

Company Registration No. 10028278 (England and Wales)

LEADING LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



LEADING LEARNING TRUST

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LEADING LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

S Loganathan
C Alexander
M Ogbuonye
H Lam
Y Xu (Appointed 1 October 2020)

Directors

C Alexander
Dr S Hsu (Resigned 13 April 2020)
S Loganathan (Chair)
E Nicholls (Accounting Officer)
A Saunders (Resigned 30 April 2020)
Dr M Siddique
J Waine (Resigned 4 September 2019)
S Sidorov (Appointed 14 October 2019)
J Ballard (Appointed 14 October 2019)
Mr J Kheraj (Appointed 1 September 2020)
Mr S Ramachandran (Appointed 1 June 2020)

Senior management team

| | |
|---------------------------------------|------------------------|
| - CEO | E Nicholls |
| - Portway Headteacher | S Chudley |
| - Portway Deputy Headteacher | G Hall |
| - Portway Assistant Headteacher | B Charters |
| - Portway Assistant Headteacher | L Brothwell |
| - Portway Assistant Headteacher | I Rolfe |
| - Portway Assistant Headteacher | S Turnbull |
| - Selwyn Headteacher | H Mawer |
| - Selwyn Executive Deputy Headteacher | C Stewart |
| - Selwyn Assistant Headteacher | M Boxall |
| - Selwyn Assistant Headteacher | E Pyke |
| - Selwyn Assistant Headteacher | E Joseph |
| - Finance Director | A Boston-Mammah - FCCA |
| - IT Director | A Patel |
| - Trust Development Lead | J Waine |
| - Trust Finance and Resources Lead | M Jacobs |

Company registration number

10028278 (England and Wales)

Registered office

Selwyn Primary School
Selwyn Road
Plaistow
London
E13 0ES

Academies operated

Selwyn Primary School
Portway Primary School

Location

Plaistow
Plaistow

Headteacher

H Mawer
S Chudley

LEADING LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|----------------------------|---|
| Independent auditor | Azets Audit Services Greytown House 221-227 High Street Orpington Kent BR6 0NZ |
| Bankers | Lloyds Bank 39 Threadneedle Street London EC2R 8AU |
| Solicitors | Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR |

LEADING LEARNING TRUST

DIRECTORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Directors present their annual report together with the accounts and independent auditor's report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operated a central Trust entity and two primary Academies servicing catchment areas in the London Borough of Newham.

- Selwyn Primary school, age 3-11 mainstream primary school, 524 pupils capacity and 510 at August 2020.
- Portway Primary school, age 3-11 mainstream primary school, 840 pupils capacity and 521 at August 2020.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 10028278) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Directors act as the Trustees for the charitable activities of Leading Learning Trust. The charitable company is known as The Leading Learning Trust.

Leading Learning Trust was incorporated on 26 February 2016 and is made up of two Academies. The Academies have kept their original names, Selwyn Primary School and Portway Primary School and obtained Academy status on 1 May 2016.

The Directors are the Trustees of Leading Learning Trust and are also the Directors of the charitable company for the purposes of company law. Details of the Directors who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Method of recruitment and appointment or election of Directors

The members of the Academy Trust shall comprise the signatories to the Memorandum, the chairman of the Directors, and any person appointed under Article 15A. No employee of the Academy Trust shall be a member of the Academy Trust.

Each of the persons entitled to appoint members above shall have the right, from time to time by written notice delivered to the office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The number of Directors shall be not less than 3, but shall not be subject to a maximum. The Academy Trust shall have the following Directors; up to 7 Trustees appointed by the members; the Chief Executive Officer (CEO) if she agrees so to act; and a minimum of 2 parent Directors elected or appointed if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body. The Academy Trust may also have any Co-opted Directors appointed but may not co-opt an employee of the Academy Trust if thereby the number of Directors who are employees would exceed one third of the total number of Directors including the CEO to the extent she is a Director.

The term of office for any Director shall be 4 years, save that this time limit shall not apply to the CEO, any Director or member may be re-appointed or re-elected.

Each Trust school shall have a Local Governing Committee that the Directors shall ensure includes at least 2 Parent Local Governors.

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of Directors

During the period under review the Trust Board of Directors held 5 full Directors meetings. All new Directors receive an induction. Directors are also provided with adequate opportunities to execute and receive suitable training so as to enable them to undertake their role more effectively.

Organisational structure

The structure consists of the following connected elements: the Directors, the Chief Executive Officer, the Local Governing Committees and the Head teachers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust's performance through the use of budgets, and making major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments.

The Standards Improvement Committee (SIC) is a sub-committee of the Trust Board established for all schools in the Trust. The SIC has primary responsibilities for ensuring on behalf of Trustees that the senior leadership team and Local Governing Committees are held to account for the sustainable improvement of the schools to achieve the targets set by the Trust Board and for the well-being of pupils. It is chaired by an independent professional, currently a head teacher and lead Ofsted Inspector within another Newham Trust. The Standards Improvement Committee focuses on formal performance data, within the context of the Ofsted framework for school inspection.

The Finance, Audit and Risk Management committee (FARM) is a sub-committee of the Trust Board responsible for the financial oversight of the Trust, chaired by a person who is independent of all other committees within the Trust. The FARM committee ensures value for money, regularity and propriety in relation to the management of the Trust's funds and that the Trust's activities are conducted in line with funding agreements, the Academies Financial handbook and the Trust's scheme of delegation.

The CEO is the Accounting Officer and is responsible to the Board of Directors for the overall performance of the Trust and its constituent schools.

Local Governing Committees are responsible for implementing the Trust's vision, values, aims, objectives and policies and for holding the Academies' trusts leadership to account.

The Head teacher is responsible for the overall performance of their school and meeting the objectives set for them by their Local Governing Committee and the Directors.

Arrangements for setting pay and remuneration of key management personnel

The Trust follows the Local Authority policy on teachers' and support staff pay outlined in the Newham Model Pay Policy for Schools. The pay policy is compliant with the current Department of Education School Teachers' Pay and Conditions document and the accompanying statutory guidance. The Trust has also adopted the Newham Model Policy for Appraising Teacher Performance and uses this document as the basis for setting and evaluating staff performance, including any pay increments or awards.

Related parties and other connected charities and organisations

No related party transactions took place in the period of accounts, other than certain Trustees remuneration.

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objectives and Aims

Selwyn and Portway Primary Schools are mixed age 3-11 schools set within highly culturally diverse communities. Both schools are at the heart of the local environment and provide a broad and balanced education for all pupils and in addition, social support and early help for parents and carers. Selwyn Primary School has a provision for deaf and hearing impaired children and both schools have a fully inclusive education policy and admit children with special educational needs and/or disabilities. Most of the children entering the nursery settings, enter at below age related developmental milestones and as a result, both schools' main focus is on delivering continuously high quality teaching and learning to close any gaps in pupil achievement.

Both schools set the high expectations of behaviour, personal conduct and responsibility for all its stakeholders. We use the 5Cs as a guiding principle to articulate school ethos – Courtesy, Care, Commitment, Co-operation and Consideration.

The principal objective of the Trust is to secure high levels of educational outcomes by overcoming any barriers to learning. We aim to build, develop and sustain a highly dedicated staff team who will provide a good start for all children and lead them into life-long ambition and success.

Objectives, strategies and activities

The main objective of Leading Learning Trust is to secure high levels of educational outcomes by overcoming barriers to learning.

Public benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set.

Admissions arrangements

The Trust follows the London Borough of Newham's policy and procedures on admission at all times which complies with the Schools' Admissions Code which is produced by the Department for Education (DfE) and sets out the law relating to school admissions. The schools' websites set this out in detail – www.selwyn.leadinglearningtrust.org or www.portway.leadinglearningtrust.org.

Strategic report

Achievements and performance

The Leading Learning Trust has high aspirations for its students and a drive for continuous improvement. The Trust's analysis of examination/test performance is thorough, and much use is made of performance and benchmarking data from a range of sources.

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Key performance indicators

The main KPI for each of the schools in the Trust is the Ofsted Framework for Inspection. Inspectors must judge the quality of the education provided by each school. This is an overarching judgement made by inspecting the following areas:

- The quality of education
- Behaviour and attitudes
- Personal development
- Leadership and management
- Evaluating the quality of early years education in schools

In addition, inspectors must consider:

- The spiritual, moral, social and cultural development of the pupils in each school
- The effectiveness of the arrangements for safeguarding pupils.
- The extent to which the education provided by each school meets the needs of the range of pupils in the school and in particular the pupils who have a disability for the purposes of the Equality Act 2010 and those who have special educational needs

In March 2019 both schools had Ofsted inspections. Selwyn maintained its outstanding status and Portway went from being graded as Inadequate (Ofsted 2015) to Outstanding.

Both schools achieved above national progress and attainment data at the end of Key Stage 2, Key Stage 1, phonics and at the end of Reception in the academic year 2018/19. School data was not published for 2019/20.

Both Portway and Selwyn are London Grid for Learning Digital Champion Schools and have been recognised by London Grid for Learning and Google as pioneering schools in digital transformation. This has allowed for excellent remote learning provision during the Covid 19 pandemic with over 80% of pupils regularly accessing daily home learning activities across the Trust.

The Trust is successfully delivering school to school support both in London and in neighbouring counties including providing IT services and school improvement packages.

Both schools achieved the safeguarding audit safe CIC Gold standard award and Selwyn received the Inclusive School Award and the IQM Centre of Excellence for recognition of its standards of practice for pupils with Special Educational Needs and Disabilities.

Both Selwyn and Portway achieved the WAS (Wellbeing Award for Schools).

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The impact of Covid-19 on Trust activities and operations:

The initial lockdown in March 2020 resulted in partial closure of both schools with provision only provided for key worker children and vulnerable pupils. The large majority of pupils and staff were at home and school leadership teams implemented remote learning provision using the Trust's Google platform. This ensured that over 83% of pupils were engaged in daily learning activities and that teachers were able to provide feedback. The schools were swift in adapting practice over time. School staff were placed in schools on a rota basis unless they were shielding. Leaders kept in constant contact with staff and pupils and their families were provided with regular information and guidance to support their wellbeing alongside their academic progress.

School infrastructure had to be adapted and a proportion of the Trust budget was used to ensure that both schools were fully compliant with government guidelines. Comprehensive risk assessments were put in place and checked by an HSE accredited Health and Safety consultant. Trustees devoted considerable time to ensure that both schools were fully compliant before the partial reopening of schools in June 2020 as well as leading up to full opening in autumn of the next academic year. Despite the increase in workload related to Covid-19, the Trust Board, FARM and governance meetings continued using virtual technology and while annual Trust compliance work continued, much of the focus was on current Covid-19 actions as well as projecting into the immediate and longer term future.

The Trust halted all fundraising opportunities that have been a normal part of school practice. Covid-19 restrictions and risk assessments would not have allowed for these to continue.

Despite successfully implementing remote learning activities during partial school closures, the Trust has predicted that Covid-19 has had considerable impact on the academic and emotional development of all children across both schools. Leaders have worked hard to put in place Covid-19 Strategy Plans that will outline school provision from the autumn term. These will be monitored by the CEO, Trust Board and School Improvement Committee. Schools have received Covid-19 recovery funding to support the implementation of these plans.

School leaders had put considerable effort into increasing and sustaining pupil numbers but school data has shown a decline in pupil roll numbers as families relocate due to Covid-19 related issues. Future marketing will have to be a Trust priority to ensure that pupil numbers increase but concerns remain about the loss of future funding because of the limited time to regain admissions before the October census.

The Trust is also acutely aware of the emotional impact Covid-19 has had and will continue to invest in staff wellbeing and performance. With the full opening of schools and ongoing cases of Covid-19 in the autumn term, both schools are predicting issues around staff absence and will have to ensure that staffing contingency planning and budgeting are paramount.

The Trust has reviewed its Roadmap and has set out its revised goals from 2020. Growth is a high priority and the Board has set aspirational targets of growing to 4 or 5 schools within the next academic year. However, it is not clear on how ongoing pandemic issues are directly impacting on national Trust development and we are aware that we need to explore different options and ensure that we keep up regular communications with local and regional contacts to inform and adapt our objectives.

The Trust has a strong record of establishing and maintaining networks with a range of schools, local and regional leaders but opportunities since March 2020 have declined as Trust and school leaders focus on provision in their own settings. Networking opportunities should return, depending on the course of the pandemic into 2020/21.

Going concern

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

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2020, total expenditure of £8,878k (2019: £8,379k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed assets and LGPS pensions costs, but including CIF funded repairs and renewals expenditure) was a deficit of £658k (2019: deficit £179k). Including the transfer from Restricted Fixed Assets, the in year operating position was a deficit of £69k (2019: surplus of £48k).

At 31 August 2020 the net book value of fixed assets was £21,186k (2019: £21,411k). Movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academies.

The Local Government Pension Scheme, in which the Academy Trust participates, showed a deficit of £5,014k (2019: £4,787k) at 31 August 2020.

Reserves policy

The Directors review the reserves level of the Academy Trust annually in order to ensure it keeps pace with current budgets, plans and the operating environment.

This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of unrestricted reserves should be equivalent to 4 week's expenditure, which is approximately £600k (2019: £600k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent premises maintenance. The Academy's current level of unrestricted reserves is £798k (2019: £676k) (total funds less the amount held in fixed assets and restricted funds).

To ensure the Trust maintains the target level of unrestricted reserves as indicated above, the Directors have resolved to closely monitor the level of unrestricted reserves throughout the year and take necessary steps during future planning exercises to comply with the reserves policy.

The total reserves balance at 31st August 2020 of £17,562k (2019: £18,338k) comprises unrestricted funds of £798k (2019: £676k), restricted fixed assets funds of £21,186k (2019: £21,666k) and other restricted funds £592k (2019: £783k) and pension fund deficit of £5,014k (2019: £4,787k).

Investment policy

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes in line with Trust investment policy. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The Directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Directors have implemented a number of systems to assess risks that its schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finances. The Directors have introduced systems, including operational procedures and internal financial controls in order to reduce risks; such risks are managed through the risk and control framework. Some risks are covered by the Academy Trusts insurance policy. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance statement on page 10.

The Directors have identified the following as examples of potential risks/uncertainties and have set out clear mitigation measures:

Falling pupil numbers:

- Termly Head teacher report to Directors (numbers on roll over time, current data on admissions/leavers)
- Promotion of school events and success through parental newsletters, school websites, local news channels
- Continual drive for high academic outcomes, building/maintaining a strong reputation for educational performance in the local community
- Application to DfE for 2 Year old provision at Portway Primary

School attainment falls due to the impact of school closures after Covid 19 pandemic:

- Termly Head teacher report to Governors/Directors on current cohort data
- Curriculum/timetable adaptations
- Half termly pupil progress meetings
- Termly School Improvement Committee (SIC) meetings
- Annual School Development Planning to address areas of weakness with termly reviews
- Half termly tracking of pupil data by school leaders with further action
- Targeted intervention including the utilisation of additional government funding for focused tutoring
- Local Authority moderation
- Regular Teaching and Learning Reviews using external head teachers/consultants
- Continued development of remote home learning provision

Capital builds/expansion:

- Regular meetings with the Finance Director, Trust Finance and Resource Lead, Head teachers and contractors
- Termly report to Directors
- Detailed financial planning
- Schools' financial contribution (if any) set at Finance, Audit and Risk Management (FARM) meetings and agreed by Directors
- Providing stakeholders with information – rationale, objectives, changes to site operations
- Logistical planning by contractors and by Trust Finance and Resource Lead of current and future site operations to outline implications on health and safety, daily school operations/routines, teaching and learning.

Financial and risk management objectives and policies

The financial risks which Leading Learning Trust is exposed to, relate primarily to:

- reduction in student numbers
- potential of reduced funding and cash flow
- maintenance of Trust premises
- changes in legislation

A risk arises in relation to the Local Government Pension scheme, due to the fact that there is a deficit of £5,014k (2019: £4,787k). This value is an estimate from the pensions actuary for accounting purposes. Whilst the scheme remain in deficit, the Academy Trust must make additional pension contributions to the scheme and these are revised every three years creating a risk that pension contributions may increase.

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

The Leading Learning Trust continues work to maintain the performance of its students at all levels. This is especially important as children return to school in Autumn 2020 after limited school opening in the spring and summer terms due to the Covid 19 pandemic. School leaders have planned extensively to ensure that any gaps in attainment are diminished as quickly as possible and adaptations to the curriculum will enable teachers to focus on targeting the right provision for each and every child. Both schools use of existing IT infrastructure enabled a large proportion of pupils to access remote learning at home. The Trust is keen to build upon the outcomes of this provision and now wants to ensure that all pupils have access to their own laptops from early years to Year 6. Directors will work to explore funding streams to secure this offer in each school in the near future.

Directors recognise that through good financial management they should be able to maintain and improve the quality of the built environment of the Trust's schools including staff and student facilities. A planned maintenance programme has been developed to help maintain and improve the Trust's schools' facilities. Where applicable, CIF and other grant applications will also be made.

The Trust has clear growth plans and as stated within its Road Map, intends to grow to at least 5 schools by 2023. The Leading Learning Trust has significantly built upon its reputation and seeks to include other schools in the academic year 2020/21. Directors are exploring viable growth opportunities including mergers with other small Trusts as well as the incorporation of a local primary school into the LLT.

Auditor

In so far as the Directors are aware:

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

On 7 September 2020 Group Audit Services Limited, trading as Wilkins Kennedy Audit Services, changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

The Directors report, incorporating a strategic report, was approved by order of the Board of Directors, as the company Directors, on 10 December 2020 and signed on its behalf by:



S Loganathan
Chair

LEADING LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As Directors we acknowledge we have overall responsibility for ensuring that Leading Learning 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 Directors has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Leading Learning Trust and the Secretary of State for Education. The CEO is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors Responsibilities. The Board of Directors formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

| Directors | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| C Alexander | 3 | 5 |
| Dr S Hsu (Resigned 13 April 2020) | 1 | 3 |
| S Loganathan (Chair) | 5 | 5 |
| E Nicholls (Accounting Officer) | 5 | 5 |
| A Saunders (Resigned 30 April 2020) | 3 | 3 |
| Dr M Siddique | 5 | 5 |
| J Waine (Resigned 4 September 2019) | 0 | 0 |
| S Sidorov (Appointed 14 October 2019) | 4 | 4 |
| J Ballard (Appointed 14 October 2019) | 4 | 4 |
| Mr J Kheraj (Appointed 1 September 2020) | 0 | 0 |
| Mr S Ramachandran (Appointed 1 June 2020) | 1 | 1 |

The Leading Learning Trust (LLT) is keen to ensure that the skills and expertise of the Directors are fully utilised for the benefit of the Trust. Commencing Autumn 2020, the Trust is developing meaningful strategic 'assignment roles' for Directors that link the Trust's operational requirements to Trustee skills and expertise to advance the delivery of the Trust's Vision and Strategy. Assigned roles will be:

- Safeguarding and Health and Safety
- Strategy Planning and Risk Management
- Trust Promotion and Revenue Assurance
- Stakeholder and Partnership Engagement
- Compliance and Governance
- Finance and Contract management
- Progress and Achievement

Each Director is expected to take a lead strategic role to improve the effectiveness of relevant parts of the Trust's operation. The role holder is expected to ensure the effectiveness of the operation linked to their role which will ultimately further strengthen Trustee engagement and contribution.

The Finance, Audit and Risk Management committee is a sub-committee of the Trust Board with responsibility for the financial oversight of the Trust. FARM ensures value for money, regularity and propriety in relation to the management of the Trust's funds and that the Trust's financial activities are conducted in line with funding agreements, the Academies Financial Handbook and the Trust's scheme of delegation.

LEADING LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

M Gunamal attended and chaired all meetings. Attendance at the FARM meetings in the year was as follows.

| Directors | Meetings attended | Out of possible |
|---------------------------------------|-------------------|-----------------|
| S Loganathan (Chair) | 5 | 5 |
| Dr M Siddique | 3 | 5 |
| S Sidorov (Appointed 14 October 2019) | 4 | 4 |

Review of value for money

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

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

- Reducing the achievement gap between disadvantaged and non-disadvantaged children..
- Reviewing staffing levels in both schools and making savings in leadership and support levels such as IT management, site supervision and internal design/display.
- Where appropriate, having Trust-wide service level agreements to reduce costs for services.
- Identifying in conjunction with the Finance, Audit and Risk Management committee areas for improvement and acting on them.
- Bringing in a number of processes in-house.
- Engaging with external providers and following its best value statement in the procurement of contracts across all schools.
- Commissioning a project manager to research possible funding streams for capital improvements and resourcing.
- Providing opportunities for training across the Trust using in-house specialists.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Leading Learning Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Directors.

LEADING LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget, a Medium Term Financial plan and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Finance, Audit and Risk Management Committee of reports which indicate financial performance against the budgets 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.

For 2019/20 the Board of Directors considered the need for a specific internal audit function and recommended to members the appointment of Wilkins Kennedy to carry out the role of internal auditor. This role is carried out by a separate team at Wilkins Kennedy with no connection to the external audit team. This is to ensure the reviews are carried out independently.

Under the revised ethical standard the internal and external audit functions can no longer be carried out by the same organisation. The Board of Directors have recommended to members the appointment of Buzzacott LLP to carry out the internal audit function from 1 September 2020.

The role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

The service provides reports to the Board on the operation of the systems of control. The Board of Directors confirm the Internal Auditor has delivered their schedule of work as planned and no material control issues arose as a result of the Internal Auditors' work.

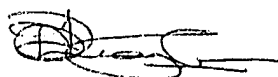
Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the senior management team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Directors on 10 December 2020 and signed on its behalf by:



S Loganathan
Chair



E Nicholls
Accounting Officer

LEADING LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As Accounting Officer of Leading Learning Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of any material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust's Board of Directors 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 2019.

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



E Nicholls
Accounting Officer

LEADING LEARNING TRUST

STATEMENT OF DIRECTORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The Directors (who also act as Trustees for Leading Learning Trust) are responsible for preparing the Directors Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 10 December 2020 and signed on its behalf by:



S Loganathan
Chair

LEADING LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEADING LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Leading Learning Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LEADING LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEADING LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors report, including the incorporated strategic report.

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

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

Responsibilities of Directors

As explained more fully in the statement of Directors responsibilities, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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

LEADING LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEADING LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Azets Audit Services Limited

Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

15 December 2020
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Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

LEADING LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEADING LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 18 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leading Learning Trust during the period 1 September 2019 to 31 August 2020 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 Leading Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Leading Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Leading Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Leading Learning Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Leading Learning Trust's funding agreement with the Secretary of State for Education dated 1 May 2016 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

LEADING LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEADING LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Azets Audit Services Limited

Reporting Accountant

Azets Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

15 December 2020
Dated:

LEADING LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | Unrestricted funds £'000 | Restricted funds: General Fixed asset £'000 £'000 | | Total 2020 £'000 | Total 2019 £'000 |
|---|-------|-----------------------------|--|---------------|------------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 10 | - | 441 | 451 | 3,457 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 7,353 | - | 7,353 | 7,283 |
| Other trading activities | 5 | 104 | - | - | 104 | 122 |
| Investments | 6 | 8 | - | - | 8 | 4 |
| Total | | <u>122</u> | <u>7,353</u> | <u>441</u> | <u>7,916</u> | <u>10,866</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | - | 8,546 | 332 | 8,878 | 8,379 |
| Total | 7 | <u>-</u> | <u>8,546</u> | <u>332</u> | <u>8,878</u> | <u>8,379</u> |
| Net Income/(expenditure) | | 122 | (1,193) | 109 | (962) | 2,487 |
| Transfers between funds | 17 | - | 589 | (589) | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 19 | - | 186 | - | 186 | (930) |
| Net movement in funds | | <u>122</u> | <u>(418)</u> | <u>(480)</u> | <u>(776)</u> | <u>1,557</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 676 | (4,004) | 21,666 | 18,338 | 16,781 |
| Total funds carried forward | | <u>798</u> | <u>(4,422)</u> | <u>21,186</u> | <u>17,562</u> | <u>18,338</u> |

LEADING LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| Comparative year information Year ended 31 August 2019 | Notes | Unrestricted funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2019 £'000 |
|---|-------|--------------------------------|------------------------------------|----------------------|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 79 | - | 3,378 | 3,457 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 7,283 | - | 7,283 |
| Other trading activities | 5 | 122 | - | - | 122 |
| Investments | 6 | 4 | - | - | 4 |
| Total | | <u>205</u> | <u>7,283</u> | <u>3,378</u> | <u>10,866</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 9 | - | 8,118 | 261 | 8,379 |
| Total | 7 | <u>-</u> | <u>8,118</u> | <u>261</u> | <u>8,379</u> |
| Net income/(expenditure) | | 205 | (835) | 3,117 | 2,487 |
| Transfers between funds | 17 | (24) | 283 | (259) | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 19 | - | (930) | - | (930) |
| Net movement in funds | | <u>181</u> | <u>(1,482)</u> | <u>2,858</u> | <u>1,557</u> |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 495 | (2,522) | 18,808 | 16,781 |
| Total funds carried forward | | <u>676</u> | <u>(4,004)</u> | <u>21,666</u> | <u>18,338</u> |

LEADING LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

| | | 2020 | | 2019 | |
|--|-------|-------|---------|-------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 21,186 | | 21,411 |
| Current assets | | | | | |
| Debtors | 14 | 358 | | 274 | |
| Investments | | 500 | | 500 | |
| Cash at bank and in hand | | 1,408 | | 1,640 | |
| | | 2,266 | | 2,414 | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 15 | (876) | | (700) | |
| Net current assets | | | 1,390 | | 1,714 |
| Net assets excluding pension liability | | | 22,576 | | 23,125 |
| Defined benefit pension scheme liability | 19 | | (5,014) | | (4,787) |
| Total net assets | | | 17,562 | | 18,338 |
| Funds of the Academy Trust: | | | | | |
| Restricted funds | 17 | | | | |
| - Fixed asset funds | | | 21,186 | | 21,666 |
| - Restricted income funds | | | 592 | | 783 |
| - Pension reserve | | | (5,014) | | (4,787) |
| Total restricted funds | | | 16,764 | | 17,662 |
| Unrestricted income funds | 17 | | 798 | | 676 |
| Total funds | | | 17,562 | | 18,338 |

The accounts on pages 21 to 44 were approved by the Directors and authorised for issue on 10 December 2020 and are signed on their behalf by:



S Loganathan
Chair

Company Number 10028278

LEADING LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

| | | 2020 | | 2019 | |
|--|-------|-------|-------|-------|---------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | | |
| Net cash used in operating activities | 20 | | (574) | | (1,042) |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 8 | | 4 | |
| Capital grants from DfE Group | | 441 | | 586 | |
| Capital funding received from sponsors and others | | - | | 81 | |
| Purchase of tangible fixed assets | | (107) | | (117) | |
| Purchase of investments | | - | | (500) | |
| Proceeds from sale of tangible fixed assets | | - | | 1 | |
| Net cash provided by investing activities | | | 342 | | 55 |
| Net decrease in cash and cash equivalents in the reporting period | | | (232) | | (987) |
| Cash and cash equivalents at beginning of the year | | | 1,640 | | 2,627 |
| Cash and cash equivalents at end of the year | | | 1,408 | | 1,640 |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Donations

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

Other income

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

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donated goods, facilities and services

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

Donated fixed assets

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

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more or a group of assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The Portway Primary School land and buildings have been included at the valuation provided by the London Borough of Newham as at 31 March 2016. The Selwyn Primary School land and buildings have been included at the valuation provided by the London Borough of Newham as at 1 April 2013. Any additions to the buildings have been included at cost.

The Trust has a 125 year lease from conversion on the land and buildings with London Borough of Newham.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|--------------------------------|---|
| Land and buildings | property over 50 years, land is not depreciated |
| Computer equipment | over 3 years |
| Fixtures, fittings & equipment | over 5 years |

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Investments

Investments are stated at market value.

1.9 Financial instruments

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

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Financial assets

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

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

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

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.12 Fund accounting

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

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|----------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Donated fixed assets | - | - | - | 2,751 |
| Capital grants | - | 441 | 441 | 627 |
| Other donations | 10 | - | 10 | 79 |
| | <u>10</u> | <u>441</u> | <u>451</u> | <u>3,457</u> |

4 Funding for the Academy Trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 5,097 | 5,097 | 5,401 |
| Other DfE group grants | - | 660 | 660 | 525 |
| | <u>-</u> | <u>5,757</u> | <u>5,757</u> | <u>5,926</u> |
| Other government grants | | | | |
| Local authority grants | - | 1,568 | 1,568 | 1,357 |
| Other government grants | - | 28 | 28 | - |
| | <u>-</u> | <u>1,596</u> | <u>1,596</u> | <u>1,357</u> |
| Total funding | <u>-</u> | <u>7,353</u> | <u>7,353</u> | <u>7,283</u> |

Other government grant income includes £27,947 Covid claims income, for exceptional costs incurred by the Academy Trust since March 2020, including free school meals, cleaning, premises and other costs.

5 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 1 | - | 1 | 6 |
| Catering income | 15 | - | 15 | 5 |
| Extended Schools | 43 | - | 43 | 52 |
| Consultancy | 21 | - | 21 | 11 |
| Other income | 24 | - | 24 | 48 |
| | <u>104</u> | <u>-</u> | <u>104</u> | <u>122</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2020 £'000 | Total 2019 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 8 | - | 8 | 4 |

7 Expenditure

| | Staff costs £'000 | Non-pay expenditure Premises £'000 | Other £'000 | Total 2020 £'000 | Total 2019 £'000 |
|----------------------------------|----------------------|--|----------------|------------------------|------------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 4,955 | 217 | 360 | 5,532 | 5,204 |
| - Allocated support costs | 1,263 | 1,296 | 787 | 3,346 | 3,175 |
| | 6,218 | 1,513 | 1,147 | 8,878 | 8,379 |

Net income/(expenditure) for the year includes:

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Fees payable to auditor for: | | |
| - Audit | 13 | 13 |
| - Other services | 3 | 3 |
| Depreciation of tangible fixed assets | 332 | 261 |
| Net interest on defined benefit pension liability | 83 | 88 |

8 Central services

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

- ICT support
- Financial services and systems
- Educational support services
- Central staffing costs

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

- 5% of overall income of school

The amounts charged during the year were as follows:

| | 2020 £'000 | 2019 £'000 |
|------------------------|---------------|---------------|
| Selwyn Primary School | 179 | 175 |
| Portway Primary School | 193 | 203 |
| | 372 | 378 |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Charitable activities

| | 2020 | 2019 |
|----------------------------|--------------|--------------|
| | £'000 | £'000 |
| All from restricted funds: | | |
| Direct costs | | |
| Educational operations | 5,532 | 5,204 |
| Support costs | | |
| Educational operations | 3,346 | 3,175 |
| | <u>8,878</u> | <u>8,379</u> |
| | 2020 | 2019 |
| | £'000 | £'000 |
| Analysis of support costs | | |
| Support staff costs | 1,263 | 1,400 |
| Depreciation | 115 | 107 |
| Technology costs | 63 | 75 |
| Premises costs | 1,181 | 724 |
| Legal costs | 9 | 11 |
| Other support costs | 695 | 841 |
| Governance costs | 20 | 17 |
| | <u>3,346</u> | <u>3,175</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Wages and salaries | 4,505 | 4,149 |
| Social security costs | 450 | 417 |
| Pension costs | 1,146 | 894 |
| Staff costs - employees | 6,101 | 5,460 |
| Agency staff costs | 91 | 565 |
| Staff restructuring costs | 26 | 12 |
| | 6,218 | 6,037 |
| Staff development and other staff costs | 56 | 49 |
| Total staff expenditure | 6,274 | 6,086 |
| Staff restructuring costs comprise: | | |
| Redundancy payments | - | 12 |
| Severance payments | 26 | - |
| | 26 | 12 |

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual payments totalling £13k, individually the payments were £3k and £10k.

Staff numbers

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

| | 2020 Number | 2019 Number |
|----------------------------|----------------|----------------|
| Teachers | 49 | 44 |
| Administration and support | 90 | 88 |
| Management | 18 | 16 |
| | 157 | 148 |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Higher paid staff

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

| | 2020 Number | 2019 Number |
|---------------------|----------------|----------------|
| £60,000- £70,000 | 6 | 2 |
| £70,001 - £80,000 | 1 | 3 |
| £80,001 - £90,000 | 2 | 1 |
| £90,001 - £100,000 | 1 | - |
| £120,001 - £130,000 | 1 | 1 |

Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £1,402k (2019: £1,334k)

11 Directors remuneration and expenses

One or more of the Directors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The CEO and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of CEO and Headteacher under their contracts of employment, and not in respect of their services as Directors.

The value of Directors remuneration and other benefits was as follows:

E Nicholls (CEO):

- Remuneration £125,000 - £130,000 (2019: £120,000 - £125,000)
- Employer's pension contributions £25,000 - £30,000 (2019: £15,000 - £20,000)

J Waine (Portway School Headteacher): resigned as a Director on 4 September 2019

- Remuneration 2019: £90,000 - £95,000
- Employer's pension contributions 2019: £10,000 - £15,000

During the year no costs (2019: £nil) were reimbursed or paid directly to any Directors.

12 Insurance for Directors and officers

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

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

| | Land and buildings | Computer equipment | Fixtures, fittings & equipment | Total |
|-----------------------|-----------------------|-----------------------|--------------------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 September 2019 | 21,640 | 165 | 356 | 22,161 |
| Additions | - | 71 | 36 | 107 |
| At 31 August 2020 | 21,640 | 236 | 392 | 22,268 |
| Depreciation | | | | |
| At 1 September 2019 | 502 | 101 | 147 | 750 |
| Charge for the year | 217 | 42 | 73 | 332 |
| At 31 August 2020 | 719 | 143 | 220 | 1,082 |
| Net book value | | | | |
| At 31 August 2020 | 20,921 | 93 | 172 | 21,186 |
| At 31 August 2019 | 21,138 | 64 | 209 | 21,411 |

Included in land and buildings is land valued at £11,203,790 which is not depreciated.

14 Debtors

| | 2020 £'000 | 2019 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 77 | 20 |
| VAT recoverable | - | 91 |
| Other debtors | 14 | 11 |
| Prepayments and accrued income | 267 | 152 |
| | 358 | 274 |

15 Creditors: amounts falling due within one year

| | 2020 £'000 | 2019 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 76 | 56 |
| Other taxation and social security | 117 | 114 |
| Other creditors | 110 | 90 |
| Accruals and deferred income | 573 | 440 |
| | 876 | 700 |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Deferred income

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | 260 | 156 |
| Deferred income at 1 September 2019 | 156 | 273 |
| Released from previous years | (156) | (273) |
| Resources deferred in the year | 260 | 156 |
| Deferred income at 31 August 2020 | 260 | 156 |

At the Balance sheet date, the Academy Trust was holding funds received in advance for universal free school meals, early years and SEN funding.

17 Funds

| | Balance at 1 September 2019 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2020 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 783 | 5,097 | (5,877) | 589 | 592 |
| Other DfE / ESFA grants | - | 660 | (660) | - | - |
| Other government grants | - | 1,596 | (1,596) | - | - |
| Pension reserve | (4,787) | - | (413) | 186 | (5,014) |
| | <u>(4,004)</u> | <u>7,353</u> | <u>(8,546)</u> | <u>775</u> | <u>(4,422)</u> |
| Restricted fixed asset funds | | | | | |
| DfE group capital grants | 255 | 441 | - | (696) | - |
| General fixed asset fund | 21,411 | - | (332) | 107 | 21,186 |
| | <u>21,666</u> | <u>441</u> | <u>(332)</u> | <u>(589)</u> | <u>21,186</u> |
| Total restricted funds | <u>17,662</u> | <u>7,794</u> | <u>(8,878)</u> | <u>186</u> | <u>16,764</u> |
| Unrestricted funds | | | | | |
| General funds | 676 | 122 | - | - | 798 |
| Total funds | <u>18,338</u> | <u>7,916</u> | <u>(8,878)</u> | <u>186</u> | <u>17,562</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academies.

Under the funding agreement with the Secretary of State, the Academies were not subject to a limit on the amount of GAG that they could carry forward at 31 August 2020.

Other DfE/ESFA grants: This includes the pupil premium, PE grant, UIFSM, teachers' pay grant and teachers' pension grant.

Other government grants: This includes free school meals funding and SEN funding.

The transfer of funds relate to the purchase of fixed assets during the period and to cover the excess of GAG expenditure over income.

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

| | Balance at 1 September 2018 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 916 | 5,401 | (5,817) | 283 | 783 |
| Other DfE / ESFA grants | - | 525 | (525) | - | - |
| Other government grants | - | 1,357 | (1,357) | - | - |
| Pension reserve | (3,438) | - | (419) | (930) | (4,787) |
| | <u>(2,522)</u> | <u>7,283</u> | <u>(8,118)</u> | <u>(647)</u> | <u>(4,004)</u> |
| Restricted fixed asset funds | | | | | |
| DfE group capital grants | - | 627 | - | (372) | 255 |
| General fixed asset fund | 18,808 | 2,751 | (261) | 113 | 21,411 |
| | <u>18,808</u> | <u>3,378</u> | <u>(261)</u> | <u>(259)</u> | <u>21,666</u> |
| Total restricted funds | <u>16,286</u> | <u>10,661</u> | <u>(8,379)</u> | <u>(906)</u> | <u>17,662</u> |
| Unrestricted funds | | | | | |
| General funds | <u>495</u> | <u>205</u> | <u>-</u> | <u>(24)</u> | <u>676</u> |
| Total funds | <u>16,781</u> | <u>10,866</u> | <u>(8,379)</u> | <u>(930)</u> | <u>18,338</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

| | Balance at 1 September 2018 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2019 £'000 |
|--|--|-----------------|----------------------|--|--|
| Total funds analysis by academy | | | | | |
| | | | | 2020 | 2019 |
| Fund balances at 31 August 2020 were allocated as follows: | | | | £'000 | £'000 |
| Selwyn Primary School | | | | 61 | 32 |
| Portway Primary School | | | | 1,364 | 1,334 |
| Central services | | | | (35) | 93 |
| Total before fixed assets fund and pension reserve | | | | 1,390 | 1,459 |
| Restricted fixed asset fund | | | | 21,186 | 21,666 |
| Pension reserve | | | | (5,014) | (4,787) |
| Total funds | | | | 17,562 | 18,338 |

Total cost analysis by academy

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

| | Teaching and educational support staff £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs excluding depreciation £'000 | Total 2020 £'000 | Total 2019 £'000 |
|------------------------|---|---------------------------------------|----------------------------------|---|------------------------|------------------------|
| Selwyn Primary School | 2,455 | 354 | 27 | 707 | 3,543 | 3,497 |
| Portway Primary School | 2,296 | 375 | 24 | 1,382 | 4,077 | 3,978 |
| Central services | 172 | 244 | - | 510 | 926 | 643 |
| | 4,923 | 973 | 51 | 2,599 | 8,546 | 8,118 |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2020 are represented by: | | | | |
| Tangible fixed assets | - | - | 21,186 | 21,186 |
| Current assets | 842 | 1,424 | - | 2,266 |
| Creditors falling due within one year | (44) | (832) | - | (876) |
| Defined benefit pension liability | - | (5,014) | - | (5,014) |
| Total net assets | 798 | (4,422) | 21,186 | 17,562 |
| Fund balances at 31 August 2019 are represented by: | | | | |
| Tangible fixed assets | - | - | 21,411 | 21,411 |
| Current assets | 716 | 1,443 | 255 | 2,414 |
| Creditors falling due within one year | (40) | (660) | - | (700) |
| Defined benefit pension liability | - | (4,787) | - | (4,787) |
| Total net assets | 676 | (4,004) | 21,666 | 18,338 |

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £102k (2019: £77k) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in Academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £537k (2019: £332k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.5% for employers and 5.5 to 12.5% 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.

| Total contributions made | 2020 £'000 | 2019 £'000 |
|--------------------------|---------------|---------------|
| Employer's contributions | 276 | 230 |
| Employees' contributions | 95 | 84 |
| Total contributions | <u>371</u> | <u>314</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

| Principal actuarial assumptions | 2020 % | 2019 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.2 | 3.7 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.2 |
| Discount rate for scheme liabilities | 1.65 | 1.9 |

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

| | 2020 Years | 2019 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.3 | 21.7 |
| - Females | 23.9 | 24.0 |
| Retiring in 20 years | | |
| - Males | 22.8 | 23.3 |
| - Females | 25.5 | 25.8 |

Defined benefit pension scheme net liability

| | | |
|--------------------|---------|---------|
| Scheme assets | 2,290 | 2,051 |
| Scheme obligations | (7,304) | (6,838) |
| Net liability | (5,014) | (4,787) |

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

| | 2020 Fair value £'000 | 2019 Fair value £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Equities | 1,210 | 1,162 |
| Bonds | 221 | 206 |
| Cash | 159 | 161 |
| Alternative Assets | 367 | 243 |
| Property | 219 | 203 |
| Other assets | 114 | 76 |
| Total market value of assets | 2,290 | 2,051 |

The actual return on scheme assets was £(100,000) (2019: £126,000).

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Pension and similar obligations

(Continued)

| Amount recognised in the Statement of Financial Activities | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Current service cost | 606 | 507 |
| Interest income | (42) | (47) |
| Interest cost | 125 | 135 |
| Benefit changes, curtailments and settlements gains or losses | (2) | - |
| Administration expenses | 2 | 54 |
| Total operating charge | <u>689</u> | <u>649</u> |

Changes in the present value of defined benefit obligations

2020
£'000

| | |
|---|--------------|
| At 1 September 2019 | 6,839 |
| Current service cost | 604 |
| Interest cost | 125 |
| Employee contributions | 95 |
| Actuarial (gain)/loss | (328) |
| Benefits paid | (33) |
| Effect of non-routine settlements and administration expenses | 2 |
| At 31 August 2020 | <u>7,304</u> |

Changes in the fair value of the Academy Trust's share of scheme assets

2020
£'000

| | |
|------------------------|--------------|
| At 1 September 2019 | 2,052 |
| Interest income | 42 |
| Actuarial loss/(gain) | (142) |
| Employer contributions | 276 |
| Employee contributions | 95 |
| Benefits paid | (33) |
| At 31 August 2020 | <u>2,290</u> |

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

| | | | |
|-----------|--|--------------|----------------|
| 20 | Reconciliation of net (expenditure)/income to net cash flow from operating activities | | |
| | | 2020 | 2019 |
| | | £'000 | £'000 |
| | Net (expenditure)/income for the reporting period (as per the statement of financial activities) | (962) | 2,487 |
| | Adjusted for: | | |
| | Capital grants from DfE and other capital income | (441) | (3,378) |
| | Investment income receivable | (8) | (4) |
| | Defined benefit pension costs less contributions payable | 330 | 331 |
| | Defined benefit pension scheme finance cost | 83 | 88 |
| | Depreciation of tangible fixed assets | 332 | 261 |
| | (Increase)/decrease in debtors | (84) | 51 |
| | Increase/(decrease) in creditors | 176 | (878) |
| | Net cash used in operating activities | (574) | (1,042) |

| | | | | |
|-----------|---|--------------------|-------------------|------------------|
| 21 | Analysis of changes in net funds | | | |
| | | 1 September | Cash flows | 31 August |
| | | 2019 | | 2020 |
| | | £'000 | £'000 | £'000 |
| | Cash | 1,640 | (232) | 1,408 |

22 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education and Skills Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

23 Capital commitments

| | | |
|---|--------------|--------------|
| | 2020 | 2019 |
| | £'000 | £'000 |
| Expenditure contracted for but not provided in the accounts | 139 | 731 |

Capital commitments relate to refurbishing both playgrounds, staff toilets and other improvements

LEADING LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Directors may have 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.

No related party transactions took place in the period of accounts, other than certain Trustees' remuneration already disclosed in note 12.

25 Members' liability

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