

L.E.A.D. MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

Registered Number 08296921 (England and Wales)

L.E.A.D. MULTI-ACADEMY TRUST
FINANCIAL STATEMENTS
PERIOD ENDED 31 AUGUST 2013

CONTENTS	PAGES
Reference and Administrative Details	1
Trustees' Report	2
Governance Statement	8
Statement of Regularity, Propriety and Compliance	10
Statement of Trustees' Responsibilities	11
Independent Auditor's Report on the financial statements	12
Statement of Financial Activities (incorporating Income & Expenditure Account)	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements incorporating	17
- Statement of Accounting Policies	
- Other Notes to the Financial Statements	
Independent Auditor's Report on Regularity	33

L.E.A.D. MULTI-ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
PERIOD ENDED 31 AUGUST 2013

Trustees	Mr M Blois (Chair) Mr CE Richards Mrs DM Harvey Ms D Owen (Chief Executive & Accounting Officer) Mr D Pomeroy (Executive Head Teacher) (appointed 17 September 2013)
Company Secretary	Ms L Bird
Senior Management Team:	
Chief Executive	Ms D Owen
Executive Head Teacher	Mr D Pomeroy
Business Director	Mr B Thandi
Principal and Registered Office	Huntingdon Academy Alfred Street Nottingham NG3 4AY
Company Registration Number	08296921 (England and Wales)
Independent Auditor	Baker Tilly Audit Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW
Bankers	Lloyds TSB Bank PLC 1 City Road East Manchester M15 4PU
Solicitors	Eversheds LLP 14 Fletcher Gate Nottingham NG1 2FS

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2013.

The charitable company was incorporated on 16 November 2012 and commenced trade as an Academy Trust on 1 January 2013.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee (registration number 08296921) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of L.E.A.D. Multi-Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as L.E.A.D. Multi-Academy Trust.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

Principal Activities

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum

Method of Recruitment and Appointment or Election of Trustees

The total number of Directors including the Management Team Director who are employees of the Company shall not exceed one third of the total number of Directors.

Subject to Articles 48-49 and 63, the Academy Trust shall have the following Trustees:

- a) Up to six Sponsor Directors appointed under Article 50.
- b) Academy Directors, appointed under Article 51;
- c) Management Team Director appointed under article 57;
- d) Additional Directors, if appointed under Article 61, 61A or 67a;
- e) Parent Directors, if appointed under clause 53 to 56.

The Secretary of State may appoint additional Trustees if the Trustees fail to comply with a Secretary of State warning notice.

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

Structure, Governance and Management (*continued*)

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for each new Trustee will depend on their existing experience. The Academy Trust purchases support in that provides for individual and full Governing Body training through an annual Course Directory which is reviewed each year to reflect any changes in practice and legislation. The Academy Trust will perform an annual skills audit of governors, should any gaps be identified training courses are offered to address these issues.

Organisational Structure

The L.E.A.D. Multi-Academy Trust is a separate trust sponsored by Huntingdon Academy Trust .The L.E.A.D. Multi-Academy Trust currently maintains Windmill L.E.A.D. Academy and Millfield L.E.A.D. Academy.

Risk Management

The Trustees have adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Trust. The schedule of risks will be tabled at all Finance committee meetings and mitigating actions agreed as required. The full Trustee group will review the risk log on an annual basis

Objectives and Activities

Objects and Aims

Through outstanding leadership we, at the L.E.A.D. Multi Academy Trust, will provide the highest quality education to enable every pupil to realise their full potential.

Our vision:

- Through outstanding leadership the L.E.A.D. Multi Academy Trust, will provide the highest quality education to enable every pupil to realise their full potential.
- Utilising the power of partnership working as a catalyst for ensuring more children receive an exceptional education.
- Embracing a combination of autonomy and collaboration across key areas of leadership and management, underpinned by shared vision, values and best practice.

Objectives, Strategies and Activities

In every aspect of life the ability to lead is essential. Strong leadership is the key to the success of our schools. We will develop leadership skills in everyone who attends one of them, ensuring the development of pupils as leaders of their own learning.

At L.E.A.D. Multi Academy schools pupils are empowered to have high aspirations for their futures. We nurture and challenge pupils to take responsibility, make decisions and work together so they grow into confident and resilient young people.

We believe in achievement in its broadest sense and that enjoyment of learning is crucial to success. We continually look for and reward achievement in every individual in our schools. We also know that a strong command of English and maths is vital as a foundation for the whole curriculum and prioritise learning in these core subjects.

We will provide the very best education and training for every individual in our schools and will ensure that this is delivered. We value excellent teaching, underpinned by high quality professional development and will constantly move forwards, using and instigating the best ideas and practice.

We also understand that children need to be motivated if they are to succeed in life and we will provide a stimulating curriculum and environment which will prepare them for their futures with confidence and determination

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

Objectives and Activities (*continued*)

Public Benefit

The Trustees have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Governors consider how planned activities will contribute to the aims and objectives they have set. The Academy has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Achievements and Performance

The infrastructure for the Trust has been designed, created and embedded and key personnel have been recruited to the Management Team. The centralised services now in place include the following; school to school support, finance support, data analysis, ICT support, MIS systems support, academy conversion support, estates management, shared platforms, governance ,clerking and procurement supplemented by externally contracted human resources, legal support and welfare support.

Both Windmill and Millfield L.E.A.D. Academies joined as sponsored schools with Special Measures Ofsted judgements. Both of these schools have recently had HMI monitoring visits and are both judged to be making good progress, highlighting the impact made by both accelerating high performance and tackling under-performance in sponsored schools.

Going Concern

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

Key Performance Indicators

The key performance indicators for both Windmill and Millfield L.E.A.D. Academies are to ensure they secure at least Good Ofsted judgements during their next full inspections.

Millfield L.E.A.D. Academy:

Millfield has continued to make good progress towards being a consistently good school. The pupil performance data (below) showed significant improvements and the picture moving forward is for further improvements. The school was inspected by Ofsted in July 2013 and was judged to be making good progress in all identified areas.

Windmill L.E.A.D. Academy:

Millfield has continued to make good progress towards being a consistently good school. The pupil performance data (below) showed significant improvements and the picture moving forward is for further improvements. The school was inspected by Ofsted in December 2012 and was judged to be making good progress in all identified areas.

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

Objectives and Activities (continued)

Outcomes at EYFS:

The percentage of pupils achieving expected or above is shown in the table below

	Communication	Personal, Social & emotional development	Physical development	Literacy	Maths	Understanding of the world	Expressive arts & design
Millfield	68	66	82	61	59	77	68
Windmill	54	59	88	41	48	48	44

Outcomes at Key Stage 1:

The percentage achieving a 'pass' in the Y1 phonics screening

	2013	2012
Millfield	75	41
Windmill	60	32

Outcomes of Key Stage 1 SATS 2013:

	Reading				Writing				Maths			
	2c+	2b+	3+	APS	2c+	2b+	3+	APS	2c+	2b+	3+	APS
Millfield	85	69	20	15.4	85	60	7	14.5	93	71	18	15.8
Windmill	90	80	0	14.9	90	83	10	15.3	90	83	7	15.2

Outcomes of Key Stage 2 SATS 2013:

	Reading				Writing				SPAG				Maths				Combined R & M	
	4+	5+	6+	APS	4+	5+	6+	APS	4+	5+	6+	APS	4+	5+	6+	APS	L4+	L5+
Millfield	85	36	0	27.8	81	26	0	27	77	60	4	-	83	47	9	28.9	79	23
Windmill	74	31	2	28.7	71	10	0	26.2	79	26	2	-	83	23	14	29.2	74	26

Please note end of Key Stage figures presented include the removal of eligible discounted pupils.

Financial Review

Windmill and Millfield L.E.A.D. Academy's annual income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of a General Annual Grant (GAG). The use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the period ending 31st August 2013.

Upon conversion to an Academy the assets, liabilities and funds associated with the Board of Trustees of Windmill and Millfield L.E.A.D. Academies were transferred from Nottingham City Council and Leicestershire County Council to the L.E.A.D. Multi Academy Trust, on 1st January 2013 for Millfield L.E.A.D. Academy and 1st February 2013 for Windmill L.E.A.D. Academy Trust.

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

Financial Review (*continued*)

A valuation has been completed on behalf of the Academy Trust in relation to the value of the fixed assets at the time of the transfer. A similar estimate was undertaken in relation to the Academies inherent LGPS liabilities. Both these items form part of the Academies balance sheet.

During the period ending 31 August 2013 the excess of expenditure over income from DfE grants amounted to £41,000.

The Academy's new Finance Policy was agreed by Trustees in 2013. This document sets out key financial responsibilities. All expenditure of the Academy Trust is made in line with this Policy which supports the provision of Education of all pupils on roll.

Principal Risks and Uncertainties

The Academy manages its risks appropriately. We consider that risks such as the uncertainty over the LGPS deficit and future changes to GAG funding possibly due to the introduction of a national funding formula will feature in the financial risk register as the main areas of concern.

The Academy Trust has undertaken a financial risk assessment based on potential keys risks identified as:

- Not operating within its budget and running a deficit
- Changes in funding
- Inappropriate or insufficient financial controls and systems
- Fraudulent activity
- Financial commitments made without adequate authorisation

The key controls used by the academy to reduce risk include:

- Detailed terms of reference for all committees
- Formal agendas for the academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels

Reserves Policy

The Reserve Policy has set a target reserves level for 2013 at £270,000 based on analysis of the financial risks and the likelihood that they may occur and the amount of funding that would be required if they did. The level of reserve will be reviewed and set on an annual basis as part of the annual budget setting plan for the Trust.

Investment Policy

Trustees have adopted an Investment Policy which is included in the Finance Policy. It allows for surplus funds to be invested in low risk short term bonds with high street banks

L.E.A.D. MULTI-ACADEMY TRUST
TRUSTEES' REPORT
PERIOD ENDED 31 AUGUST 2013

Plans for Future Periods

The Academy will continue to work towards delivering the following core characteristics in all of its Schools:

- the highest standards of behaviour and conduct;
- outstanding teaching and learning;
- a fully inclusive approach where all children are equally important;
- a climate of mutual respect between the children, staff and community;
- positive relationships;
- high aspirations for all involved with the schools – a 'can do' attitude;
- a wide range of enrichment opportunities for all to get involved;
- a celebration of all the cultures and faiths represented in the schools;
- an organisation where there are no excuses for underachievement.

A further 6 schools will have joined the L.E.A.D. Multi Academy Trust by the end of 2013 and a further 5 are expected to join in 2014.

Funds held as Custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

In so far as the Trustees are aware:

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

Approved by order of the board of Trustees on 16 December 2013 and signed on their behalf by:

Mr M Blois
Chair

L.E.A.D. MULTI-ACADEMY TRUST

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2013

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 L.E.A.D. Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees were as follows:

Trustee	Meetings attended	Out of a possible
Mr CE Richards	6	6
Mrs DM Harvey	3	6
Ms D Owen (Head of School & Accounting Officer)	6	6
Mr M Blois (Chair)	6	6
Mr D Pomeroy (Executive Head Teacher)	-	-

The Board of Trustees has established a separate Audit Committee after the period end but for the period ended 31 August 2013 audit related matters were dealt with by the full Board.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the trust for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

L.E.A.D. MULTI-ACADEMY TRUST
GOVERNANCE STATEMENT
PERIOD ENDED 31 AUGUST 2013

The Risk and Control Framework

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

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

The board of Trustees have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed the external auditor, to perform additional checks.

Review of Effectiveness

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

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

Approved by order of the members of the Board of Trustees on 16 December 2013 and signed on its behalf by:

Mr M Blois
Chair

Ms D Owen
Accounting Officer

L.E.A.D. MULTI-ACADEMY TRUST
STATEMENT OF REGULARITY, PROPRIETY & COMPLIANCE
PERIOD ENDED 31 AUGUST 2013

As Accounting Officer of L.E.A.D. Multi-Academy Trust, I have considered my responsibility to notify the academy trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Ms D Owen
Accounting Officer

16 December 2013

L.E.A.D MULTI-ACADEMY TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES
PERIOD ENDED 31 AUGUST 2013

The Trustees (who act as governors of L.E.A.D. Multi-Academy Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 16 December 2013 signed on its behalf by:

Mr M Blois
Chair

L.E.A.D MULTI-ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2013

Independent Auditor's Report on the Financial Statements to the Board of Trustees of The L.E.A.D. Multi-Academy Trust.

We have audited the financial statements of L.E.A.D. Multi-Academy Trust for the period ended 31 August 2013 on pages 12 to 30. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the Trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

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

L.E.A.D MULTI-ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2013

Matters on which we are required to report by exception

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

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

Philip Coleman
Senior Statutory Auditor
for and on behalf of
Baker Tilly Audit Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

[]

L.E.A.D. MULTI-ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account and Statement of Recognised gains and losses)

FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2013 £000
Incoming resources					
<i>Income resources from generated funds:</i>					
Voluntary income	2	3	-	-	3
Transfer from Local Authority on conversion	22	322	(908)	4,804	4,218
Activities for generating funds	3	216	-	-	216
<i>Incoming resources from charitable activities:</i>					
Funding for the Academy's educational operations	4	-	2,396	28	2,424
Total incoming resources		<u>541</u>	<u>1,488</u>	<u>4,832</u>	<u>6,861</u>
Resources expended					
<i>Cost of generating funds:</i>					
Cost of generating voluntary income	5	56	-	-	56
<i>Charitable activities:</i>					
Academy's educational operations	6	27	2,301	91	2,419
Governance costs	7	-	29	-	29
Total resources expended	5	<u>83</u>	<u>2,330</u>	<u>91</u>	<u>2,504</u>
Net incoming resources before transfers		458	(842)	4,741	4,357
Gross transfers between funds	14	-	(59)	59	-
Net income for the year		<u>458</u>	<u>(901)</u>	<u>4,800</u>	<u>4,357</u>
<i>Other recognised gains and losses:</i>					
Actuarial losses (gains) on defined benefit pension scheme	20	-	(127)	-	(127)
Net movement in funds and total funds carried forward at 31 August 2013	14	<u>458</u>	<u>(1,028)</u>	<u>4,800</u>	<u>4,230</u>

All of the academy's activities derive from acquisitions in the current financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The notes on pages 17 to 32 form part of these financial statements.

L.E.A.D. MULTI-ACADEMY TRUST
BALANCE SHEET AS AT 31 AUGUST 2013
COMPANY NUMBER: 08296921

	Notes	2013 £000	2013 £000
Fixed assets			
Tangible assets	11		4,800
Current assets			
Debtors	12	17	
Cash at bank and in hand		644	
		<u>661</u>	
Liabilities			
Creditors: amounts falling due within one year	13	<u>(162)</u>	
Net current assets			499
Total assets less current liabilities and net assets excluding pension liability			
Pension scheme liability	20		5,299
			<u>(1,069)</u>
Net assets including pension liability			<u>4,230</u>
Funds of the Academy Trust:			
Restricted income funds			
Fixed asset fund	14	4,800	
General fund	14	41	
Pension reserve	20	<u>(1,069)</u>	
Total restricted funds			3,772
Unrestricted income funds			
General fund	14	<u>458</u>	
Total unrestricted funds			458
Total funds			<u>4,230</u>

The financial statements on pages 14 to 32 were approved by the Trustees and authorised for issue on 16 December 2013 and are signed on their behalf by:

Mr M Blois
Chair

The notes on pages 17 to 32 form part of these financial statements.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

	Notes	2013 £000
Net cash inflow from operating activities	16	381
Capital expenditure	17	(59)
Increase in cash in the year		<u>322</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 1 September 2012		-
Cash transferred on conversion to an academy trust	18	322
Increase in cash in the year		322
Net funds at 31 August 2013	18	<u>644</u>

The notes on pages 17 to 32 form part of these financial statements.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the trust to continue as a going concern. The Trustees make this assessment each year in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable:

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income:

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations:

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

Donated services and gifts in kind:

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

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. Statement of Accounting Policies (*continued*)

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Cost of generating funds:

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

Charitable activities:

These are costs incurred on the trust's educational operations.

Governance costs:

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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 lives, as follows:

Long leasehold buildings	- 50 years
Leasehold improvements	- 20 years
Furniture and equipment	- 3 years
Computer equipment	- 3 years

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

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.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

1. Statement of Accounting Policies (continued)

Leased Assets

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

Stock (if relevant)

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

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.

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 so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency or the Department for Education.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

2. Voluntary income

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000
Other donations	3	-	3

3. Activities for Generating Funds

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000
Hire of facilities	1	-	1
Catering income	15	-	15
Other income	200	-	200
	<u>216</u>	<u>-</u>	<u>216</u>

4. Funding for academy's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	1,965	1,965
Start Up Grants	-	120	120
Other DfE/EFA Grants	-	305	305
Capital Grants	-	28	28
	<u>-</u>	<u>2,418</u>	<u>2,418</u>
Other government grants			
Local authorities grants	-	6	6
Total	<u>-</u>	<u>2,424</u>	<u>2,424</u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

5. Resources expended

	Staff costs £000	Non pay expenditure		Total 2013 £000
		Premises costs £000	Other costs £000	
Costs of activities for generating funds	-	-	56	56
<i>Academy's education operations:</i>				
Direct costs	1,452	91	65	1,608
Allocated support costs	404	135	272	811
	<u>1,856</u>	<u>226</u>	<u>337</u>	<u>2,419</u>
Governance costs	-	-	29	29
	<u>1,856</u>	<u>226</u>	<u>422</u>	<u>2,504</u>

Incoming/outgoing resources for the year include:

	2013 £000
Operating leases	8
Fees payable to auditor:	
- Audit	9
- Other services	3
Depreciation of fixed assets	91
	<u> </u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

6. Charitable Activities – Academy’s educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000
Direct costs:			
Teaching and educational support staff costs	-	1,452	1,452
Depreciation	-	91	91
Educational supplies	-	31	31
Educational visits	27	-	27
Staff development	-	7	7
	<u>27</u>	<u>1,581</u>	<u>1,608</u>
Allocated support costs:			
Support staff costs	-	404	404
IT costs	-	33	33
Maintenance of premises and equipment	-	23	23
Cleaning	-	31	31
Rent and rates	-	6	6
Insurance	-	48	48
Security and transport	-	8	8
Energy costs	-	26	26
Health and safety	-	3	3
Operating leases	-	8	8
HR and Advertising	-	17	17
Other support costs	-	180	180
FRS 17 interest cost	-	24	24
	<u>-</u>	<u>811</u>	<u>811</u>
Total	<u>27</u>	<u>2,392</u>	<u>2,419</u>

7. Governance Costs

	Unrestricted funds £000	Restricted funds £000	Total 2013 £000
Legal & professional fees	-	20	20
Auditor’s remuneration: Audit of financial statements	-	9	9
	<u>-</u>	<u>29</u>	<u>29</u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

8. Staff costs

Staff costs during the period were:

	2013 £000
Wages and salaries	1,486
Social security costs	95
Pension costs	199
	1,780
Supply teacher costs	67
Compensation payments	9
	1,856

The average number of persons (including Senior Management Team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2013 No.
Charitable activities	
Teachers	63
Administration and support	13
Management	4
	80

9. Related Party Transactions – Trustees’ Remuneration & Expenses

None of the Trustees received any remuneration from the Academy Trust during the period either in respect of services as staff of the Trust or in respect of their services as Trustees.

Other related party transactions involving the Trustees are set out in note 21.

10. Trustees’ and Officers’ Insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2013 was £900.

The cost of this insurance is included in the total insurance cost.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

11. Tangible Fixed Assets

	Long leasehold buildings £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
Transfer on conversion	4,777	-	27	4,804
Additions	53	29	5	87
At 31 August 2013	<u>4,830</u>	<u>29</u>	<u>32</u>	<u>4,891</u>
Depreciation				
Charged in year and at 31 August 2013	<u>83</u>	<u>3</u>	<u>5</u>	<u>91</u>
Net book values				
At 31 August 2013	<u>4,747</u>	<u>26</u>	<u>27</u>	<u>4,800</u>

12. Debtors

	2013 £000
Trade debtors	5
Other debtors	9
Prepayments and accrued income	3
	<u>17</u>

All amounts shown within debtors fall due for repayment within one year.

13. Creditors: amounts falling during within one year

	2013 £000
Trade creditors	6
Other taxation and social security	83
Other creditors	36
Accruals and deferred income	37
	<u>162</u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

14. Funds

	Transfer on conversion £000	Income resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	-	1,965	(1,894)	(59)	12
Start Up Grant	-	120	(120)	-	-
Other DfE/EFA grants	-	305	(276)	-	29
Local authority grants	-	6	(6)	-	-
Pension reserve	(908)	-	(34)	(127)	(1,069)
	<u>(908)</u>	<u>2,396</u>	<u>(2,330)</u>	<u>(186)</u>	<u>(1,028)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	-	28	-	-	28
Capital expenditure from other funds	-	-	-	59	59
Inherited assets	4,804	-	(91)	-	4,713
	<u>4,804</u>	<u>28</u>	<u>(91)</u>	<u>59</u>	<u>4,800</u>
Total restricted funds	<u>3,896</u>	<u>2,424</u>	<u>(2,421)</u>	<u>(127)</u>	<u>3,772</u>
Unrestricted funds					
General funds	<u>322</u>	<u>219</u>	<u>(83)</u>	<u>-</u>	<u>458</u>
Total funds	<u>4,218</u>	<u>2,643</u>	<u>(2,504)</u>	<u>(127)</u>	<u>4,230</u>

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

The Trust is carrying a balance of £41,000 on restricted general funds (excluding pension reserve) plus unrestricted funds of £458,000.

Analysis of Academies by fund balance

Funds at 31 August 2013 were allocated as follows:

	Balance at 31 August 2013 £000
Millfield Primary School	62
Windmill Primary School	245
Central	192
	<u>499</u>
Restricted fixed asset funds	4,800
Restricted pension reserve	(1,069)
	<u>4,230</u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

15. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	4,800	4,800
Current assets	458	203	-	661
Current liabilities	-	(162)	-	(162)
Pension scheme liability	-	(1,069)	-	(1,069)
Total net assets	<u>458</u>	<u>(1,028)</u>	<u>4,800</u>	<u>4,230</u>

16. Reconciliation of net income to net cash inflow from operating activities

	2013 £000
Net income (SOFA income)	4,357
Depreciation (note 12)	91
Capital grants from DfE and other capital income	(28)
FRS 17 pension cost less contributions payable (note 21)	10
FRS pension finance costs (note 21)	24
Increase in debtors	(17)
Increase in creditors	162
Transfer from local authority	(4,218)
Net cash inflow from operating activities	<u>381</u>

17. Capital expenditure and financial investment

	2013 £000
Purchase of tangible fixed assets	(87)
Capital grants from DfE/EFA	28
Net cash outflow from capital expenditure and financial investment	<u>(59)</u>

18. Analysis of changes in net funds

	Transfer on conversion £000	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	<u>322</u>	<u>322</u>	<u>644</u>

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

19. Members' Liabilities

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

20. Pension and similar obligations

The academy'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 both the Nottinghamshire and Leicestershire County Councils. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

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

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. Pension and similar obligations (*continued*)

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; and accrual rate of $1/57^{\text{th}}$; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. Pension and similar obligations (*continued*)

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2013 was £108,000 of which employer's contributions totalled £82,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 19.8% and 21.2% for employers for Nottinghamshire and Leicestershire respectively.

Principal Actuarial Assumptions	At 31 August 2013	At 1 January 2013
Rate of increase in salaries	5.1%	4.8%
Rate of increase for pensions in payment / inflation	2.9%	2.6%
Discount rate for scheme liabilities	4.2%	4.7%
Inflation assumption (CPI)	2.9%	2.7%

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

	At 31 August 2013
<i>Retiring today</i>	
Males	19.8
Females	23.1
<i>Retiring in 20 years</i>	
Males	22.0
Females	25.1

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. Pension and similar obligations (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013	Expected return at 1 January 2013
Equities	6.4%	633	6.0%
Bonds	3.7%	190	3.8%
Property	5.0%	98	4.6%
Other	4.4%	21	4.6%
Total market value of assets		942	
Present value of scheme liabilities		(2,011)	
Deficit in the scheme		(1,069)	

The actual loss on scheme assets was £169,000.

Amounts recognised in the statement of financial activities

	2013 £000
Current service cost (net of employee contributions)	92
Past service cost	-
Total operating charge	92
Analysis of pension finance income/(costs)	
Expected return on pension scheme assets	26
Interest on pension liabilities	(50)
Pension finance costs	(24)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £127,000 loss.

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

	2013 £000
Transfer on conversion	1,674
Current service cost	92
Employee contributions	26
Actuarial loss	169
Interest cost	50
At 31 August	2,011

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

20. Pension and similar obligations (continued)

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

	2013 £000
Transfer on conversion	766
Expected return on assets	26
Actuarial gain	42
Employer contributions	82
Employee contributions	26
At 31 August	942

The estimated value of employer contributions for the year ended 31 August 2013 is £82,000.

The history of experience adjustments is as follows:

	2013 £000
Present value of defined benefit obligations	(2,011)
Fair value share of scheme assets	942
Deficit in the scheme	(1,069)

21. Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of governors 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 Trustees 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.

During the period the Trust purchased services totalling £102,000 from Huntingdon Academy. The Trust also supplied services totalling £10,000 to Huntingdon Academy. No amounts were outstanding at the period end relating to these transactions.

During the period the Trust purchased services totalling £55,000 from Browne Jacobson LLP (a partnership of which Mr M Blois is a partner). No amounts were outstanding at the period end relating to these transactions.

22. Conversion to an Academy Trust

On 1 January 2013 the Millfield Primary School converted to Academy Trust status under the Academies Act 2010 and on 1 February 2013 the Windmill Primary School converted to Academy Trust status under the same Act. On these dates all the operations and assets and liabilities were transferred to L.E.A.D. Multi-Academy Trust from the Leicestershire County Council Local Authority and Nottinghamshire City Council (respectively) for £nil consideration.

These transfers has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

L.E.A.D. MULTI-ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2013

22. Conversion to an Academy Trust (continued)

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Millfield Primary School:				
Inherited fixed assets	-	-	2,733	2,733
Budget surplus on LA funds	9	-	-	9
Budget surplus on school fund	9	-	-	9
LGPS pension deficit	-	(522)	-	(522)
Net assets/(liabilities)	<u>18</u>	<u>(522)</u>	<u>2,733</u>	<u>2,229</u>

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total £000
Windmill Primary School:				
Inherited fixed assets	-	-	2,071	2,071
Budget surplus on LA funds	304	-	-	304
LGPS pension deficit	-	(386)	-	(386)
Net assets/(liabilities)	<u>304</u>	<u>(386)</u>	<u>2,071</u>	<u>1,989</u>

23. Post balance sheet events

On 1 September 2013 the Trust acquired five further Academies, being Huntingdon Academy, Edna G Olds Academy, Sycamore Academy, St Anns Well Academy and Warren Hill Academy. All were acquired at £nil consideration. The total value of net assets acquired is estimated at £5,260,000.

L.E.A.D. MULTI-ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2013

Independent Auditor's Report on Regularity to the Trustees of L.E.A.D. Multi-Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the academy trust during the period ending 31 August 2013 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 L.E.A.D. Multi-Academy Trust and the EFA in accordance with the terms of our engagement letter. Our review work has been undertaken so that we might state to L.E.A.D. Multi-Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the L.E.A.D. Multi-Academy Trust and the EFA for our review work for this report, or for the opinion we have formed.

Respective responsibilities of L.E.A.D. Multi-Academy Trust accounting officer and the reporting officer

The accounting officer is responsible, under the requirements of L.E.A.D. Multi-Academy Trust funding agreement with the Secretary of State for Education dated 20 December 2012 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 ending 31 August 2013 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 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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.

L.E.A.D. MULTI-ACADEMY TRUST
INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 AUGUST 2013

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 ending 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baker Tilly Audit Limited
Chartered Accountants
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

[]