

LDBS ACADEMIES TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



LDBS ACADEMIES TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	London Diocesan Fund London Diocesan Board for Schools Mr I Woolf
Trustees	Mr I Woolf Professor D Cumberland, Chairman ¹ Mrs G M Dale-Skey ¹ Dame A Hassan ¹ Revd Preb C G Pope ¹ Ms E Wolverson, Chief Executive Mrs K Hunter (appointed 2 September 2015) ¹ members of the Audit committee
Company registered number	08182235
Company name	LDBS Academies Trust
Principal and registered office	London Diocesan Board For Schools London Diocesan House 36 Causton Street London SW1P 4AU
Company secretary	Ms A M Norton
Senior management team	Mr Simon Knowles, Executive Headteacher, Holy Trinity Church of England Primary School, Tottenham; St Ann's Church of England Primary School, Tottenham; and St Michael's Church of England Primary School, Wood Green Mr A David, Interim Executive Headteacher, Millbrook Park Church of England Primary School, Mill Hill Mrs S Easton, Headteacher, St Paul's & All Hallows' Church of England Infant and Nursery School, Tottenham and St Paul's & All Hallows' Church of England Junior School, Tottenham Ms H Scrase, Head of School, Holy Trinity Church of England Primary School, Tottenham Ms N Dudley, Head of School, Millbrook Park Church of England Primary School, Mill Hill Mr M Lancaster, Head of School, St Ann's Church of England Primary School, Tottenham Ms Lilia Mirtchev, Head of School, St Michael's Church of England Primary School, Wood Green Ms S Ihua-Maduenyi, Deputy Headteacher, St Paul's & All Hallows' Church of England Infant and Nursery School, Tottenham Ms J Belton, Deputy Headteacher, St Paul's & All Hallows' Church of England Junior School, Tottenham
Independent auditors	Williams Giles Limited Chartered Accountants Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Bankers

Lloyds Bank plc
98 Victoria Street
London
London

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

LDBS ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Structure, governance and management

a. CONSTITUTION

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

The charitable company's Memorandum of Association and articles of association are the primary governing documents of the academy trust.

The Trustees of LDBS Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as LDBS Academies Trust (LAT).

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

Details of the directors who served during the year are included in the Reference and Administrative Details.

The LDBS Academies Trust trades as:

- Holy Trinity Church of England Primary School
- Millbrook Park Church of England Primary School
- St Ann's Church of England Primary School
- St Michael's Church of England Primary School
- St Paul's & All Hallows' Church of England Infant & Nursery School
- St Paul's & All Hallows' Church of England Junior School
- St Andrew & St Francis Church of England Primary School

b. MEMBERS' LIABILITY

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The members of the LDBS Academies Trust comprise of the following:

- the London Diocesan Board for Schools, and
- the London Diocesan Fund
- Mr I Woolf

There is also provision in the company's Articles of Association for one person to be appointed as a member by the Secretary of State.

The trustees of the LDBS Academies Trust shall comprise of no less than 3 persons with appointments made as follows:

- Members may appoint such number of directors as they see fit.
- The Chief Executive if appointed.
- The Secretary of State may appoint up to 2 directors.
- Directors may appoint staff directors provided that the total number of directors including the Chief Executive who are employees of the company does not exceed one third of the total number of directors.
- Directors who have not been co opted as directors may appoint up to 3 co opted directors
- If the directors have not appointed Local Governing Bodies in respect of the academies, 2 parent

The term of office of all directors, excluding the Chief Executive or any other director who serves in an executive capacity, is 4 years. Any director may be re appointed or re elected providing they remain eligible to be a particular type of director.

The LDBS Academies Trust's approach on recruiting new directors is to ensure that there is an appropriate mixture of skills and experience which is related to the work of schools but also rooted in the world outside. Directors are expected to share our passion for education and for improving the life chances of the children in the schools in the Trust.

There was a clear rationale to the LDBS Academies Trust's appointments of directors and as we make new appointments the LDBS Academies Trust seeks to appoint on a similar basis. Directors' appointments were based on a consideration of the necessary skills and experience that needed to be present within the LDBS Academies Trust Board to enable the Board to meet the needs of a newly established multi academy trust and its network of schools, and ensure best practice governance was established from the outset. Members appointed a director with a strong financial background and experience of Human Resources procedures. Members considered it was important that the LDBS Academies Trust was able to be in the forefront of educational initiatives and looked for someone from a university background that also had experience of governing an academy. A new director was appointed with a strong educational background and who understood the requirements of Ofsted to ensure that the LDBS Academies Trust did not omit any of the legal duties required of academies and could point out the pitfalls the LDBS Academies Trust could fall into. Members then looked for someone who was a priest and understood the ethos the LDBS Academies Trust was seeking to establish and had many decades of experience as a governor and had been used to being moved into schools that were in difficulties in order to work with a Headteacher to sort out the problems.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

Directors have established guidance for the induction and training of directors. The approach taken is to develop a flexible and tailored induction plan that takes into account a new director's skills and experience and identifies areas that need to be strengthened so that the new director can become as effective as possible in their role within the shortest practicable time.

The induction process aims to achieve the following:

- a) build an understanding of the nature of the LDBS Academies Trust, its schools and the communities in which it operates;
- b) build a link with the Trust's staff;
- c) build an understanding of the Trust's main relationships;
- d) ensure an understanding of the role of a director; and
- e) ensure an understanding of the framework within which the board operates.

Directors receive briefings at board meetings and by email between meetings about educational developments and other matters affecting the communities within which the LDBS Academies Trust schools operate. Directors visit the LDBS Academies Trust schools to see the schools in action and participate in school based activities. These activities help the directors to keep abreast of changes pertinent to the board's work.

The board evaluation process highlights any training needs which are then able to be timetabled into the board's annual work plan, the Audit committee's annual work plan or, where applicable, into a director's personal training and development plan.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Senior Leadership team are paid in accordance with the DfE's Teachers Pay and Conditions document. After a successful round of performance management the pay of Headteachers is considered within the range set for their post and their school. When Executive Heads and Headteachers reach the top of their range they are also offered private health care in order to facilitate the smooth running of the Trust. The part time CEO is paid on the leadership scale as is the part time Finance Director. No other directors are paid.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

f. ORGANISATIONAL STRUCTURE

The organisational structure of the LDBS Academies Trust consists of five levels:

- i) The board of trustees
- ii) The chief executive
- iii) Local Academy Committees
- iv) The (Executive) Headteachers of the LDBS Academies Trust Schools
- v) The senior leadership teams of the LDBS Academies Trust Schools

The board of directors is responsible for:

- setting the strategic direction and standards required for the LDBS Academies Trust;
- ensuring statutory policies are in place;
- approving the annual budget for the Trust as a whole;
- ensuring that adequate financial systems and controls are in place;
- entering into contracts with a value greater than £10,000 and
- recruiting and carrying out the performance management of (Executive) Headteachers.

The chief executive is the accounting officer of the LDBS Academies Trust. The chief executive is responsible for:

- managing the daily operations of the LDBS Academies Trust;
- ensuring the Trust's resources are used in accordance with the policies and procedures set by the board of trustees;
- liaising with the (Executive) Headteachers and
- ensuring that the board of trustees receive accurate information in a timely manner for an effective decision making process.

The trustees appoint the (Executive) Headteachers and together with a member of the Local Academy Committee (LAC) undertake performance management. The trustees appoint some of the governors of the LGB and also appoint the Chair of each LGB. The effectiveness of the LAC is reviewed annually and when necessary changes are made to personnel and to the scheme of delegation. The LGB meets monthly and the minutes are scrutinised by the trustees. Each term the (Executive) Headteachers write a report which goes to the LAC and to the trustees. The board monitors the LAC reaction to the report and checks that they have acted as a critical friend, where that has not been the case the CEO visits and points out the issues, if that is not effective the LAC has an enforced change of personnel and Chair.

In accordance with the company's constitution the power of delegation from the LDBS Academies Trust to the LACs is through each Local Committee scheme of delegation which also includes a delegation checklist outlining where responsibility for making decisions rests. There is a system of earned autonomy, the powers delegated to each local governing body can be varied depending on the effectiveness of the LAC and the school's performance.

LAC's are responsible for:

holding the (Executive) Headteachers to account and carrying out midyear appraisal against the performance management targets which were set with the CEO.

Ensuring that targets that are set as part of the independent quality assurance process are met in a timely fashion

- monitoring the implementation of policies set by the board of trustees;
- appointing Deputy Headteachers subject to the agreement of the trustees;
- appointing other staff
- working with the (Executive) Headteachers to develop the school development plan and the self evaluation form;
- monitoring the condition of the buildings and planning improvements and maintenance;
- monitoring and approving the annual budget; and
- entering into contracts under the value of £10,000.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

(Executive) Headteachers are responsible for:

- the daily management of LDBS Academies Trust schools;

Meeting the targets set by the termly quality assurance process

- implementing the policies and procedures set by the board of trustees and / or local academy committees;
- supporting the local academy committee in their work;
- preparing the school development plan and the self evaluation form with LAC
- appointing staff; and
- authorising spending on items included in the annual budget plan within agreed limits.

g. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The London Diocesan Board for Schools is a member of the LDBS Academies Trust, and as such, has an impact on the operating policies of the Trust.

The Trust's schools work with other diocesan schools in close co operation sharing training and diocesan wide initiatives.

Grow Education Partners limited, the trading subsidiary of the London Diocesan Board for Schools, provides a number of services to the Academy Trust including school improvement. LDBS delivers the LDBS Clerking Service to Grow Education Partners Limited, which is used to service the Trust's LGB meetings.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

h. TRUSTEES' INDEMNITIES

The LDBS Academies Trust has in place an indemnity policy in accordance with paragraph 136 of its Articles of Association that state, 'Subject to the provisions of the Companies Act 2006 every Director or other officer or auditor of the Company and every member of any Local Academy Committee (in so far as necessary) shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.'

LDBS ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

a. OBJECTS AND AIMS

The LDBS Academies Trust's principal activity is to establish, maintain, manage and develop Church of England schools that offer a broad and balanced curriculum and are conducted in accordance with the principles, practices and tenets of the Church of England.

The LDBS Academies Trust's principal activity for the public benefit of education is to establish, maintain, manage and develop Church of England schools that offer a broad and balanced curriculum and are conducted in accordance with the principles, practices and tenets of the Church of England. Moreover, in relation to arranging for religious education and daily acts of worship, the LDBS Academies Trust's schools have regard to any advice issued by the London Diocesan Board for Schools.

In areas where there are LDBS Academies Trust schools, the Trust will seek to promote, where appropriate, the provision of facilities for recreation or other leisure time occupation of local residents who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the local residents.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives for the Trust for the period ended 31st August 2016 are summarised below:

1. Produce a 5 year plan for the Trust which will show how the Trust will grow and will be able to provide a home for all the diocesan primary schools should it be required..
2. Meet with all diocesan Headteachers and some governors to explain the plan and to ensure that they know what is possible within the LAT.
3. Embed the necessary systems and support structures for the schools joining the Trust and refine them where necessary
4. Implement action plans for the schools in order to provide a high quality education for all of the children.
5. Develop outstanding leaders for all the schools in the Trust.
6. The new school Millbrook Park in Barnet opened in September 2014 and needed to be fitted out and to continue to grow successfully and win over the local community.
7. Prepare for the transfer of Stanwell Fields into LAT2
8. Raise standards at St Andrew and St Francis

c. PUBLIC BENEFIT

The directors have referred to the Charity Commission guidance on public benefit when reviewing the company's objectives and aims and planning future activities and consider that the company's aims are for the public benefit.

During the year we provided free assistance and advice to a group of Community schools in Hammersmith and Fulham who wished to form a Multi-academy Trust. This will continue and to help them we will, at their request, be a Member of the Trust and also provide directors and a first Chair.

Achievements and performance

a. GOING CONCERN

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

The LDBS Academies Trust was incorporated on 16th August 2012. The Trust's new Master Funding Agreement was signed on 28th August 2014.

During 2013 five Church of England (CE) Primary schools in the London Borough of Haringey converted to academies and joined the Trust. On 1st January 2013 the following schools all converted to academies and joined the Trust:

- St Ann's CE Primary school, Tottenham;
- St Michael's CE Primary school, Wood Green;
- St Paul's and All Hallows' Infant and Nursery school, Tottenham; and
- St Paul's and All Hallows' Junior school, Tottenham.

Each term the schools receive a quality assurance visit from a retired HMI, (Her Majesty's Inspector of Schools), to ensure that teaching and learning is being delivered to high standards. In schools that are not good or outstanding there are two visits a term. This provides an opportunity for high quality continuing professional development for senior staff but also is the basis for deciding on training and support priorities for the individual schools. It also gives the LAC's a tool for checking on progress within their school. Some Heads asked for additional visits because they found it both supportive and challenging.

Holy Trinity, the sponsored school, has developed most since becoming an academy. 100% of children in 2013, 2014, 2015 and 2016 made expected progress and many did better. Parents, children and staff were delighted with the impact of the changes. The new concentration on learning has proved very effective and attendance figures show children want to be in school. The school was inspected during the previous year and judged by OFSTED to be a good school. This year it was inspected under the Statutory Inspection of Anglican and Methodist Schools scheme and was judged outstanding. There are plans for the school to open an extended day facility for 2 year olds in the new academic year.

St Paul's and All Hallows has falling rolls which may be something to do with the redevelopment of Spurs football ground which is next to the school but also because a large number of children have been rehoused by the council in Cardiff.

This year's SATs results were not good nationally and by and large the LAT reflected the National picture. We have begun to take steps to increase children's stamina with regard to reading in particular and also to extend their vocabulary. The Shakespeare project was introduced this year in the Haringey schools and will be extended across the LAT next year. The fact that it also caught parent's imagination has also been very positive for children's learning.

Millbrook Park has yet to be inspected. As part of a new and growing community in an area with no natural centre and no community facilities it was vital that they begin to engage the parent body. They were so successful that they received the Parent Partnership Award in summer 2016. Applications for school places have grown although there is still high mobility.

St Andrew & St Francis was in Special Measures before their transfer to the Trust on 1st July 2015. Much work was done over the year in sorting out a great many HR issues and in replacing temporary staff with good permanent people. The school has also been cleaned and redecorated and feels quite different now.

The 5 year plan was approved by the Directors and shown to a Regional Schools Commissioner who agreed it was workable. Throughout 2016 the CEO met with LDBS Heads and governors to explain the 5 year plan for the LAT. Schools have shown considerable interest and the meetings will continue into the next academic year with several schools giving serious consideration to the move. This will result in the opening of LAT2 in the west of the diocese to take in schools that are waiting in that area. The first of which will be Stanwell Fields.

The Trust had an net incoming resources of £86,024 (2015: £893,802) before a revaluation loss of £1,317,000 (2015: £12,000) on pension schemes; this included a surplus of £212,398 (2015: £554,916) on unrestricted funds.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

a. PRINCIPAL RISKS AND UNCERTAINTIES

The 5 schools that were part of the Trust in Academic Year 2013/14 were all located in the London Borough of Haringey. In February 2014 the Trust was asked to help the London Borough of Barnet by opening a new school in September 2014. The school was already under construction but the Borough had withdrawn from a contract with one Academy Trust and was then let down by another group of providers. Using the Trust's policies, structures and appointing an Interim Executive Head from one of the LDBS' Voluntary Aided schools ensured that the Trust, in record time, had the green light from the Department for Education at the readiness for opening meeting and a positive pre-Ofsted. The school is part of a very large housing estate which is under construction for a few more years. It will eventually be a three form entry primary school with a nursery. However, despite the fact that there are many houses still to be built and the school was only advertised to parents the day before the deadline for parents to make a choice it opened with two forms of entry in September 2014.

On 1 July 2015, St Andrew & St Francis CE Primary, a LDBS Voluntary Aided School, which was deemed to be 'inadequate' joined the Trust as a sponsored school.

As an Academy Trust there are a number of risks and uncertainties. The principal risks that could affect the Academy are:

- The recruitment of good teachers and in particular the replacement of supply teachers.
- A reduction to the school's funding agreements resulting in increased financial pressure on the Academy Trust.
- The mobility of families with the Trust's catchment areas and the need to support children from homeless families, SEN and EAL backgrounds with very low incomes which far exceeds the national averages.

b. RESERVES POLICY

The LDBS Academies Trust aims to build up unrestricted reserves to the value of one month's, with the view to this becoming three month's, operating costs so as to be able to respond to unforeseen items of expenditure which may arise from time to time. At 31 August 2015, the unrestricted reserves were £749,797 which will be slightly below one month's operating costs when St Andrew & St Francis School is included for a full twelve months

Plans for future periods

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

a. FUTURE DEVELOPMENTS

The LDBS Academies Trust believes that every child is unique and must be given the chance to flower in a healthy, safe and secure environment and have their individual skills, talents and spiritual development nourished so that they bloom and prosper, enriched by life long learning and service to others which will offer each one the opportunity to experience life in all its fullness. Moreover the Trust is open to working with both Church of England and Community schools that are seeking to convert to academies. The Trust's primary aim is to deliver excellent education to all of its existing and future pupils.

The Trust's plans for the future are to:

Support the opening of LAT2 and build up the number of schools within it. Stanwell Fields to be first in February 2017.

Grow the numbers and develop the Directors so that eventually there will be enough with the right set of skills and knowledge to take over and efficiently and effectively run LAT2 and any subsequent LATs.

Continue to meet with LDBS schools and move towards setting up LAT3 and LAT4 when there is sufficient demand.

Develop the Executive heads so that new CEO's for each LAT naturally emerge.

Ensure LAT schools provide improved levels of pupil's progress and attainment through high quality teaching and learning.

Try to ensure that the schools provide exciting and dynamic learning experiences that stimulate children to want to learn throughout their life.

DISCLOSURE OF INFORMATION TO AUDITORS

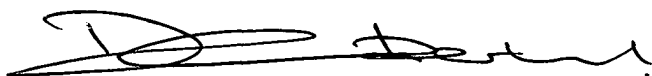
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

AUDITORS

The auditors, Williams Giles Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the board of trustees as the company directors, on 20/12/16 and signed on its behalf by:



Professor D Cumberland
Chair of Trustees



Ms E Wolverson
Trustee

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The 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 LDBS Academies 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 11 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr I Woolf	10	11
Professor D Cumberland, Chairman	10	11
Mrs G M Dale-Skey	10	11
Dame A Hassan	9	11
Revd Preb C G Pope	11	11
Ms E Wolverson, Chief Executive	11	11
Mrs K Hunter	7	11

Our Internal evaluation showed that we needed more educational expertise in the Trustees and so Marion Hunter was invited to join the Board to bring high quality current experience and a knowledge of Ofsted requirements. The Board considered other areas of potential weakness and felt there was a need to expand the Directors. New people have been approached, one of whom will bring parents views and community issues into focus and another who was the recent Chair of the diocesan education committee and has also been the Chair of two outstanding schools.

The Audit Committee is also a sub-committee of the main board of trustees. Its purpose is to:

- reviewing the body's internal and external financial statements and reports to ensure that they reflect best practice;
- reviewing the effectiveness of the body's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner;
- ensuring appropriate procedures are in place for whistleblowing, including making sure that all staff are aware to whom they can report their concerns;
- developing, reviewing and monitoring the academy Trust's risk register;
- reviewing the reports of the Auditor and the Responsible Officer on the effectiveness of the financial procedures and controls. (These reports must also be reported to the full Board of Directors.)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs G M Dale-Skey (Chair)	2	3
Mr D Cumberland	3	3
Dame A Hassan	3	3
Revd Preb C G Pope	3	3
Mr I Woolf	3	3
Ms E Wolverson, Chief Executive	3	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 LDBS Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy 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's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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 decided not to appoint an internal auditor. However, the Trustees have appointed Williams Giles Limited, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the auditors report to the board of trustees 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 year in question the review has been informed by:

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GOVERNANCE STATEMENT (continued)

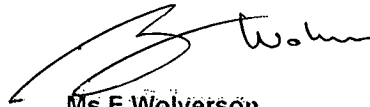
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 20/12/16 and signed on their behalf by:



Professor D Cumberland
Chair of Trustees



Ms E Wolverson
Accounting Officer

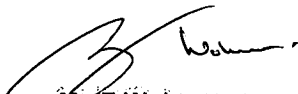
LDBS ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of LDBS Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the academy trust 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 2015.

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 EFA.



Ms E Wolverson
Accounting Officer
20/12/2016

LDBS ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 26/12/16 and signed on its behalf by:



Professor D Cumberland
Chair of Trustees

LDBS ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LDBS ACADEMIES TRUST

We have audited the financial statements of LDBS Academies Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LDBS ACADEMIES TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent

ME10 5BH

Date: 23 December 2016

LDBS ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LDBS
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 21 March 201 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by LDBS Academies Trust during the year 1 September 2015 to 31 August 2016 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 LDBS Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to LDBS Academies Trust and the EFA 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 LDBS Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF LDBS ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of LDBS Academies Trust's funding agreement with the Secretary of State for Education dated 31/12/2012, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion

LDBS ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO LDBS
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 23 December 2016

LDBS ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

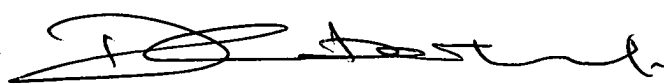
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	(661,978)
Other donations and capital grants	2	6,050	-	398,040	404,090	1,404,789
Charitable activities	3	-	10,181,269	-	10,181,269	8,090,666
Other trading activities	4	199,292	295,189	-	494,481	362,073
Investments	5	7,056	-	-	7,056	3,531
Other income		-	31,345	-	31,345	33,749
TOTAL INCOME		212,398	10,507,803	398,040	11,118,241	9,232,830
EXPENDITURE ON:						
Charitable activities		-	10,395,764	636,453	11,032,217	8,339,028
TOTAL EXPENDITURE	8	-	10,395,764	636,453	11,032,217	8,339,028
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		212,398	112,039	(238,413)	86,024	893,802
Actuarial gains/(losses) on defined benefit pension schemes	25	-	(1,317,000)	-	(1,317,000)	12,000
NET MOVEMENT IN FUNDS		212,398	(1,204,961)	(238,413)	(1,230,976)	905,802
RECONCILIATION OF FUNDS:						
Total funds brought forward		749,797	(1,316,770)	12,933,536	12,366,563	11,460,761
TOTAL FUNDS CARRIED FORWARD		962,195	(2,521,731)	12,695,123	11,135,587	12,366,563

LDBS ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08182235

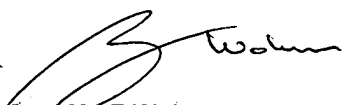
BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	16	12,799,564	12,366,212
CURRENT ASSETS			
Debtors	17	764,611	358,362
Cash at bank and in hand		3,185,490	3,777,593
		<u>3,950,101</u>	<u>4,135,955</u>
CREDITORS: amounts falling due within one year	18	<u>(1,813,078)</u>	<u>(1,774,604)</u>
NET CURRENT ASSETS		<u>2,137,023</u>	<u>2,361,351</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,936,587</u>	<u>14,727,563</u>
Defined benefit pension scheme liability	25	<u>(3,801,000)</u>	<u>(2,361,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES		<u><u>11,135,587</u></u>	<u><u>12,366,563</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	19	1,279,269	1,044,230
Restricted fixed asset funds	19	12,695,123	12,933,536
Restricted income funds excluding pension liability		13,974,392	13,977,766
Pension reserve		<u>(3,801,000)</u>	<u>(2,361,000)</u>
Total restricted income funds		<u>10,173,392</u>	<u>11,616,766</u>
Unrestricted income funds	19	962,195	749,797
TOTAL FUNDS		<u><u>11,135,587</u></u>	<u><u>12,366,563</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 20/12/16 and are signed on their behalf, by:



Professor D Cumberland
Trustee



Ms E Wolverson
Trustee

The notes on pages 26 to 46 form part of these financial statements.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>79,101</u>	<u>1,644,289</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		7,056	3,531
Purchase of tangible fixed assets		(1,069,805)	(902,319)
Capital grants from DfE/EFA		<u>391,545</u>	<u>1,400,634</u>
Net cash (used in)/provided by investing activities		<u>(671,204)</u>	<u>501,846</u>
Change in cash and cash equivalents in the year		<u>(592,103)</u>	<u>2,146,135</u>
Cash and cash equivalents brought forward		<u>3,777,593</u>	<u>1,631,458</u>
Cash and cash equivalents carried forward	22	<u><u>3,185,490</u></u>	<u><u>3,777,593</u></u>

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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 of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

LDBS Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of LDBS Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of LDBS Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Expenditure

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

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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

With the exception of Millbrook Park the Academy's buildings are owned by various trustee bodies and made available to the schools under supplemental agreements. The Directors have decided to regard these agreements as short rather than long term and thus have allocated a zero value to these buildings in the accounts. The Academy Trust is not charged for the use of this land. Due to the restricted use of these assets for educational purposes it is not possible to determine a fair value for the services provided and no amounts have been recorded as income in the SOFA in respect of the use of these assets. Millbrook Park is on a 125 year lease from Barnet Council and the cost has been provided by Barnet Council.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% Straight Line
Leasehold improvements	-	10% Straight Line
Fixtures and fittings	-	20% Straight Line
Computer equipment	-	20% Straight Line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Taxation

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

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.13 Pensions

Retirement benefits to employees of the academy 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.

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.14 Conversion into 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 London Borough of Brent to an 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 the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note .

LDBS ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

1.16 Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

LDBS ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer from local authority on conversion	-	-	-	-	(661,978)
Donations	6,050	-	-	6,050	4,155
Capital Grants	-	-	398,040	398,040	1,400,634
Subtotal	6,050	-	398,040	404,090	1,404,789
Total donations and capital grants	6,050	-	398,040	404,090	742,811

In 2015, of the total income from donations and capital grants, £430,177 was to unrestricted funds and £312,634 was to restricted funds

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	8,062,527	8,062,527	6,210,654
Other DfE/EFA grants	-	86,370	86,370	53,933
Universal free school meals	-	224,298	224,298	159,761
Start Up Grant	-	-	-	70,000
Schools Direct Funding	-	247,464	247,464	162,840
Pupil Premium	-	716,185	716,185	618,577
	-	9,336,844	9,336,844	7,275,765
Other government grants				
SEN funding	-	169,330	169,330	204,872
Greig Trust grants	-	84,334	84,334	77,000
Other grants	-	97,598	97,598	63,783
Growth Funding	-	107,837	107,837	131,948
Early years funding	-	385,326	385,326	337,298
	-	844,425	844,425	814,901
	-	10,181,269	10,181,269	8,090,666

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £8,090,666 was to restricted funds.

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4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Catering	-	145,893	145,893	116,615
Letting	95,283	-	95,283	42,801
Nursery	30,168	61,193	91,361	58,130
Other income	58,745	-	58,745	57,799
Trips & Clubs	-	88,103	88,103	66,120
Professional Services	15,096	-	15,096	20,608
	<u>199,292</u>	<u>295,189</u>	<u>494,481</u>	<u>362,073</u>

In 2015, of the total income from other trading activities, £121,208 was to unrestricted funds and £240,865 was to restricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	7,056	-	7,056	3,531
	<u>7,056</u>	<u>-</u>	<u>7,056</u>	<u>3,531</u>

In 2015, of the total investment income, £3,531 was to unrestricted funds and £ NIL was to restricted funds.

6. Direct costs

	Educational operations	Total 2016	Total 2015
Educational supplies	447,411	447,411	283,533
Staff development	201,920	201,920	120,419
Other direct costs	25,349	25,349	27,440
Agency supply	520,113	520,113	287,992
Trips & Clubs	94,208	94,208	76,287
Wages and salaries	4,548,989	4,548,989	3,254,750
National insurance	400,345	400,345	290,145
Pension cost	742,880	742,880	572,418
	<u>6,981,215</u>	<u>6,981,215</u>	<u>4,912,984</u>

In 2015, the academy incurred the following Direct costs:

£4,912,984 in respect of Educational operations

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7. Support costs

	Educational operations £	Total 2016 £	Total 2015 £
LGPS costs	91,000	91,000	8,000
Recruitment and support	19,552	19,552	7,567
Maintenance of premises and equipment	423,259	423,259	336,312
Cleaning	87,124	87,124	26,087
Rent & rates	34,247	34,247	14,812
Light & heat	94,622	94,622	78,915
Insurance	99,193	99,193	65,736
Security & transport	15,447	15,447	21,986
Catering	495,618	495,618	414,679
Computer costs	162,261	162,261	125,554
Printing, postage and stationery	27,786	27,786	19,815
Legal & professional	287,713	287,713	338,284
Other support costs	244,651	244,651	191,540
Agency supply	343,039	343,039	126,029
Governance costs	53,078	53,078	22,582
Staff restructuring	84,771	84,771	-
Uniform	11,188	11,188	7,738
Wages and salaries	636,553	636,553	685,406
National insurance	45,378	45,378	35,813
Pension cost	158,069	158,069	428,316
Depreciation	636,453	636,453	470,873
	<u>4,051,002</u>	<u>4,051,002</u>	<u>3,426,044</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£53,078 (£22,582) included within the table above in respect of Educational operations.

In 2015, the academy incurred the following Support costs:
£3,426,044 in respect of Educational operations

8. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Activities:					
Direct costs	6,229,233	-	751,982	6,981,215	4,912,984
Support costs	1,250,904	-	2,800,098	4,051,002	3,426,044
	<u>7,480,137</u>	<u>-</u>	<u>3,552,080</u>	<u>11,032,217</u>	<u>8,339,028</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £11,032,217 (2015 - £8,339,028) was to restricted funds.

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9. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Amount £	Individual items above £5,000 Reason
Compensation payments	16,320	10,230	Staff restructuring
		6,090	Staff restructuring

10. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	636,453	470,873

11. Auditors' remuneration

	2016 £	2015 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	13,250	13,250
Fees payable to the academy's auditor and its associates in respect of:		
Internal audit services	9,750	9,750

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12. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	5,185,542	3,940,156
Social security costs	445,723	325,958
Operating costs of defined benefit pension schemes	900,949	1,000,734
	<u>6,532,214</u>	<u>5,266,848</u>
Supply teacher costs	863,152	414,021
Staff restructuring costs	84,771	-
	<u><u>7,480,137</u></u>	<u><u>5,680,869</u></u>

Staff restructuring costs comprise:

	2016 £	2015 £
Redundancy payments	45,945	-
Severance payments	38,826	-
	<u>84,771</u>	<u>-</u>

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

	2016 No.	2015 No.
Teaching staff	83	81
Support staff	116	132
Management	3	3
	<u>202</u>	<u>216</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	4	5
In the band £80,001 - £90,000	2	0
In the band £90,001 - £100,000	1	2

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £38,827 (2015: £nil). Individually, the payments were: £1,443, £1,486, £1,505, £2,383, £2,674, £2,675, £2,731, £3,120, £4,490, £6,090 and £10,230.

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 £427,002 (2015: £298,513)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration (2015 - £NIL).
During the year, no Trustees received any benefits in kind (2015 - £NIL).
During the year ended 31 August 2016, expenses totalling £263 (2015 - £NIL) were reimbursed to 1 Trustee (2015 - 0).

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance cost.

15. Other finance income

	2016 £	2015 £
Interest income on pension scheme assets	103,000	127,000
Interest on pension scheme liabilities	(194,000)	(135,000)
	<u>(91,000)</u>	<u>(8,000)</u>

16. Tangible fixed assets

	Long-term leasehold property £	L/hold property improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	11,500,000	479,838	573,815	388,969	12,942,622
Additions	-	480,834	487,587	101,384	1,069,805
At 31 August 2016	<u>11,500,000</u>	<u>960,672</u>	<u>1,061,402</u>	<u>490,353</u>	<u>14,012,427</u>
Depreciation					
At 1 September 2015	237,446	58,913	160,256	119,795	576,410
Charge for the year	230,000	96,101	212,281	98,071	636,453
At 31 August 2016	<u>467,446</u>	<u>155,014</u>	<u>372,537</u>	<u>217,866</u>	<u>1,212,863</u>
Net book value					
At 31 August 2016	<u>11,032,554</u>	<u>805,658</u>	<u>688,865</u>	<u>272,487</u>	<u>12,799,564</u>
At 31 August 2015	<u>11,262,554</u>	<u>420,925</u>	<u>413,559</u>	<u>269,174</u>	<u>12,366,212</u>

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17. Debtors

	2016 £	2015 £
Trade debtors	55,372	81,198
VAT repayable	128,656	78,634
Other debtors	308,222	7,492
Prepayments and accrued income	272,361	191,038
	<u>764,611</u>	<u>358,362</u>

18. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	289,161	161,845
Payroll creditor	840,772	1,209,963
Other creditors	173,696	131,615
Accruals and deferred income	509,449	271,181
	<u>1,813,078</u>	<u>1,774,604</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	122,895	67,199
Resources deferred during the year	129,501	122,895
Amounts released from previous years	(122,895)	(67,199)
Deferred income at 31 August 2016	<u>129,501</u>	<u>122,895</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. Statement of funds

	Brought Forward £	Income £	Expenditure £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds					
Unrestricted funds	749,797	212,398	-	-	962,195
Restricted funds					
General Annual Grant (GAG)	1,009,288	8,062,527	(7,792,546)	-	1,279,269
Pupil Premium	-	716,185	(716,185)	-	-
Other DfE/EFA grants	-	86,370	(86,370)	-	-
SEN funding	-	169,330	(169,330)	-	-
Generated income	-	326,534	(326,534)	-	-
Early years funding	-	385,326	(385,326)	-	-
Government grants	-	97,598	(97,598)	-	-
Greig Trust grants	19,167	84,334	(103,501)	-	-
Start Up Grant	15,775	-	(15,775)	-	-
Universal Free School Meals	-	224,298	(224,298)	-	-
Schools Direct Funding	-	247,464	(247,464)	-	-
Growth Funding	-	107,837	(107,837)	-	-
Pension reserve	(2,361,000)	-	(123,000)	(1,317,000)	(3,801,000)
	<u>(1,316,770)</u>	<u>10,507,803</u>	<u>(10,395,764)</u>	<u>(1,317,000)</u>	<u>(2,521,731)</u>
Restricted fixed asset funds					
Assets held for depreciation	12,366,212	-	-	-	12,366,212
Other capital grants	224,589	398,040	(636,453)	-	(13,824)
Government capital grants	342,735	-	-	-	342,735
	<u>12,933,536</u>	<u>398,040</u>	<u>(636,453)</u>	<u>-</u>	<u>12,695,123</u>
Total restricted funds	<u>11,616,766</u>	<u>10,905,843</u>	<u>(11,032,217)</u>	<u>(1,317,000)</u>	<u>10,173,392</u>
Total of funds	<u>12,366,563</u>	<u>11,118,241</u>	<u>(11,032,217)</u>	<u>(1,317,000)</u>	<u>11,135,587</u>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
St Ann's	165,402	154,457
St Michael's	79,910	108,085
St Paul's Infants	360,290	389,947
St Paul's Junior	458,377	243,917
Holy Trinity	183,200	151,139
Millbrook Park	(14,395)	31,496
St Andrew and St Francis	655,917	522,888
Central services	352,763	192,098
Total before fixed asset fund and pension reserve	<u>2,241,464</u>	<u>1,794,027</u>
Restricted fixed asset fund	12,695,123	12,933,536
Pension reserve	(3,801,000)	(2,361,000)
Total	<u><u>11,135,587</u></u>	<u><u>12,366,563</u></u>

Analysis of academies by cost

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 2016 £	Total 2015 £
Holy Trinity	816,063	175,309	48,247	314,531	1,354,150	1,285,493
St Ann's	831,531	183,356	65,479	421,131	1,501,497	1,459,185
St Michael's	864,830	140,627	53,310	320,823	1,379,590	1,249,380
St Paul's Infants	750,466	194,431	33,905	211,177	1,189,979	1,286,718
St Paul's Junior	899,402	79,518	55,934	285,698	1,320,552	1,354,993
Millbrook Park	509,094	87,975	53,492	213,976	864,537	515,797
St Andrew & St Francis	1,557,645	332,942	137,044	447,707	2,475,338	392,208
Central	202	56,746	-	253,173	310,121	324,381
	<u><u>6,229,233</u></u>	<u><u>1,250,904</u></u>	<u><u>447,411</u></u>	<u><u>2,468,216</u></u>	<u><u>10,395,764</u></u>	<u><u>7,868,155</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	104,441	-	12,695,123	12,799,564	12,366,212
Current assets	2,297,754	1,652,347	-	3,950,101	4,135,955
Creditors due within one year	-	(1,813,078)	-	(1,813,078)	(1,774,604)
Provisions for liabilities and charges	(1,440,000)	(2,361,000)	-	(3,801,000)	(2,361,000)
	<u>962,195</u>	<u>(2,521,731)</u>	<u>12,695,123</u>	<u>11,135,587</u>	<u>12,366,563</u>

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	86,024	893,802
Adjustment for:		
Depreciation charges	636,453	470,873
Dividends, interest and rents from investments	(7,056)	(3,531)
Increase in debtors	(406,249)	(145,326)
Increase in creditors	38,474	632,105
Capital grants from DfE and other capital income	(391,545)	(1,400,634)
Defined benefit pension scheme finance cost	123,000	59,000
Net gain on assets and liabilities from local authority on conversion	-	1,138,000
Net cash provided by operating activities	<u>79,101</u>	<u>1,644,289</u>

22. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	3,185,490	3,777,593
Total	<u>3,185,490</u>	<u>3,777,593</u>

23. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the EFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the EFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the EFA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. Capital commitments

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	386,526

25. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Haringey. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

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

Not less than every four years 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

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25. Pension commitments (continued)

determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £523,575 (2015 - £331,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £430,000 (2015 - £350,000), of which employer's contributions totalled £345,000 (2015 - £280,000) and employees' contributions totalled £85,000 (2015 - £70,000). The agreed contribution rates for future years are 23.1% for employers and var% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	8.20 %	3.80 %
Rate of increase in salaries	4.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Commutation of pensions to lump sums	50.00 %	- %

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

	2016	2015
Retiring today		
Males	21.9	21.9
Females	24.1	24.1
Retiring in 20 years		
Males	24.2	24.2
Females	26.5	26.5

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25. Pension commitments (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,437,120	1,699,000
Debt instruments	788,480	560,000
Property	286,720	254,000
Cash	71,680	26,000
	<u>3,584,000</u>	<u>2,539,000</u>

The actual return on scheme assets was £538,000 (2015 - £96,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(375,000)	(351,000)
Net interest cost	(91,000)	(8,000)
Past service cost	(2,000)	-
	<u>(468,000)</u>	<u>(359,000)</u>
Total	<u>(468,000)</u>	<u>(359,000)</u>
Actual return on scheme assets	<u>538,000</u>	<u>96,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	4,900,000	3,268,000
Current service cost	375,000	351,000
Interest cost	194,000	135,000
Contributions by employees	85,000	74,000
Actuarial losses/(gains)	1,855,000	(44,000)
Losses on curtailments	2,000	-
Liabilities extinguished on settlements	-	1,138,000
Exchange differences on foreign schemes	(26,000)	(22,000)
	<u>7,385,000</u>	<u>4,900,000</u>
Closing defined benefit obligation	<u>7,385,000</u>	<u>4,900,000</u>

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25. Pension commitments (continued)

Movements in the fair value of the academy's share of scheme assets:

	2016 £	2015 £
Opening fair value of scheme assets	2,539,000	2,092,000
Return on plan assets (excluding net interest on the net defined pension liability)	103,000	127,000
Actuarial gains and (losses)	538,000	(32,000)
Contributions by employer	345,000	300,000
Contributions by employees	85,000	74,000
Benefits paid	(26,000)	(22,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,584,000	2,539,000
	<hr/>	<hr/>

The adoption of FRS 102 has not had an effect on the closing pension deficit in the comparative year. However the analysis between support costs and actuarial gains and losses has changed.

26. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	59,570	55,115
Between 1 and 5 years	27,924	46,444
	<hr/>	<hr/>
Total	87,494	101,559
	<hr/>	<hr/>

27. Members' liability

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

LDBS ACADEMIES TRUST
(A company limited by guarantee)

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28. Related party transactions

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

During the period the academy had the following related party transactions:

- £105,746 (2015: £59,569) spent with Grow Education a company of which I Woolf, E Wolverson and G Pope, all trustees, are directors. As at 31 August 2016 payments of £13,764 were outstanding.
- £84,334 (2015: £77,000) received from the Grieg Trust of which I Woolf, a trustee, is a trustee
- £206,709 (2015: £54,034) spent with the London Diocesan Board of Schools, a member, in respect of consultancy services. As at 31 August 2016 payments of £153 were outstanding.

In entering into the transactions above the trust has complied with the requirements of the EFA's Academies Financial Handbook.

29. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.