Company Registration Number: 08095439 (England & Wales)

LEARN ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

LEARN ACADEMIES TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2017

Members

Carolyn Lewis D.B.E. (appointed 23 September 2016)
Revd. David Newman (appointed 23 September 2016, resigned 28 February 2017)
Archdeacon Dr. Tim Stratford (appointed 23 September 2016)
Duncan Pickering (appointed 23 September 2016)
Gillian Weston (appointed 5 July 2017)
Bishop Martyn Snow (appointed 12 October 2017)

Trustees

Jeremy Benson (appointed 23 September 2016)
Wayne Burbidge (appointed 23 September 2016, resigned 6 June 2017)
Mark Christison (appointed 28 September 2017)
John Dunford (appointed 23 September 2016)
Natalie Jackson (appointed 28 September 2017)
Stefanie Edwards
Jane Kenyon (appointed 23 September 2016)
David Pedder (appointed 23 September 2016)
Kerry Rodger (appointed 23 September 2016)
Peter Rowbotham (appointed 23 September 2016)
Gillian Weston (appointed 23 September 2016)
Maria Wood (appointed 23 September 2016, resigned 20 February 2017)
Barry Hill (appointed 16 June 2017)
Jayne Arthurton (resigned 23 September 2016)
Gemma Christison (resigned 23 September 2016)
Georgina Connors (resigned 23 September 2016)
Leslie Dodd (resigned 23 September 2016)
Julie Dunne (resigned 23 September 2016)
Isabel Dupey (resigned 23 September 2016)
Bernard Evans (resigned 23 September 2016)
Michael Fletcher (resigned 23 September 2016)
Sarah Hill (resigned 23 September 2016)
Raoul Mercer (resigned 23 September 2016)
James Shakespeare (resigned 23 September 2016)
Janet Shardlow (resigned 23 September 2016)
Helen Trotter (resigned 23 September 2016)

Company registered number

08095439

Company name

Learn Academies Trust

Principal and registered office

Lubenham All Saints C of E Primary School, School Lane, Lubenham, Market Harborough, Leicestershire, LE16 9TW

Company secretary

Michelle Daniels

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Senior Leadership Team

Stefanie Edwards, Chief Executive Officer
Wayne Burbidge, Director of Finance and Operations

Independent auditor

Streets Audit LLP, Tower House, Lucy Tower Street, Lincoln, LN1 1XW

Bankers

Lloyds Bank plc, PO Box 1000, BX1 1LT

Solicitors

Stone King LLP, 13 Queen Square, Bath, BA1 2HJ

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates Academies for pupils aged 4 – 11 years. It has a pupil capacity of 1,605 and had a roll of 1445 in the school census on 6 October 2016 and a roll of 1,450 on 31 August 2017.

Structure, Governance and Management

Constitution
The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Articles of Association are the primary governing documents of the Academy Trust. The Charitable Company is known as Learn Academies Trust and Learn AT.

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

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

Trustees' Indemnities
The Trust has granted an indemnity to one or more of its Trustees against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision has a limit of £10million and in insured via the Risk Protection Arrangement (RPA) for academy trusts.

Method of Recruitment and Appointment of Trustees
Trustees are recruited by the use of organisations such as Academy Ambassadors, Inspiring Governance, or by using local networks to source potential candidates. The Trustees are appointed by the members. This appointment takes place after meetings with the CEO and Chair of Trustees, panel interviews involving other Trustees and the completion of a recruitment and vetting process.

Policy and Procedures Adopted for the Induction and Training of Trustees
Induction is currently done on an informal basis and tailored to individual needs as only a small number of new Trustees are expected on an annual basis. We are currently working with the Leicestershire Local Authority and the National Governance Association to develop and more formalised induction and training process.

Organisational Structure
Currently one committee has delegated responsibility for different aspects of Learn AT's governance. This is the Finance and Audit Committee. In addition, the Trust has recently formed a Standards Committee which will have responsibility for school improvement and the first meeting of this committee is scheduled for the autumn term of 2017.

The Trustee Board approves the budgets within which the Trust operates. Policies, which require significant alteration, amendment or development, are decided or ratified by the Trustee Board. The Trustee Board itself monitors the corporate income and expenditure against the agreed budgets to enable control of finance. They have ensured that systems are in place, including operational procedures in order to minimise risk. The Trustee Board has a direct input in setting the strategic direction of the Trust through the development of the Strategic Plan.

Arrangements for setting pay and remuneration of key management personnel
The Board of Trustees reviews the CEO's pay on at least an annual basis and the Chair of the Board approves any pay review.

The Board of Trustees review and approve the pay for the Senior Leadership Team on at least an annual basis and in making such determinations they take into account a range factors including; the nature of the post, the level of qualifications, skills and experience required, market conditions, the wider school context and external activity and achievement against performance targets.

Employment of Disabled Persons
The Trust's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard for their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the Trust. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Employee Involvement
The Trust is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. This is regardless of race, colour, ethnic or national origin, religious belief, political opinion or affiliation, sex, marital status, sexual orientation, gender reassignment, age or disability.

Finance and Audit Committee Terms of Reference

- recommend an annual budget and any subsequent changes to the Board
- review the effectiveness and implementation of financial management systems and process by the Trust and its schools
- keep under review the Trust's relationship with the ESFA and its compliance with financial management requirements
- monitor the financial position of the Trust and plans for future years
- support and advise on significant expenditure decisions
- oversee internal audit arrangements and the implementation of recommendations from audits
- review all financial and pay policies, including teacher pensions and insurance, and how they are implemented
- review risk management and wider internal control systems and their application, and regularly review key risks
- monitor the financial management arrangements put in place by local governing bodies
- oversee the production of annual accounts and advise the Board on their sign-off

Related Parties and Other Connected Charities and Organisations
The Trust has no related parties or other Connected Charities and Organisations.

Objects and Aims

The principal activities of the Trust, as set out in its articles of association and funding agreement with the Secretary of State are;

- to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum, recognising and supporting their individual ethos. This will include both Church of England schools, which shall be conducted in accordance with the principles, practices and tenets of the Church of England , and schools without a designated religious character.

- To promote for the benefit of the inhabitants of areas in which the Trust's academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Vision and Values

Our vision is of a trust which remains true to its founding core purpose – learning, and its founding core value, fellowship. We are working together to build a flourishing, hospitable and inclusive organisation, in which Church of England and Community academies work together in the service of local children and families.

We are building a collaborative, trust-wide culture underpinned by a shared commitment to wisdom, professional openness to deep learning and research engagement, generosity of spirit, industry, integrity and kindness. Learning is the core purpose of this trust – the main thing. Our leaders work hard to keep the main thing, the main thing and do the right thing, the right way.

School-led

Through collaboration and by nurturing leaders at all levels of the organisation, we develop professional expertise, leadership and talent from within the trust, contributing to robust systems of career development, school improvement, school-to-school support and review.

Our thriving and innovative professional learning community uses Research Lesson Study, coaching, joint professional development events, specialist networks, teacher research groups, external partnerships and membership of professional organisations to secure inspirational learning for every child.

Human flourishing

Learn-AT prioritises the development of systems, structures and cultures which ensure that both adults and pupils thrive. Flourishing adults - staff, trustees and parents – are essential to make sure our pupils flourish too.

The main activities for achieving the Trust objectives will be;

- Implementation of the Learn AT School Improvement model.
- Embedding of the Learn AT Assessment Framework.
- Development of a knowledge-rich curriculum.
- Development of Trust-wide systems for sharing good practice and resources.
- Build financially sustainable, robust and efficient operations and IT.
- Improve the effectiveness and authenticity of our governance framework.

Public Benefit

The Trustees have reviewed the objectives and activities of the Trust as detailed above and are satisfied that they are for the public benefit as detailed in the Charity Commission guidance note on this subject.

Strategic Report

Trust Performance and Achievements

From 1 September 2017 the Trust started to operate as a Multi Academy Trust (MAT), comprising seven academies in the south Leicestershire area; Great Bowden Academy, Ridgeway Primary Academy, Meadowdale Primary School, St Andrews CE (Aided) Primary School, Husbands Bosworth CE Primary School, Lubenham All Saints CE Primary School and Market Harborough CE Academy.

In the first year of the MAT the focus has been a year on establishing systems, personnel and procedures that are appropriate for managing and developing a sustainable MAT. Significant achievements are as follows:

- Established a central team supporting and overseeing Education, Finance, IT and Academy Business Management.
- Developed an Assessment Framework and School Improvement Model.
- Established Trust Safeguarding procedures.
- Developed and implemented a high quality and scalable finance and IT network capable of absorbing additional schools.
- Started a consultation exercise with Local Governing Bodies to assist in the further development of the governance framework.

School performance and Key Performance Indicators

	Outcomes % vs national average					Ofsted		
	Absence (latest published data 2015/16) %	EYFS %	Year 1 Phonics %	Key Stage 1 (English/Maths Combined) %	Key Stage 2 (English/Maths Combined) %	Date of last full inspection	Ofsted Overall Effectiveness Rating	Notes
National	4.0	70.7	81.2	63.7	61.1			
Great Bowden Academy	2.6	80.0	76.2	73.9	75	11/09/2014	1 - Outstanding	
Husbands Bosworth CE Primary School	3.9	90.9	73.3	53.8	55.6	06/09/2016	2 - Good	
Lubenham All Saints CE Primary School	3.7	77.8	71.4	64.3	16.7	04/03/2016	3 - Requires Improvement	
Market Harborough CE Academy	4.7	72.9	73.6	58.3	58.9	04/05/2017	81	
Meadowdale Primary School	2.6	83.0	83.3	64.6	62.7	01/10/2014	2 - Good	
Ridgeway Primary Academy	3.5	73.7	66.7	35	54.2	26/05/2016	2 - Good	
St Andrews CE (Aided) Primary School	3.3	87.5	100.0	66.7	70	10/06/2015	2 - Good	

Notes

1 - Recent Ofsted monitoring visit on 5/08/2017 concluded 'taking effective action'

Going Concern

After making appropriate enquiries, the Trustee Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. This conclusion is based on; (i) a strategic planning exercise conducted in early 2017 which anticipated controlled growth in the size of the Trust; (ii) the recent successful integration of one new school and; (iii) the strong likelihood that further schools will be joining the Trust during 2017/18 and beyond. For these reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial Review

Most of the Trust's income is obtained from the ESFA (Education and Skills Funding Agency) in the form of the General Annual Grant ("GAG" Funding) the use of which is restricted to particular purposes. The grants received from the ESFA during the period reported on and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also received grants for fixed assets from the ESFA amounting to £245k. The more significant expenditures of these funds were the following capital projects:

- Lubenham £80k - on a new roof and creation of a reception area and staff rooms/office.
- Meadowdale £47k – Refurbishment of 4 mobile classrooms.
- Husbands Bosworth £40k – replacement boiler.
- St Andrews £38k – replacement pupil laptops, library refurbishment and installation of an all- weather surface area.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Trust with any current liquidity problem.

The GAG funding is received on a monthly basis. This is taken into account when considering strategies for funding projects within the school.

Overall, the Trust's income exceeded expenditure by £4,464,000. In-year deficits were reported at several of the Academies and these deficits were in line with budgets that had been agreed between Academy management and Local Governing Bodies prior to the establishment of the Trust and were funded by brought forward reserves.

Reserves policy

The Trustees review the reserve levels of the Trust on an annual basis, or more frequently if deemed necessary. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. It is considered that the appropriate level of free cash reserves should be approximately 5% of annual GAG. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cash buffer to deal with any unexpected emergencies such as urgent maintenance or other unexpected cash flow shortages.

Total reserves as at 31 August 2017 amount to £5,756,000. Of this £137,000 are restricted, £8,043,000 relate to restricted fixed asset reserves, unrestricted (Free) reserves stand at £50,000 and the deficit on LGPS reserves of £2,474,000.

Of the restricted fixed asset reserves, £7,932,000 can only be realised through the disposal of fixed assets.

Investment Policy

If the level of free cash reserves held by the Trust exceeds that which is necessary to service its ongoing working capital needs, the Trustees, with reference to the short and longer-term forecasts will consider a low risk investment of any excess funds to maximise the return on any such surplus funds.

Principal risks and uncertainties

The Trust is reviewing and updating the Risk Register regularly. The risks are categorised into various heading to permit us to analyse in detail specific risks. The more significant risks are summarised below:

1. Potential capacity risk: This risk exists in some schools in the Market Harborough area as a result of the anticipated housing developments over the course of the next few years. We are working with the Local Authority on coordinated plans for capacity increases.

2. School performance risks arising from the continued financial pressure leading to impacts on staffing levels, resources and pupil/teacher ratios and potential impacts on school performance. We are collaborating across the Trust to find innovative ways to assure high quality delivery of education, supported by rigorous and continuous evaluation our performance at each Academy.

3. Competition risk: We have identified that we need to remain focused on our reputation within our local communities to grow the number of schools within the Trust and, within existing Academies, sustain intake, maintain pupil numbers and ensure future children see the Academies as excellent learning environments.

4. Governance risk: Following the creation of the Multi Academy Trust and transfer in of pre-existing Local Governing Bodies, we have identified weaknesses and inefficiencies in the Governance process between the Trust and the Academies. We are carrying out a review of the Governance structure to devise a clearer and more effective governance structure for the long term.

Plans for Future Periods
The Trust continues to develop and implement a solid base of systems, people and process for the successful and effective future operation of the Trust and the Academies. In addition, in line with the Trust's strategic plan, we will explore opportunities to add to our expertise and school improvement capacity by taking on additional schools where there is an assured mutual benefit.

Academic development will now focus mainly on building a school-led trust, in which adults thrive and every child flourishes. Next year the main focus of collaborative work is the development of a Trust framework for a rich, rounded and rigorous curriculum, which includes a strong emphasis on knowledge and oracy. High quality and research-informed continuing professional learning for our staff, aims to secure high standards and excellent learning for our pupils.

Funds Held as Custodian Trustee on Behalf of Others
There are no funds held as Custodian Trustee on behalf of others for the period.

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.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December and signed on the board's behalf by:

Gillian Weston
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the 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 Learn Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 8 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Kerry Rodger	8	8
Jeremy Benson	8	8
Wayne Burbidge	4	8
David Pedder	3	8
Jane Kenyon	5	8
Stefanie Edwards	8	8
John Dunford	8	8
Peter Rowbotham	8	8
Gillian Weston	8	8
Maria Wood	4	5

During the year the Trust reviewed the skills base of the board and members and where able to make additional appointments.

The Finance and Audit Committee is a sub-committee of the main Governing body. Its purpose is to support the Accounting Officer in her day-to-day running of the financial affairs of the Academy and to oversee its systems of internal control. Note that there were no Trustee meetings held prior to 23 September 2016.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Jeremy Benson	4	4
Gill Weston	4	4
Maria Wood	1	1
Stefanie Edwards	4	4
Wayne Burbidge	4	4
Peter Rowbotham	3	4

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by improving systems to develop an efficient and robust financial framework for the school.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Learn Academies Trust for the year 1 September 2016 to 31 August 2017 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Audit 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 guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Service as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems.
- Testing of purchase systems.
- Testing of control account/bank reconciliations.
- Review of risk management.

GOVERNANCE STATEMENT (continued)

On an annual basis, the internal auditor reports to the board of trustees through the Finance and audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

We confirm that the Internal Audit function has been delivered by Leicestershire County Council Internal Audit department in line with the requirements of the Financial Handbook. The issues identified have been addressed and formed part of the Internal Audit Report, which was forwarded to the Chair of Finance and Audit Committee.

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 executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 13 December 2017 and signed on their behalf, by:

Gillian Weston
Chair of Trustees

Stefanie Edwards
CEO & Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Learn Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

Stefanie Edwards
CEO & Accounting Officer

Date: 13 December 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:

Gillian Weston

Gillian Weston
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEARN ACADEMIES TRUST

OPINION

We have audited the financial statements of Learn Academies Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

BASIS OF 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 financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEARN ACADEMIES TRUST

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LEARN ACADEMIES TRUST

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Tower House
Lucy Tower Street
Lincoln
LN1 1XW
15 December 2017

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEARN ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Learn Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF LEARN ACADEMIES TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Learn Academies Trust's funding agreement with the Secretary of State for Education dated 29 June 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the 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's income and expenditure.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEARN ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Robert Anderson (Senior statutory auditor)

Streets Audit LLP

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

15 December 2017

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	*Total funds 2016 £000*
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion from the local authority	4	220	(352)	-	(132)	-
Transfer from existing academies	4	50	(1,777)	6,716	4,989	-
Other donations and capital grants	4	51	-	245	296	*5*
Charitable activities	5	275	6,303	-	6,578	*650*
Other trading activities	6	135	-	-	135	*15*
Investments	7	1	-	-	1	-
TOTAL INCOME		732	4,174	6,961	11,867	*670*
EXPENDITURE ON:						
Charitable activities		687	6,531	185	7,403	*713*
TOTAL EXPENDITURE	8	687	6,531	185	7,403	*713*
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		45	(2,357)	6,776	4,464	*(43)*
Transfers between Funds	19	-	(139)	139	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		45	(2,496)	6,915	4,464	*(43)*
Actuarial gains/(losses) on defined benefit pension schemes	25	-	644	-	644	*(99)*
NET MOVEMENT IN FUNDS		45	(1,852)	6,915	5,108	*(142)*
RECONCILIATION OF FUNDS:						
Total funds brought forward		5	(485)	1,128	648	*790*
TOTAL FUNDS CARRIED FORWARD		50	(2,337)	8,043	5,756	*648*

LEARN ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08095439

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£000	2017 £000	£000	2016 £000
FIXED ASSETS					
Tangible assets	15		7,932		1,128
CURRENT ASSETS					
Stocks	16	3		-	
Debtors	17	192		10	
Cash at bank and in hand		759		45	
		954		55	
CREDITORS: amounts falling due within one year	18	(656)		(46)	
NET CURRENT ASSETS			298		9
TOTAL ASSETS LESS CURRENT LIABILITIES			8,230		1,137
Defined benefit pension scheme liability	25		(2,474)		(489)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			5,756		648
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	137		4	
Restricted fixed asset funds	19	8,043		1,128	
Restricted income funds excluding pension liability		8,180		1,132	
Pension reserve		(2,474)		(489)	
Total restricted income funds			5,706		643
Unrestricted income funds	19		50		5
TOTAL FUNDS			5,756		648

The financial statements on pages 19 to 51 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

Gillian Weston
Chair of Trustees

LEARN ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £000	*2016 £000*
Cash flows from operating activities			
Net cash provided by operating activities	21	122	*43*
Cash flows from investing activities:			
Bank interest received		1	-
Purchase of tangible fixed assets		(276)	*(162)*
Capital grants from DfE/ESFA		134	*5*
Cash transferred from joining academies and converters from the Local Authority		733	-
Net cash provided by/(used in) investing activities		592	*(157)*
Change in cash and cash equivalents in the year		714	*(114)*
Cash and cash equivalents brought forward		45	*159*
Cash and cash equivalents carried forward	22	759	*45*

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £750 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long-term leasehold property	-	2% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	33% straight line

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 incorporating income and expenditure account.

1.6 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.7 Operating leases

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

1. ACCOUNTING POLICIES (continued)

1.8 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 costs as detailed in note 18. 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 instruments.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Taxation

The 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 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. ACCOUNTING POLICIES (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 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 and Skills Funding Agency where the asset acquired or created is held for a specific purpose.

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust 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.

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1.16 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from both Husbands Bosworth C of E Primary School and St Andrews C of E Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 2.

1. ACCOUNTING POLICIES (continued)

1.17 Transfer of existing academies

The transfer of existing single academy trusts into the multi-academy trust involved the transfer of identifiable assets and liabilities and the operation of the academies for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred from Ridgeway Primary Academy, Meadowdale Primary Academy, Market Harborough Church of England Academy Trust & Lubenham All Saints Primary School to the trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from existing academies in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 3.

2. CONVERSION TO AN ACADEMY TRUST

On 1 September 2016 both Husbands Bosworth C of E Primary School and St Andrews C of E Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Learn Academies Trust from Leicester County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Budget surplus/(deficit) on LA funds	220	-	-	220
LGPS pension surplus/(deficit)	-	(352)	-	(352)
Net assets/(liabilities)	220	(352)	-	(132)

The above net liabilities include £220,000 that were transferred as cash. Of the amounts transferred, £98,000 was transferred from Husbands Bosworth C of E Primary School and £122,000 from St Andrews C of E Primary School. The net liability of the LGPS transferred into the Trust on conversion was not split the the actuary and therefore no split between individual schools can be disclosed.

3. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

Ridgeway Primary Academy

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£000	£000	£000
Tangible fixed assets			
Long-term leasehold property	1,669	-	1,669
Plant and machinery	55	-	55
Fixtures and fittings	20	-	20
Computer equipment	9	-	9
Stock	3	-	3
Debtors due within one year	28	-	28
Cash in bank and in hand	178	-	178
Liabilities			
Creditors due within one year	(131)	-	(131)
Pensions			
Pensions - pension scheme assets	651	-	651
Pensions - pension scheme liabilities	(1,341)	-	(1,341)
Net assets	1,141	-	1,141

Meadowdale Primary Academy

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£000	£000	£000
Tangible fixed assets			
Long-term leasehold property	4,743	-	4,743
Fixtures and fittings	63	-	63
Computer equipment	13	-	13
Debtors due within one year	39	-	39
Cash in bank and in hand	152	-	152
Liabilities			
Creditors due within one year	(142)	-	(142)
Pensions			
Pensions - pension scheme assets	453	-	453
Pensions - pension scheme liabilities	(913)	-	(913)
Net assets	4,408	-	4,408

3. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY (continued)

Market Harborough Church of England Academy Trust

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£000	£000	£000
Tangible fixed assets			
Long-term leasehold property	4,159	(4,159)	-
Fixtures and fittings	79	-	79
Computer equipment	20	-	20
Debtors due within one year	106	-	106
Cash in bank and in hand	113	-	113
Liabilities			
Creditors due within one year	(169)	-	(169)
Pensions			
Pensions - pension scheme assets	613	-	613
Pensions - pension scheme liabilities	(1,313)	-	(1,313)
Net liabilities	3,608	(4,159)	(551)

The long-term leasehold property is held on a lease from the Leicestershire Diocese. It is the policy of the Multi-academy Trust not to recognise Church owned property and therefore this has been de-recognised on transfer.

Lubenham All Saints Primary School

	Value reporting by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long-term leasehold property	20	-	20
Fixtures and fittings	11	-	11
Computer equipment	12	-	12
Debtors due within one year	17	-	17
Cash in bank and in hand	70	-	70
Liabilities	-	-	-
Creditors due within one year	(31)	-	(31)
Pensions	-	-	-
Pensions - pension scheme assets	136	-	136
Pensions - pension scheme liabilities	(244)	-	(244)
Net assets	(9)	-	*(9)*

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	*Total funds 2016 £000*
Transfer on conversion from the local authority	220	(352)	-	(132)	-
Transfer from existing academies	50	(1,777)	6,716	4,989	-
	270	(2,129)	6,716	4,857	-
Capital Grants	-	-	245	245	*5*
Donations	51	-	-	51	-
	51	-	245	296	*5*
	321	(2,129)	6,961	5,153	*5*
Total 2016	-	-	*5*	*5*	

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	*Total funds 2016 £000*
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,489	5,489	*532*
Pupil premium	-	181	181	*13*
Start-up grants	-	135	135	*-*
Other ESFA/DfE income	-	245	245	*34*
	-	6,050	6,050	*579*
Other government grants				
Local Authority SEN funding	-	89	89	*9*
Other local authority revenue grants	-	78	78	*-*
	-	167	167	*9*
Other funding				
Trips and parental contributions	128	-	128	*12*
Insurance claims	-	39	39	*13*
Other income	-	47	47	*25*
Catering income	147	-	147	*12*
	275	86	361	*62*
	275	6,303	6,578	*650*
Total 2016	*24*	*626*	*650*	

6. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	*Total funds 2016 £000*
Hire of facilities	58	-	58	*1*
Fundraising	8	-	8	*-*
Other income	69	-	69	*14*
	135	-	135	*15*
Total 2016	*15*	*-*	*15*	

7. INVESTMENT INCOME

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000	*Total funds 2016 £000*
Bank interest receivable	1	-	1	-

8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2017 £000	Premises 2017 £000	Other costs 2017 £000	Total 2017 £000	*Total 2016 £000*
Direct costs	4,640	-	838	5,478	*499*
Support costs	1,011	284	630	1,925	*214*
	5,651	284	1,468	7,403	*713*
Total 2016	*517*	*26*	*170*	*713*	

9. CHARITABLE ACTIVITIES

	Total funds 2017 £000	*Total funds 2016 £000*
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,506	*319*
National insurance	293	*21*
Pension cost	841	*67*
Depreciation	185	*15*
Pension finance cost	61	*14*
Educational supplies	151	*27*
Staff development	45	*15*
Other direct costs	173	*15*
Educational consultancy	170	-
Insurance	53	*6*
	5,478	*499*
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	806	*87*
National insurance	49	*5*
Pension cost	156	*18*
Rent and rates	39	*4*
Energy costs	65	*5*
Insurance	41	*5*
Legal and professional	1	*1*
Other support costs	240	*28*
Bank charges and interest	4	*1*
Travel and subsistence	4	*1*
Maintenance of premises and equipment	139	*17*
Cleaning	41	*2*
Catering costs	163	*14*
Internal audit & other accountancy	11	*1*
Auditor's remuneration	18	*7*
Professional services	148	*18*
	1,925	*214*
	7,403	*713*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £000	*2016 £000*
Depreciation of tangible fixed assets:		
- owned by the Trust	185	*15*
Auditors remuneration - audit related	18	*7*
Auditors' remuneration - non-audit related	5	*1*
Operating lease costs	15	*2*

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. STAFF COSTS

Staff costs were as follows:

	2017 £000	*2016 £000*
Wages and salaries	4,113	*401*
Social security costs	342	*26*
Operating costs of defined benefit pension schemes	997	*85*
	5,452	*512*
Apprenticeship levy	2	*-*
Supply teacher costs	197	*5*
	5,651	*517*

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

	2017 No.	*2016 No.*
Teachers	107	*6*
Administration and support	183	*7*
Management	4	*2*
	294	*15*

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

	2017 No.	*2016 No.*
In the band £60,001 - £70,000	3	*0*

All higher paid employees are members of the Teachers' Pension Scheme.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1 & 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £93,000 (2016 - £130,000).

13. CENTRAL SERVICES

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

- Senior Leadership Team
- Teaching and Learning Support
- Human Resources Services
- Central Finance
- IT Services
- Legal and Professional including external and internal audit
- Publicity

The Trust charges for these services on the following basis:

5% of General Annual Grant.

The actual amounts charged during the year were as follows:

	2017	*2016*
	£000	*£000*
Great Bowden Academy	28	-
Husbands Bosworth C of E Primary School	21	-
Lubenham All Saint Primary School	21	-
Market Harborough C of E Primary Academy	67	-
Meadowdale Primary School	64	-
Ridgeway Primary Academy	52	-
St Andrews C of E Primary School	21	-
Total	274	

14. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £000	*2016* *£000*
Stefanie Edwards	Remuneration	60-65	*50-55*
	Pension contributions paid	10-15	*5-10*

During the year, no Trustees received any benefits in kind (2016 - £NIL).
During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £795 to 3 Trustees).

15. TANGIBLE FIXED ASSETS

	Long-term leasehold land £000	Long-term leasehold property & imp'ments £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000
Cost					
At 1 September 2016	497	630	-	12	17
Additions	-	116	-	93	67
Transfers into Trust	4,134	2,662	57	205	100
At 31 August 2017	4,631	3,408	57	310	184
Depreciation					
At 1 September 2016	-	12	-	2	14
Charge for the year	-	114	11	23	37
Transfers into Trust	-	364	2	33	46
At 31 August 2017	-	490	13	58	97
Net book value					
At 31 August 2017	4,631	2,918	44	252	87
At 31 August 2016	*497*	*618*	-	*10*	*3*

15. TANGIBLE FIXED ASSETS (continued)

	Total £000
Cost	
At 1 September 2016	1,156
Additions	276
Transfers into Trust	7,158
At 31 August 2017	8,590
Depreciation	
At 1 September 2016	28
Charge for the year	185
Transfers into Trust	445
At 31 August 2017	658
Net book value	
At 31 August 2017	7,932
At 31 August 2016	*1,128*

Leasehold land and property relates to a 125 year lease from Leicestershire County Council and has been included based on an ESFA valuation obtained at conversion. The remaining property is owned by the local diocese which has granted occupation through a supplemental agreement. No value has been recognised in the financial statements.

16. STOCKS

	2017 £000	*2016 £000*
Consumables	3	-

17. DEBTORS

	2017 £000	*2016 £000*
Trade debtors	13	*1*
VAT recoverable	57	*1*
Prepayments and accrued income	122	*8*
	192	*10*

18. CREDITORS: Amounts falling due within one year

	2017 £000	*2016 £000*
Trade creditors	152	-
Other taxation and social security	85	*7*
Other creditors	88	*9*
Accruals and deferred income	331	*30*
	656	*46*

	2017 £000	*2016 £000*
Deferred income		
Deferred income at 1 September 2016	27	*21*
Resources deferred during the year	355	*27*
Amounts released from previous years	(27)	*(21)*
Deferred income at 31 August 2017	355	*27*

At the balance sheet date the Academy was holding funds received in advance for dinner money, trips, free school meals, money to provide facilities for the provision of free school meals and rates reimbursement in relation to 2017/18.

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds						
General Fund	5	732	(687)	-	-	50
Restricted funds						
General Annual Grant (GAG)	2	5,652	(5,408)	(139)	-	107
Pupil premium	2	194	(166)	-	-	30
Other ESFA/DfE grants	-	245	(245)	-	-	-
Start-up grant	-	135	(135)	-	-	-
Other local authority revenue grants	-	172	(172)	-	-	-
Other income	-	86	(86)	-	-	-
LGPS Defined Benefit Pension Scheme	(489)	(2,310)	(319)	-	644	(2,474)
	(485)	4,174	(6,531)	(139)	644	(2,337)
Restricted fixed asset funds						
ESFA/Local authority capital grants	614	245	(37)	-	-	822
Assets transferred on conversion	496	6,716	(144)	-	-	7,068
Assets funded from other sources	18	-	(4)	139	-	153
	1,128	6,961	(185)	139	-	8,043
Total restricted funds	643	11,135	(6,716)	-	644	5,706
Total of funds	648	11,867	(7,403)	-	644	5,756

19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £000	*Income £000*	*Expenditure £000*	*Transfers in/out £000*	*Gains/ (Losses) £000*	*Balance at 31 August 2016 £000*
Unrestricted funds						
General Fund	*29*	*39*	*(45)*	*(18)*	-	*5*
	29	*39*	*(45)*	*(18)*	-	*5*
Restricted funds						
General Annual Grant (GAG)	*3*	*532*	*(533)*	-	-	*2*
Pupil premium	*2*	*13*	*(13)*	-	-	*2*
Other ESFA/DfE grants	-	*34*	*(34)*	-	-	-
Other local authority revenue grants	-	*9*	*(9)*	-	-	-
Other income	-	*38*	*(38)*	-	-	-
LGPS Defined Benefit Pension Scheme	*(364)*	-	*(26)*	-	*(99)*	*(489)*
	(359)	*626*	*(653)*	-	*(99)*	*(485)*
Restricted fixed asset funds						
ESFA/Local authority capital grants	*483*	*5*	*(13)*	*139*	-	*614*
Assets transferred on conversion	*498*	-	*(2)*	-	-	*496*
Unspent capital grants	*139*	-	-	*(139)*	-	-
Assets funded from other sources	-	-	-	*18*	-	*18*
	1,120	*5*	*(15)*	*18*	-	*1,128*
Total restricted funds	*761*	*631*	*(668)*	*18*	*(99)*	*643*
Total of funds	*790*	*670*	*(713)*	-	*(99)*	*648*

19. STATEMENT OF FUNDS (continued)

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

Unrestricted funds
General Funds represent those resources which may be used towards meeting any of the objects of the Trust at the discretion of the Trustees. These are not currently designated for particular purposes.

General Annual Grant
Funds from the Education & Skills Funding Agency for the provision of education, in line with the funding agreement. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other DfE/ESFA grants
Other funds provided by the DfE/ESFA for particular purposes within the trust's educational operations.

Pupil Premium
Additional funds from the Education & Skills Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Capital grants
This consists of Devolved Formula Capital (DFC) and other capital funding from the Education & Skills Funding Agency. The DFC is to be used for ICT items, improvements to building and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

Other local authority revenue grants
Other local authority revenue grants represents funding received from other Government sources to be spent for specific purposes.

Other income
These consist of income from all other sources to be used primarily for the Trust's educational operations.

LGPS Defined Benefit Pension Scheme
Being the fund in relation to the defined benefit pension scheme liability included in the balance sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately.

Restricted Fixed Asset
The balance represent the net book value of fixed assets acquired by the different sources of funding received by the Trust.

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £000	*Total 2016 £000*
Great Bowden Academy	12	*9*
Husbands Bosworth C of E Primary School	97	-
Lubenham All Saint Primary School	32	-
Market Harborough C of E Primary Academy	(8)	-
Meadowdale Primary School	37	-
Ridgeway Primary Academy	(2)	-
St Andrews C of E Primary School	63	-
Trust	(44)	-
Total before fixed asset fund and pension reserve	187	*9*
Restricted fixed asset fund	8,043	*1,128*
Pension reserve	(2,474)	*(489)*
Total	5,756	*648*

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academies/Trust	Amount of deficit £000
Market Harborough C of E Primary Academy	(8)
Ridgeway Primary Academy	(2)
Trust	(44)

Deficits have been recorded relating to the funding of capital refurbishments not covered by specific capital funding. The Trust deficit arose because some anticipated government funding on inception of the Trust was budgeted for and not received and therefore Trust funding did not cover central operating expenses. The Trust deficit is anticipated to be recovered as the Trust grows with additional schools.

The academy is taking the following action to return the academies to surplus:

- Increased restrictions on expenditure,

- Cost savings derived from MAT membership.

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	*Total 2016 £000*
Great Bowden Academy	442	120	12	144	718	*698*
Husbands Bosworth C of E Primary School	279	49	12	94	434	-
Lubenham All Saint Primary School	288	70	9	96	463	-
Market Harborough C of E Primary Academy	1,093	281	35	228	1,637	-
Meadowdale Primary School	1,024	195	25	237	1,481	-
Ridgeway Primary Academy	923	209	16	196	1,344	-
St Andrews C of E Primary School	332	86	13	112	543	-
Trust	259	1	29	309	598	-
	4,640	1,011	151	1,416	7,218	*698*

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	7,932	7,932
Current assets	69	774	111	954
Creditors due within one year	(19)	(637)	-	(656)
Provisions for liabilities and charges	-	(2,474)	-	(2,474)
	50	(2,337)	8,043	5,756

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	*Restricted funds*	*Restricted fixed asset funds*	*Total funds*
	2016	*2016*	*2016*	*2016*
	£000	*£000*	*£000*	*£000*
Tangible fixed assets	-	-	*1,128*	*1,128*
Current assets	*5*	*50*	-	*55*
Creditors due within one year	-	*(46)*	-	*(46)*
Provisions for liabilities and charges	-	*(489)*	-	*(489)*
	5	*(485)*	*1,128*	*648*

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	*2016*
	£000	*£000*
Net income/(expenditure) for the year (as per Statement of Financial Activities)	4,464	*(43)*
Adjustment for:		
Depreciation charges	185	*15*
Bank interest received	(1)	-
Decrease in debtors	9	*64*
Increase/(decrease) in creditors	137	*(14)*
Capital grants from DfE and other capital income	(134)	*(5)*
Net assets transferred from existing academies and converters from the Local Authority	(4,857)	-
Pension adjustment	319	*26*
Net cash provided by operating activities	122	*43*

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	*2016*
	£000	*£000*
Cash in hand	759	*45*
Total	759	*45*

23. CONTINGENT LIABILITIES

In the event of Learn Academies Trust ceasing to operate as a trust, provisions are included in the funding agreement relating to the clawback of assets and monies paid to the Trust.

24. CAPITAL COMMITMENTS

At 31 August 2017 the Academy had capital commitments as follows:

	2017 £000	*2016 £000*
Contracted for but not provided in these financial statements	185	-

25. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £86,816 were payable to the schemes at 31 August 2017 *(2016 - £8,769)* 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)

25. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £433,000 *(2016 - £41,000)*.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £388,000 *(2016 - £41,000)*, of which employer's contributions totalled £306,000 *(2016 - £32,000)* and employees' contributions totalled £82,000 *(2016 - £9,000)*. The agreed contribution rates for future years are 18.2% for employers and 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.
Principal actuarial assumptions:

	2017	*2016*
Discount rate for scheme liabilities	2.50 %	*2.00 %*
Rate of increase in salaries	3.40 %	*3.10 %*
Rate of increase for pensions in payment / inflation	2.40 %	*2.10 %*

25. PENSION COMMITMENTS (continued)

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

	2017	*2016*
Retiring today		
Males	22.1	*22.2*
Females	24.3	*24.3*
Retiring in 20 years		
Males	23.8	*24.2*
Females	26.2	*26.6*

Sensitivity analysis	At 31 August 2017 £000	*At 31 August 2016 £000*
0.5% decrease in Real Discount Rate	702	*100*
0.5% increase in the Salary Increase Rate	137	*34*
0.5% increase in the Pension Increase Rate	550	*62*

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

	Fair value at 31 August 2017 £000	*Fair value at 31 August 2016 £000*
Equities	2,094	*260*
Corporate bonds	625	*65*
Property	250	*32*
Cash and other liquid assets	156	*4*
Total market value of assets	3,125	*361*

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

	2017 £000	*2016 £000*
Current service cost	(564)	*(44)*
Interest cost	(61)	*(14)*
Total	(625)	*(58)*
Actual return on scheme assets	278	*60*

25. PENSION COMMITMENTS (continued)

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

	2017 £000	*2016 £000*
Opening defined benefit obligation	850	*625*
Transferred in on existing academies joining the trust	3,811	*-*
Transferred in on converting schools joining the trust	614	*-*
Current service cost	564	*44*
Interest cost	117	*24*
Employee contributions	82	*9*
Changes in assumptions	(422)	*149*
Benefits paid	(17)	*(1)*
Closing defined benefit obligation	5,599	*850*

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

	2017 £000	*2016 £000*
Opening fair value of scheme assets	361	*261*
Transferred in on existing academies joining the trust	1,853	*-*
Transferred in on converting schools joining the trust	262	*-*
Interest income	56	*10*
Expected return on assets	222	*50*
Employer contributions	306	*32*
Employee contributions	82	*9*
Benefits paid	(17)	*(1)*
Closing fair value of scheme assets	3,125	*361*

26. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	*2016 £000*
Amounts payable:		
Within 1 year	9	*1*
Between 1 and 5 years	13	*2*
Total	22	*3*

27. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the current or previous year.

28. POST BALANCE SHEET EVENTS

Church Langton C of E Primary School joined the Trust on 1 November 2017.

29. MEMBERS' LIABILITY

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