, allow for any unforeseen conditions and sustain the Trusts' effective delivery model. It also allows for potential capacity building.

Under DfE guidelines, certain academies are only allowed to carry forward up to 12% of the General Annual Grant (GAG) received in the period. The academies within the Trust which converted this year have no restriction on GAG carried forward.

The pension deficit reserve of £4.064m represents an inherited deficit on conversion in respect of the Local Government Pension Scheme. The trust does not have an obligation to settle the full liability immediately and there are no indications that it will crystallise in the foreseeable future, in addition in July 2013, the Department for Education gave a guarantee concerning LGPS liabilities if an academy were to close.

### Investment policy and powers

The general policy objective is to invest the surplus funds prudently, all investments are agreed by the Board of Trustees, which has regard to the Charity Commission guidance in relation to charity investment policy. The trust understands the need to ensure all funds invested are safe and risk free. The trustees have adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access account to ensure that there is always access to sufficient cash to meet short and medium term requirements. Trustees will further investigate alternative accounts from 30-day notice account to one year fixed term account and the interest rates these accounts attract in respect to accounting flexibility and rewards.

### Principal risks and uncertainties

The Directors have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances. The key risks have been categorised with four broad headings:

- Student / parent experience: for example, risks associated with student attainment / progression / quality of teaching and learning
- Sustainability: for example, uncertainty in future funding levels, ability to recruit appropriately skilled staff, potential changes in pension deficit due to the demographic risks, mortality and market conditions.
- Regulatory / legal: for example, risks associated with potential failure to comply with legislation, including health and safety legislation
- Market / reputational: for example, risks which may be associated with the Trust receiving negative reports through the media e.g. safeguarding issue reported in the media.

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The Directors have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching and health and safety) and in relation to the control of finance. There are systems in place to minimise risks, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls. The risks are formally reviewed by the Audit and Risk Committee and trustees termly. Where significant financial risk still remains the trustees have ensured they have adequate insurance cover.

The internal financial systems are based on the Academies Financial Handbook and are documented in the Academy manual of financial procedures. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to the Chief Executive Officer on a regular basis and the Board of Trustees on a termly basis.

### **Plans for future periods**

Leverhulme Academy Trust will continue to work to enhance the educational outcomes of students. Improving the life chances of the students is central to the strategic direction of the academy.

As a newly formed organisation the academy trust will continue to embed high quality teaching and high aspirations for its students and will continue to grow its family of academies in order to continue to support children, some of whom come from challenging backgrounds.

The Trust aims to provide the highest educational opportunities for all children as well as providing professional development for all teaching and support staff so that each academy continues to be self-developing and self-supporting in the future.

### **Funds held as custodian trustee on behalf of others**

The Academy does not hold funds as Custodian on behalf of others.

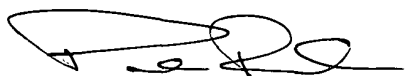
### **Auditor**

In so far as the trustees are aware:

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

A resolution proposing that UHY Hacker Young Manchester LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 06 December 2017 and signed on its behalf by:



P Roach

**Accounting officer**

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## GOVERNANCE STATEMENT

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Leverhulme Academy Church Of England And Community 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 principal, 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 Leverhulme Academy Church Of England And Community 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 7 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
A Quigley (Appointed 7 December 2016)	7	7
S Horan (Vice chair) (Appointed 7 December 2016)	6	7
D Wakefield (Chairman) (Appointed 7 December 2016)	6	7
P Roach (Accounting officer) (Appointed 7 December 2016)	7	7
J Marsden (Appointed 7 December 2016)	7	7
C Atkinson (Appointed 7 December 2016)	6	7
C Knowles (Appointed 7 December 2016)	7	7
I Ahmed (Appointed 7 December 2016 and resigned 23 March 2017)	0	3

The trustees acknowledge their responsibility to ensure the trust has an effective system to evaluate and monitor the trustees' governance. This included completing a financial management and governance self-assessment in July 2017, the outcomes of which were also reported to the Education Funding Agency. At the time of the review the directors identified two areas of governance which they wished to strengthen, these have now been completed.

The trust intends to conduct a governance self-evaluation each academic year.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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The finance and general purposes committee is a sub-committee of the main board of trustees.

Its purpose is to review the 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.

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
S Horan (Vice chair) (Appointed 7 December 2016)	2	2
D Wakefield (Chairman) (Appointed 7 December 2016)	1	2
P Roach (Accounting officer) (Appointed 7 December 2016)	2	2
C Atkinson (Appointed 7 December 2016)	2	2

The audit committee is a sub-committee of the main board of trustees.

Its purpose is to review the work undertaken by internal reviews and external auditors and to direct them to reviewing areas that are considered to be higher risk. It is also responsible for reviewing the main risks of the trust as a whole and maintaining and reviewing a risk register.

Attendance at meetings in the period was as follows:

Trustees	Meetings attended	Out of possible
A Quigley (Appointed 7 December 2016)	1	1
P Roach (Accounting officer) (Appointed 7 December 2016)	1	1
J Marsden (Appointed 7 December 2016)	1	1
C Knowles (Appointed 7 December 2016)	1	1

### Review of value for money

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

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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

### Philosophy and strategy

The vision and values of Leverhulme Academy Trust is to raise educational standards and aspirations, transforming pupils lives. This applies to all aspects of the Trust and at every level. The academies place students at the centre of everything they do, with a focus on maintaining a culture of success, a positive climate for learning and student attainment, achievement and social and emotional development.

In raising standards for its own students the Trust contributes to the raising of educational standards and achievement generally across the communities we serve through the mutual sharing of knowledge, expertise and resources across the education, business, industry and voluntary sectors in the wider regional context. The chief executive is a national leader of education (NLE) and plays a full and active role in developing a school led, self-improving educational system.

It is the absolute priority that every student, irrespective of their starting point, succeeds and achieves. In order to do this, a high quality educational experience, in an environment which is conducive to learning, is an entitlement for every student at the academies with all parties; parents/carers and the wider stakeholders working together to achieve these goals for young people. Students with special needs are fully included and benefit from the focus on personalised learning and individual plans.

The Trust Board's whole purpose is to raise standards for all students by sustaining and enhancing performance and to develop the whole child, whilst at the same time engaging and collaborating with other schools to help improve the life chances of all young people locally, nationally and globally.

In relation to the process of teaching and achieving good outcomes for students, the Trust uses a model for teaching which has been developed and refined over several years. This has been shown to achieve excellent results. The model is continuously developed; one of the many benefits of being a Multi Academy Trust is the ability to draw upon a wide range of teachers and support staff to enhance best practice.

### Management of Costs

The largest single element of cost is the payroll cost of teaching and support staff. The Trust has recently undertaken a review of the staffing structures and has implemented a restructure to provide a more streamline structure which is fit purpose.

The Trust has introduced a single finance system that operates across the academies and integrates as much administration as possible into this system. The Trust operates electronic ordering and online processes and payments as far as possible.

The Trust continues to review often expensive inherited historic service level agreements and is looking to roll out the benefits of central procurement processes.

The Trust is constantly examining ways to achieve value for money for the taxpayer.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2017**

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Leverhulme Academy Church Of England And Community Trust for the period 7 December 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 7 December 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes 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 and has now appointed an internal auditor. In the absence of an internal auditor for the initial period since incorporation, the trustees appointed UHY, the external auditor, to perform additional checks.

The auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

### **Review of effectiveness**

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

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

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2017**

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

Approved by order of the board of trustees on 06 December 2017 and signed on its behalf by:



D Wakefield  
Chairman



P Roach  
Accounting officer



# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

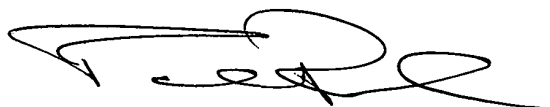
***FOR THE PERIOD ENDED 31 AUGUST 2017***

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As accounting officer of Leverhulme Academy Church of England and Community Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of 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 2016.

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



**P Roach**  
**Accounting Officer**

06 December 2017

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE PERIOD ENDED 31 AUGUST 2017***

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The trustees (who also act as governors for Leverhulme Academy Church of England and Community Trust and are also the directors of Leverhulme Academy Church of England and Community Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 06 December 2017 and signed on its behalf by:



P Roach  
**Accounting officer**

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

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### **Opinion**

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

In our opinion the accounts:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST (CONTINUED)**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the 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 incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

**LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST (CONTINUED)**

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*UHY Hacker Young*  
Stephen Grayson FCCA (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young Manchester LLP

*15/12/17*  
.....

Chartered Accountants  
Statutory Auditor

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leverhulme Academy Church of England and Community Trust during the period 7 December 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Leverhulme Academy Church of England and Community Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Leverhulme Academy Church of England and Community 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 Leverhulme Academy Church of England and Community Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Leverhulme Academy Church of England and Community Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Leverhulme Academy Church of England and Community Trust's funding agreement with the Secretary of State for Education dated 23 February 2017 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 7 December 2016 to 31 August 2017 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 2016 to 2017 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.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Leverhulme Academy Church of England and Community Trust for the period ended 31 August 2017 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 7 December 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*UHY Hacker Young*

**Stephen Grayson FCCA (Senior Statutory Auditor)**  
**Reporting Accountant**

UHY Hacker Young Manchester LLP  
St James Building  
79 Oxford Street  
Manchester  
M1 6HT

Dated: *18/12/17*

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2017

		Unrestricted Funds	Pension Reserve	Restricted funds: General	Fixed asset	Total 2017
	Notes	£	£	£	£	9 months £
<b>Income and endowments from:</b>						
Donations and capital grants	3	1,643	-	-	99,890	101,533
Donations - transfer from local authority on conversion	24	-	(3,693,000)	1,036,640	46,148,073	43,491,713
Charitable activities:						
- Funding for educational operations	4	-	-	8,907,467	-	8,907,467
Other trading activities	5	220,027	-	76,768	-	296,795
Investments	6	436	-	-	-	436
<b>Total income and endowments</b>		222,106	(3,693,000)	10,020,875	46,247,963	52,797,944
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	-	89,000	8,493,498	171,485	8,753,983
<b>Total expenditure</b>	7	-	89,000	8,493,498	171,485	8,753,983
<b>Net income/(expenditure)</b>		222,106	(3,782,000)	1,527,377	46,076,478	44,043,961
Transfers between funds		-	-	(253,762)	253,762	-
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17	-	(282,000)	-	-	(282,000)
<b>Net movement in funds</b>		222,106	(4,064,000)	1,273,615	46,330,240	43,761,961
<b>Reconciliation of funds</b>						
Total funds brought forward		-	-	-	-	-
Total funds carried forward		222,106	(4,064,000)	1,273,615	46,330,240	43,761,961



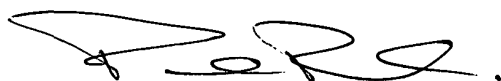
# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	£
<b>Fixed assets</b>			
Tangible assets	12		46,439,061
<b>Current assets</b>			
Debtors	13	571,336	
Cash at bank and in hand		1,519,363	
		<u>2,090,699</u>	
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(703,799)	
		<u></u>	
<b>Net current assets</b>			1,386,900
<b>Net assets excluding pension liability</b>			47,825,961
Defined benefit pension liability	17		(4,064,000)
			<u></u>
<b>Net assets</b>			43,761,961
			<u></u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	15		
- Fixed asset funds			46,330,240
- Restricted income funds			1,273,615
- Pension reserve			(4,064,000)
			<u></u>
<b>Total restricted funds</b>			43,539,855
<b>Unrestricted income funds</b>	15		222,106
			<u></u>
<b>Total funds</b>			43,761,961
			<u></u>

The accounts set out on pages 22 to 44 were approved by the board of trustees and authorised for issue on 06 December 2017 and are signed on its behalf by:



P Roach  
Accounting officer

Company Number 10514293

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 AUGUST 2017

	Notes	2017 9 months £	£
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	844,870	
Cash funds transferred on conversion		1,036,640	
		<u>1,881,510</u>	
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		436	
Capital grants from DfE and ESFA		60,133	
Capital funding from sponsors and others		39,757	
Payments to acquire tangible fixed assets		(462,473)	
		<u>(362,147)</u>	
<b>Change in cash and cash equivalents in the reporting period</b>		<u>1,519,363</u>	
Cash and cash equivalents at 7 December 2016		-	
<b>Cash and cash equivalents at 31 August 2017</b>		<u><u>1,519,363</u></u>	

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

---

### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Leverhulme Academy Church of England and Community Trust meets the definition of a public benefit entity under FRS 102.

These accounts have been prepared for the period 7 December 2016 to 31 August 2017 which is a period of less than twelve months. Academy trusts are required by the Education And Skills Funding Agency to report annually to 31 August and the academy trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

#### 1.2 Going concern

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

#### 1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Rivington and Blackrod High School and Harper Green School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion/ Charitable activities – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 24.

#### 1.4 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.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

#### Grants receivable

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

#### Donations

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

#### Other income

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

#### Donated fixed assets

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

#### Transfer of assets on conversion

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

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### Charitable activities

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

##### Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

#### 1.6 Tangible fixed assets and depreciation

Assets costing £1000 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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold buildings	25 to 50 years
Computer equipment	3 years straight line
Fixtures, fittings & equipment	15% reducing balance

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

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 1 Accounting policies

(Continued)

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

#### 1.7 Liabilities

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

#### 1.8 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.9 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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. 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.

#### 1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

#### 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 funders where the asset acquired or created is held for a specific purpose.

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

#### 1.13 Agency arrangement

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

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

#### Local Government Pension Scheme

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £
Donated fixed assets	-	39,757	39,757
Capital grants	-	60,133	60,133
Other donations	1,643	-	1,643
	<u>1,643</u>	<u>99,890</u>	<u>101,533</u>



# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2017 £
<b>DfE / ESFA grants</b>			
General annual grant (GAG)	-	8,598,191	8,598,191
Other DfE / ESFA grants	-	11,053	11,053
	-	8,609,244	8,609,244
<b>Other government grants</b>			
Local authority grants	-	298,223	298,223
<b>Total funding</b>	-	8,907,467	8,907,467

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £
Hire of facilities	3,553	-	3,553
Catering income	207,706	-	207,706
Restricted trips income	-	76,768	76,768
Other income	8,768	-	8,768
	220,027	76,768	296,795

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £
Short term deposits	436	-	436

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £
Academy's educational operations				
- Direct costs	5,889,684	-	373,903	6,263,587
- Allocated support costs	1,488,264	659,661	342,471	2,490,396
	<u>7,377,948</u>	<u>659,661</u>	<u>716,374</u>	<u>8,753,983</u>

Net income/(expenditure) for the period includes: 2017  
£

Fees payable to auditor for:	
- Audit	13,500
- Other services	1,800
Operating lease rentals	995
Depreciation of tangible fixed assets	171,485
Net interest on defined benefit pension liability	(258,000)

### Central services

The academy trust has provided the following central services to its academies during the period:

- human resources
- financial services
- legal services
- educational support services
- IT

The academy trust charges for these services on a flat 5% of GAG income.

The amounts charged during the period were as follows:	Total £
Rivington and Blackrod High School	229,450
Harper Green School	176,810
Central services	-
	<u>406,260</u>

# **LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

### **8 Charitable activities**

	<b>2017</b>
	<b>£</b>
<b>All from restricted funds:</b>	
Direct costs - educational operations	6,263,587
Support costs - educational operations	2,490,396
	<u>8,753,983</u>

	<b>2017</b>
	<b>£</b>
<b>Analysis of support costs</b>	
Support staff costs	1,488,264
Depreciation and amortisation	171,485
Technology costs	90,641
Premises costs	438,928
Other support costs	120,122
Governance costs	180,956
	<u>2,490,396</u>

### **9 Staff costs**

	<b>2017</b>
	<b>£</b>
Wages and salaries	5,200,491
Social security costs	507,738
Operating costs of defined benefit pension schemes	1,161,573
Apprenticeship levy	12,331
	<u>6,882,133</u>
Staff costs	6,882,133
Supply staff costs	357,580
Staff restructuring costs	71,848
Staff development and other staff costs	66,419
	<u>7,377,980</u>
<b>Total staff expenditure</b>	<b>7,377,980</b>
 <b>Staff restructuring costs comprise:</b>	
Redundancy payments	49,990
Severance payments	21,858
	<u>71,848</u>

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 9 Staff costs

(Continued)

#### Staff numbers

The average number of persons employed by the academy trust during the period was as follows:

	2017 Number
Teachers	184
Administration and support	191
Management	8
	<u>383</u>

#### Higher paid staff

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

	2017
£70,000 - £80,000	<u>1</u>

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £21,858. Individually, the payments were: £7,387, £2,341 and £12,130.

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £401,077.

### 10 Trustees' remuneration and expenses

One or more of the 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, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

P Roach (Chief Executive Officer and Head Teacher):

Remuneration £70,000 - £75,000

Employer's pension contributions (annual) £10,001 - £15,000

### 11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides unlimited cover, the cost is included in the coverage provided by the Risk Protection Arrangement (RPA) paid to the ESFA.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 12 Tangible fixed assets

	Leasehold buildings £	Assets under construction £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 7 December 2016	-	-	-	-	-
Transfer on conversion	46,125,000	-	9,573	-	46,134,573
Additions	252,825	62,853	67,182	93,113	475,973
At 31 August 2017	46,377,825	62,853	76,755	93,113	46,610,546
<b>Depreciation</b>					
At 7 December 2016	-	-	-	-	-
Charge for the period	152,721	-	12,793	5,971	171,485
At 31 August 2017	152,721	-	12,793	5,971	171,485
<b>Net book value</b>					
At 31 August 2017	46,225,104	62,853	63,962	87,142	46,439,061

### 13 Debtors

	2017 £
Trade debtors	43,228
VAT recoverable	249,730
Prepayments and accrued income	278,378
	571,336

### 14 Creditors: amounts falling due within one year

	2017 £
Trade creditors	20,715
Other creditors	52,483
Accruals and deferred income	630,601
	703,799

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 15 Funds

	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>				
General Annual Grant	8,598,191	(8,493,498)	55,514	160,207
Other DfE / ESFA grants	11,053	-	(11,053)	-
Other government grants	298,223	-	(298,223)	-
Other restricted funds	1,113,408	-	-	1,113,408
	<u>10,020,875</u>	<u>(8,493,498)</u>	<u>(253,762)</u>	<u>1,273,615</u>
Funds excluding pensions	(3,693,000)	(89,000)	(282,000)	(4,064,000)
	<u>6,327,875</u>	<u>(8,582,498)</u>	<u>(535,762)</u>	<u>(2,790,385)</u>
<b>Restricted fixed asset funds</b>				
Transferred on conversion	46,148,073	-	-	46,148,073
DfE / ESFA capital grants	60,133	(171,485)	253,762	142,410
Private sector capital sponsorship	39,757	-	-	39,757
	<u>46,247,963</u>	<u>(171,485)</u>	<u>253,762</u>	<u>46,330,240</u>
<b>Total restricted funds</b>	<u>52,575,838</u>	<u>(8,753,983)</u>	<u>(282,000)</u>	<u>43,539,855</u>
<b>Unrestricted funds</b>				
General funds	220,463	-	-	220,463
Other funds	1,643	-	-	1,643
	<u>222,106</u>	<u>-</u>	<u>-</u>	<u>222,106</u>
<b>Total funds</b>	<u>52,797,944</u>	<u>(8,753,983)</u>	<u>(282,000)</u>	<u>43,761,961</u>

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 15 Funds

(Continued)

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy.
- (ii) The other government grants fund is used to track grants provided by local and central government departments.
- (iii) The other restricted fund tracks grants, donations and other income arising from sources other than grants provided by central and local government departments.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

#### Total funds analysis by academy

	Total £
Fund balances at 31 August 2017 were allocated as follows:	
Rivington and Blackrod High School	234,198
Harper Green School	745,440
Central services	-
Central services	516,083
	<hr/>
Total before fixed assets fund and pension reserve	1,495,721
	<hr/>
Restricted fixed asset fund	46,330,240
Pension reserve	(4,064,000)
	<hr/>
Total funds	43,761,961
	<hr/>

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 15 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Rivington and Blackrod High School	3,094,092	988,050	235,245	564,669	4,882,056
Harper Green School	2,363,993	685,338	170,283	480,827	3,700,441
Central services	46,156	83,553	562	23,772	154,043
	<u>5,504,241</u>	<u>1,756,941</u>	<u>406,090</u>	<u>1,069,268</u>	<u>8,736,540</u>

### 16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	46,439,061	46,439,061
Current assets	222,106	1,868,593	-	2,090,699
Creditors falling due within one year	-	(594,978)	(108,821)	(703,799)
Defined benefit pension liability	-	(4,064,000)	-	(4,064,000)
	<u>222,106</u>	<u>(2,790,385)</u>	<u>46,330,240</u>	<u>43,761,961</u>

### 17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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



# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2017

### 17 Pensions and similar obligations

(Continued)

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £681,167.

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17% for employers and 5.5% to 12% for employees.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 17 Pensions and similar obligations

(Continued)

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 24) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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.

Total contributions made	2017 £
Employer's contributions	271,000
Employees' contributions	84,000
Total contributions	355,000

Principal actuarial assumptions	2017 %
Rate of increases in salaries	3.2
Rate of increase for pensions in payment	2.4
Discount rate	2.5
Inflation assumption (CPI)	2.4

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

	2017 Years
Retiring today	
- Males	21.5
- Females	24.1
Retiring in 20 years	
- Males	23.7
- Females	26.2

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 17 Pensions and similar obligations

(Continued)

#### Sensitivity analysis

	Approx. increase to Defined Benefit Obligation HG/RB %	Approx. monetary amount  HG/RB £000
0.5% decrease in the real discount rate	14 / 13	579 / 1,037
0.5% increase in the salary increase rate	4 / 4	167 / 306
0.5% increase in the pension increase rate	10 / 9	399 / 706

#### The academy trust's share of the assets in the scheme

2017  
Fair value  
£

Equities	5,970,670
Bonds	1,308,640
Property	490,740
Cash	408,950
Total market value of assets	8,179,000

Actual return on scheme assets - gain/(loss)	412,000
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#### Amounts recognised in the statement of financial activities

2017  
£

Current service cost	589,000
Past service cost	29,000
Interest income	(310,000)
Interest cost	52,000
Total operating charge	360,000

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

<b>17</b>	<b>Pensions and similar obligations</b>	<b>(Continued)</b>
	<b>Changes in the present value of defined benefit obligations</b>	<b>2017 £</b>
	Obligations acquired on conversion	11,105,000
	Current service cost	589,000
	Interest cost	154,000
	Employee contributions	84,000
	Actuarial loss	282,000
	Past service cost	29,000
	At 31 August 2017	12,243,000
	<b>Changes in the fair value of the academy trust's share of scheme assets</b>	<b>2017 £</b>
	Assets acquired on conversion	7,412,000
	Interest income	102,000
	Actuarial gain	310,000
	Employer contributions	271,000
	Employee contributions	84,000
	At 31 August 2017	8,179,000
<b>18</b>	<b>Reconciliation of net income to net cash flows from operating activities</b>	<b>2017 £</b>
	Net for the reporting period	44,043,961
	Adjusted for:	
	Net conversion to academy	(43,491,713)
	Capital grants from DfE/ESFA and other capital income	(99,890)
	Investment income receivable	(436)
	Defined benefit pension costs less contributions payable	347,000
	Defined benefit pension net finance	(258,000)
	Depreciation of tangible fixed assets	171,485
	(Increase) in debtors	(571,336)
	Increase in creditors	703,799
	<b>Net cash provided by operating activities</b>	<b>844,870</b>

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

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### 19 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £
Amounts due within one year	23,208
Amounts due in two and five years	46,651
Amounts due after five years	144
	<hr/>
	70,003
	<hr/>

### 20 Capital commitments

	2017 £
Expenditure contracted for but not provided in the accounts	22,984
	<hr/>

### 21 Related party transactions

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

### 22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 23 Agency arrangements

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the academy received £11,053 and disbursed £10,271 from the fund, £782 was received as an agency fee. An amount of £nil is included in other creditors relating to undistributed funds that is repayable to ESFA.

# LEVERHULME ACADEMY CHURCH OF ENGLAND AND COMMUNITY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2017

### 24 Conversion to an academy

On 1st March 2017 Rivington and Blackrod High School and Harper Green School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Leverhulme Academy Church of England and Community Trust from Bolton Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Rivington and Blackrod High School	Bolton	1 March 2017
Harper Green School	Bolton	1 March 2017
Central services		1 March 2017

	2017 £
<b>Net assets transferred:</b>	
Freehold land and buildings	46,125,000
Other tangible fixed assets	23,073
Cash	1,036,640
LGPS pension surplus/(deficit)	(3,693,000)
	<u>43,491,713</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	46,148,073	46,148,073
LA budget funds	-	1,036,640	-	1,036,640
LGPS pension funds	-	(3,693,000)	-	(3,693,000)
	<u>-</u>	<u>(2,656,360)</u>	<u>46,148,073</u>	<u>43,491,713</u>