

**LEAF ACADEMY TRUST**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**Year ended 31 August 2016**

Company Registration No. 05037949  
(England and Wales)

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**LEAF ACADEMY TRUST**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

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Members	Leeds Diocesan Board of Finance (Church of England) The corporate Diocesan Educational Trust (Church of England) Let's Overcome Adversity Chair of the Board of Directors
The Board of Directors (Trustees)	Mr J Batty* (Resigned 04/11/15) Mrs J Caton (Resigned 04/11/15) Venerable P Hooper* (Resigned 31/10/2016) Mrs V James (Resigned 17/11/15) Ms R C McMullen (Resigned 31/12/15) Mrs K Osborne (Resigned 02/10/15; reappointed 12/11/15)  Revd M Peat* Prof S Proctor – Chair* (Resigned 02/10/15) Mrs M Tailby* The Rt Revd P Slater – Chair* (Appointed 03/11/15) Mr R Pritchard (Appointed 10/11/15; resigned 1/3/16)  Ms C Dewhurst (Appointed 27/1/16) Mr S Barber (Appointed 28/4/16) Mr S Birch (Appointed 19/7/16)  Members of the Audit Committee are denoted by*.
Executive Management Team	De Facto Chief Executive Officer Carol Kitson (Appointed 18/10/16) Principal (Primary) Mark Edwards Principal (Primary) Darren Foulke Principal (Secondary) Jeremy Richardson Chief Financial Officer Yavannah Watterson-Hopkins
Company Secretary	Kerry Weatherill
Principal and Registered Office	Bishop's Way Seacroft Leeds West Yorkshire LS14 6NU
Company Registration Number	05037949 (England and Wales)
Independent Auditors	Jolliffe Cork LLP Chartered Accountants and Statutory Auditors 33 George Street Wakefield West Yorkshire WF1 1LX

**LEAF ACADEMY TRUST**  
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Bankers	Lloyds Banking Group School Banking 14 Church Street Sheffield S1 1HP  Yorkshire Bank 4 Victoria Place Manor Road Leeds LS11 4AE
Investment Manager	Investec Wealth & Investment Limited Colmore Plaza Colmore Circus Birmingham B4 6AT
Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT  Lupton Fawcett Lee & Priestley 10-12 East Parade Leeds LS1 3AJ  Wrigleys Solicitors LLP 19 Cookridge Street Leeds West Yorkshire LS2 3AG  Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ
Insurance Brokers	Richard Bolton Insurance Group Cranberry Park 1 Cranberry Drive Denton Manchester M34 3UL

**LEAF ACADEMY TRUST**  
**DIRECTORS' ANNUAL REPORT**

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The directors of the LEAF Academy Trust have pleasure in presenting their Annual Report together with the Financial Statements and Auditors Report of the charitable company for the year ended 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates two primary academies and one secondary within Leeds. Its academies have a combined pupil capacity of 1,830 and had a roll of 1,479 in the academy census in October 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The LEAF Academy Trust is a company limited by guarantee and registered at Companies House under registration number 05037949 (England and Wales). The Academy Trust, as an exempt charity, is entitled to exactly the same exemptions from UK corporation tax as registered charities.

The LEAF Academy Trust is governed by its Memorandum and Articles of Association. The directors of the Academy Trust, appointed in accordance with the articles, are the charity trustees and are also the directors of the charitable company for the purposes of company law. The directors are legally responsible for the governance and management of the Academy Trust.

Details of the directors 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 £10.00, for the debts and liabilities contracted before they ceased to be a member.

**Directors' Indemnities**

In accordance with normal commercial practice, the Trust has purchased insurance to protect directors, 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 per any one claim; the premium for the year ended 31 August 2016 was £3,020. The cost of this insurance is included in the total insurance cost. The Trust has no other third party indemnities for or on behalf of members and/or directors.

**Method for Recruitment and Appointment or Election of Directors**

The members of the LEAF Academy Trust are responsible for the appointment of the directors.

The following methods are used to recruit/appoint directors:

- Advertise through the use of business networks;
- Seek referrals from connected organisations and outgoing directors.

All directors are appointed based upon the contribution they can make to the development and future success of the LEAF Academy Trust. Directors are assessed by a panel for the personal qualities and specific skills and expertise they can provide and which are required by the Trust.

All directors give of their time freely and receive no remuneration other than reasonable expenses, except those directors who are employees of the LEAF Academy Trust.

### **Policies and Procedures Adopted for the Induction and Training of Directors**

New directors are inducted into the workings of the trust by way of mentorship; each director is mentored in the areas of board policy and procedure as well as mission and ethos. The induction period allows new directors to fully understand how the organisation operates and the various committees which are used to assist in governance. Resources and training are made available for directors who wish to develop a more detailed understanding of their role and the work of the board of directors.

### **Organisational Structure**

The LEAF Academy Trust included the following academies for the year ended 31 August 2016:

<u>Academy Name</u>	<u>Date Joined</u>	<u>Academy Type</u>
David Young Community Academy	13 August 2012	Secondary
Manston St James Academy	1 October 2012	Primary
Rothwell C of E Primary Academy	1 April 2014	Primary

The LEAF Academy Trust supports all its academies through an experienced board of directors who are responsible for identifying and establishing strategies and policies and for ensuring that these are implemented throughout the organisation. Previously the Directors had delegated areas of work to several sub committees; this was changed in the year 2014/15 and the sub committees were reduced to two committees: Audit and Remuneration. The decision was made that the reduction of committees would be more time efficient to the Directors so they could then concentrate on the main points of focus for the Trust.

Each sub-committee has a detailed framework (Terms of Reference) for the operation of the committee and the extent of its remit. All committee terms of reference are reviewed and agreed on an annual basis by the board of directors. In addition to the terms of reference, the board of directors have a detailed scheme of delegation and financial authority which provides the Accounting Officer and senior management of the trust with delegated powers to ensure the day-to-day operations of the Trust are carried out in an effective and efficient manner.

The LEAF Academy Trust also operates Local Governing Bodies (LGB) who report to the LEAF board of directors. The governance structure of each academy and LGB is determined by its specific scheme of delegation.

Academies within the Trust are further supported by the executive and senior management teams who provide academy improvement and shared services respectively.

## **OBJECTIVES AND ACTIVITIES**

### **Mission and Ethos**

The LEAF Academy Trust seeks to provide a unique and structured educational environment for our students, which develops each student's capabilities, competencies and skills. We promote the academic, moral, social and physical development of our pupils through our innovative academic and vocational curriculum, pastoral care, sporting and other enrichment activities. We provide the opportunity for each student to fulfil their potential, building their self-confidence and contribution to the wider community.

The LEAF Academy Trust is committed to safeguarding and promoting the welfare of its students and expects all staff, volunteers and other stakeholders to share this commitment; we strive to build on this and improve the systems providing support to our students and families.

In keeping with the mission embodied therein, the ethos of the LEAF Academy Trust is demonstrated in its daily life through the LEAF values: Love, Enterprise, Aspiration and Faith:

- ensuring that each student receives the highest possible quality of education suited to their individual needs and aptitudes;
- appreciating the uniqueness of every person and working to build self-esteem;
- valuing all faiths and actively celebrating diversity;
- focusing on excellence and challenging everyone to achieve their best;
- nurturing supportive and productive relationships based on mutual respect and trust;
- valuing and fostering creativity, imagination, responsibility and a love of learning.

The LEAF Academy Trust is committed to ensuring that equal opportunities are an integral part of our day-to-day operations; we aim to establish equal opportunity in all areas including creating a working environment in which the contribution and needs of all people are fully understood and valued.

### **Objectives, Strategies and Activities**

The LEAF Academy Trust's key objectives are:

- to raise the standard of educational achievement of all its students;
- to improve effectiveness by keeping the curriculum and organisational structure under continual review;
- to ensure that every child attending enjoys the same high quality education in terms of resourcing, tuition and care, irrespective of geographic location;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements.

These objectives are achieved by providing both academic and vocational education of the highest possible quality by focusing upon the individual needs of learners.

### **Public Benefit**

In setting the LEAF Academy Trust's objectives and planning its activities, the directors have given careful consideration to and have complied with the Charities Act 2011 and the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

### **Serving the Local Community and Society**

The LEAF Academy Trust plays a significant part in the local and wider community and, where possible in support of our charitable objectives, we seek to develop strong partnerships with new and existing organisations to benefit the local community.

The Moyes Centre continues to play a critical role in the development of community focused service delivery programmes. The LEAF Academy Trust and its partners strongly believe good progress has been made to increase social responsibility, cohesion and healthy living within the community; however, the impact is very modest when compared to the significant obstacles faced by many in the community.

Our partners in delivering this change are:

- Seacroft/Manston Children and Young People's Partnership
- West Yorkshire Police, Seacroft and Killingbeck Neighbourhood Policing Team
- Ministry of Defence, Reserve Forces and Cadets Association
- Leeds City Council
- Leeds Citizens

In addition to the community focused services developed by the LEAF Academy Trust and its partners, local clubs and groups continue to make use of the facilities provided by the LEAF Academy Trust



**STRATEGIC REPORT**

**Achievements and Performances**

The academic results for the LEAF Academy Trust for the year ended 31 August 2016 are summarised as follows:

**Key Performance Indicators – Primary Academies**

Early Years Foundation Stage	Good Level of Development %		
	2015/2016	2014/2015	2013/2014
Manston St James Academy	77	72	70
Rothwell C of E Academy	71.4	68	62
National	69.3	66	60.4

Year 1 Phonics Screening	% Passed		
	2016	2015	2014
Manston St James Academy	83	78	63
Rothwell C of E Academy	81.5	77	59
National	80.6	74	74

Year 2 Phonics Screening (now reported cumulatively)	% Passed	
	2016	2015
Manston St James Academy	88	90
Rothwell C of E Academy	93	90
National	Not yet available	90

Key Stage 1 and 2: Due to changes in curriculum assessment and testing, 2016 results cannot be compared to previous years. Comparisons are therefore given against national outcomes.

Key Stage 1	At or above expected %		
	Reading	Writing	Maths
Manston St James Academy	67	63	70
Rothwell C of E Academy	62	55	76
National	74	65.5	72.6

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Key Stage 2	At or above expected							
	Reading		Writing %	Maths		SPAG		RWM %
	Reading %	Average Scaled Score		Maths %	Average Scaled Score	SPAG %	Average Scaled Score	
Manston St James Academy	55	101	68	63	101	57	102	41
Rothwell C of E Academy	79	102	74	68	103	89	104	53
National	66	103	74	70	102.8	72	104	53

Year 6 Progress	Reading	Writing	Maths
Manston St James Academy	-1.7	-2.7	-2.1
Rothwell C of E Academy	-1.5	-3.3	-0.2
Floor targets	-5	-7	-5

**Manston St James Academy** EYFS: results increased.  
 Year 1 Phonics: massive increase, very positive.  
 KS1 SATS: not comparable but now have a baseline for the future.  
 KS2 SATS: very disappointing - issues identified immediately and action plan produced immediately to ensure results improve next year.  
 Progress: above floor targets.

**Rothwell C of E Academy** EYFS: results increased. EYFS is a consistent area of strength.  
 Phonics: pass rate increased.  
 KS1 SATS: results decreased; issues identified earlier in year leading to intensive support and additional intervention to raise standards from earlier predictions.  
 KS2 SATS: results significantly improved compared to national from previous year.  
 Progress: above floor targets.

	Attendance %		Authorised Absence %		Unauthorised Absence %	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
Manston St James Academy	96.0	96.2	3.0	2.9	1.0	0.9
Rothwell C of E Academy	95.8	96.1	2.1	2.6	2.0	1.3

**Key Performance Indicators – David Young Community Academy**

\* headline measure in 2016 KS4 DfE Performance tables

GCSEs	2015/2016	2014/2015	2013/2014
Attainment 8*	38.3		
% A*-C in English and maths*	57	44	55
Progress 8*	-0.75		
% Pupils achieving EBacc*	3	1	1
% 5+ A*-C Inc. Eng and Maths	41	34	39
% 1+A*-G	92	91	98
% 3+ Levels of Progress English	68	59	76
% 3+ Levels of Progress maths	69	57	58
% 4+ Levels of Progress English	33	17	39
% 4+ Levels of Progress maths	35	27	20

The 2016 results are a considerable improvement on the last two years. The decline in performance has been reversed. Attainment in the basics is broadly in line with national and the highest in the school's history. Progress in mathematics is above national and in English is close to it. The gap between disadvantaged students and other students nationally has narrowed a great deal.

Progress 8 is below the floor standard, but is largely attributable to a legacy of more than 20 students who were in alternative provision from before the start of the 2015/16 academic year and variable performance of subjects outside English and maths.

68% of students made 3+ levels of progress in English. This is better than the figure of 59% achieved last year, exceeds the FFT target of 65% and is close to the 2015 national figure of 69%. 33% of students made 4+ levels of progress in English, higher than the 2015 national figure of 30%

69% of students made 3+ levels of progress in mathematics. This is much better than last year's figure of 57% and is the highest in the school's history. It exceeds the FFT target of 60% and the 2015 national figure of 66%. 35% of students made 4+ levels of progress in maths, higher than the 2015 national figure of 30%

At 57%, the proportion of students gaining a grade C or above in the basics (English and mathematics) is the highest in the school's history (it was 44% last year) and close to the 2015 national figure of 58%.

At 41%, the proportion of students gaining 5+ A\*-C including English and mathematics is higher than the 34% achieved last year and close to the ambitious FFT A target of 42%.

At 92%, the proportion of students gaining 1+A\*-G is higher than last year's figure of 90.6% but short of the target of 99%. This performance reflects the legacy of 24 students who were educated elsewhere.

In Year 11 students' progress in maths is considerably higher than national rates. Student progress in English language, business and art & design is in line with or above national rates. Student progress in other subjects remains below national levels. In-school residuals indicate that achievement in geography, history, engineering and ICT was much worse than in other subjects. Threshold outcomes in English language and maths are above academy FFT 50 objectives and in the case of maths are above national levels. Outcomes in science have improved following considerable intervention but continue to be of significant concern. The head of science resigned and left the academy in May 2016. A highly experienced teacher, with significant senior leadership experience, started in June 2016.

**LEAF ACADEMY TRUST**  
**DIRECTORS' ANNUAL REPORT**

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58% of disadvantaged students made 3+ levels of progress in English. This is higher than last year's figure and above the 2015 national figure. 30% of disadvantaged students made 4+ levels of progress in English, equalling the 2015 national figure of students making 4+ levels of progress.

64% of disadvantaged students made 3+ levels of progress in mathematics. This is much higher than last year's figure of 47% and far higher than the 2015 national figure of 49%. 29% of disadvantaged students made 4+ levels of progress in maths, close to the 2015 national figure of students making 4+ levels of progress.

48% of disadvantaged students gained a grade C or above in the basics (English and mathematics). This is an increase of 14ppts on the 2015 figure and 10ppts above the 2015 national figure.

At 34.2%, the proportion of disadvantaged students gaining 5+A\*-C is higher than last year's figure of 27% and close to the national figure of 36%.

At 88%, the proportion of disadvantaged students gaining 1+A\*-G is higher than last year's figure of 86%. This performance reflects the legacy of 24 students who were educated elsewhere.

IB Diploma and Career-related Programme	2015/16	2014/15	2013/14
Total Number of Students	52	53	49
% achieving Diploma	43%	63%	66%
Average IBDP points score	24	24	26
% achieving Career-related Programme	48%	56%	NA
Average BTEC grade	DD	D*D	DM

The average IB Diploma points score was 24 (24 in 2015) and 43% of students achieved the full diploma (63% in 2015). Analysis of diploma point scores compared to the cohort's GCSE outcomes against CEM analysis suggests a modest improvement in VA compared to 2015.

The average BTEC grade of students on the IB Career-related Programme was DistDist (Dist\*Dist in 2015) and 48% of students achieved the full Programme (56% in 2015).

Destinations of students in sixth form are summarised as: 23 to university; 7 to apprenticeships; 9 to employment (including armed forces); 1 gap year; 12 undecided.

	2015/16	2014/15
Attendance (All)	90.9	90.7%
Attendance (Disadvantaged)	88.9	88.2%
Persistent absentees (absent for > 10% sessions) (All)	25.7	14.8%
Persistent absentees (absent for > 10% sessions) (Disadvantaged)	31.0	20.7%

Much effort has been put into improving the accuracy of attendance data. The overall attendance figure to the end of the last DYCA academic year is 90%. This is broadly in line with the attendance figure for the last academic year and indicates that the downward trend has been halted. There has been a marginal improvement in the attendance of disadvantaged students in relation to their peers (6.7% absence in 2014-15, 6.3% in 2015-16).

### **Going Concern**

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

### **FINANCIAL REVIEW**

The LEAF Academy Trust's income is derived in the main from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received from the EFA and other sources during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The charity also receives an element of funding for the acquisition and replacement of fixed assets from the EFA. In accordance with the charities' statement of recommended practice, "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the statement of financial activities as restricted income in the fixed assets fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Incoming resources during the year ended 31 August 2016 totalled £9,779m (2015: £9,812) and was insufficient to cover outgoing resources and provided a deficit of £1,476m (2015: £1,198m deficit) before transfers and other recognised gains and losses. During the year £0.213m (2015:£0.159m) was transferred from the unrestricted fund to the restricted fixed assets fund for the acquisition of additional fixed assets necessary for curriculum delivery and the continuing operations of the LEAF Academy Trust.

The financial year ended 31 August 2016 provided for a net actuarial loss of £2,150m (2015: £0.132m actuarial loss) on the LEAF Academy Trust's local government defined benefit pension scheme.

The net book value of total fixed assets was £20,755 (2015: £21,015m); movements in tangible fixed assets are shown in note 14/15 to the financial statements. The assets were exclusively for providing educational and associated support services to pupils and the community.

During the year ended 31 August 2016 the Trust continued to allow all new staff the opportunity to join one of three pension schemes: Teachers Pensions (TPS), Church of England Pension Scheme and the West Yorkshire Pension Fund (LGPS), all three pension funds are defined benefit schemes. However, due to the nature of the Teachers Pensions Scheme and that of the Church of England Pension Fund it is not possible to account for the actual assets and liabilities of these schemes which can be directly apportioned to the LEAF Academy Trust. However, a more detailed explanation of each pension scheme can be found in notes 23 and 24 respectively.

In comparison, it is possible to account for the assets and liabilities of the Local Government Pension Scheme (LGPS) as shown in the statement of financial activities and note 24. The LGPS currently provides for a deficit balance of £3,637 deficit (2015:£1,294m deficit).

### **Fixed Asset Investments**

The decision was taken by the LEAF Trust Board to begin the process of liquidating the portfolio to enable funds to be more accessible for school improvement needs. Following a meeting with Investec, the investment management company's advice was that it would be in the Trust's interest to liquidate the full portfolio with immediate effect due to instability within the markets. This instruction was received by Investec and they liquidated the portfolio on 16 May 2016.

### **Financial Position**

The Trust held fund balances at 31 August 2016 of £18,747m (2015: £22.373m) comprising £21,657m (2015: £22.313m) of restricted fixed assets, £3,287m deficit (2015: £0.532m deficit) of restricted funds and £0.377m (2015: £0.592m) of unrestricted funds.

### **Reserves Policy**

The Directors will review the reserves level of the Trust annually. This review will encompass the nature of income and expenditure streams, the need to match income and commitments, and the need to set aside funds for future replacement programmes.

Going forward the Directors have determined the amount of working capital held in free reserves should cover approximately one month's worth of expenditure for the Trust, being approximately £600k. The Trust's level of free reserves as at 31 August 2016 (Total funds less the amount held in fixed asset and restricted reserves) were £0.377m (2015: £0.592m).

Other reserves are to be held in one of two categories:

- Capital development

In 2014/15 a review of all three sites highlighted the need for substantial capital investment/replacement. On that basis the Trust liquidated its investment portfolio to allow for direct access to funds based on need.

During the year investments into capital development were made of £0.625m, of which £0.412m came from capital revenue reserves and £0.213m came from unrestricted reserves.

- Academy improvement

In 2014/15 the directors designated £0.5m towards academy driven improvement projects with a focus on improving KPI's and standards across all three academies so as to help bridge the gap with national standards. At 31 August 2016 DYCA had spent the full £0.300m awarded, Manston St James had a remaining balance of £10k and Rothwell C of E had a remaining balance of £27k.

### **Pension Reserve**

The Trust's pension scheme liability at 31 August 2016 amounted to £3,637 deficit (2015: £1,294m deficit). The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean the equivalent amount is already committed or no longer available.

The presence of a pension surplus or deficit will generally result in a cash flow effect for the Trust in the form of an increase or decrease in employer's pension contributions over a period of years. The Trust is confident that it can meet the required pension contributions from projected future income without significantly impacting its planned level of activities. The risks surrounding the LEAF Academy Trust's pension liability have been taken into consideration when preparing the annual budgets; we therefore continue to calculate our reserves without setting aside a designated reserve to cover the pension liability.

### **PRINCIPAL RISK AND UNCERTAINTIES**

In the present economic climate there are a significant number of uncertainties, many of which are very subjective in nature and difficult to quantify with any reasonable assurance. The following key areas were identified during the annual risk review:

#### **Sustainable Public Funding**

The LEAF Academy Trust has considerable reliance on continued government funding through the EFA. The Academy Trust's publicly funded revenue income accounts for 96% (2015: 95%) of its total revenue income and this level of reliance is expected to continue if not increase.

There is little reassurance that government policy and funding levels will continue at existing levels or on a consistent basis of allocation.

The public funding risk is being managed in the following ways:

- The LEAF Academy Trust seeks to be the education provider of choice for the local and wider community by delivering high quality and student centred educational and training opportunities
- To develop new and varied income streams to supplement fluctuations in public funding
- To ensure all current DfE/EFA funding opportunities are maximised

#### **Long term budgetary risk**

The three year forecast for the Trust shows that at current levels of funding, with a factored decrease in pupil numbers in DYCA due to being categorised as being in 'Special Measures' in the period, the Trust will have used all of its surplus reserves by 2018/19 and will begin to have deficit reserves. The Trust Board is reviewing the long term strategy in alliance with the Abbey Multi Academy Trust and consider that the re-brokerage should provide the financial support in both strategy and economies of scale to reduce this risk.

#### **Fixed Asset Estate Risk**

As the LEAF Academy Trust has continued to grow it has acquired a number of fixed assets (school buildings) which represent a material risk in regard to:

- Age of Buildings
- Conditions
- Presence of toxic materials ( Asbestos)
- Remaining useful life
- Maintenance and renewal costs

The estate risk is being managed in the following ways:

- Initiation of independent condition surveys of property and equipment
- Development and implementation of effective preventative maintenance programmes
- Funding application to the CIF (Condition Improvement Fund), formerly ACMF (Academies Capital Maintenance Fund)

## **STRATEGIC PLAN**

### **PLANS FOR FUTURE PERIODS**

In October 2015 DYCA had an Ofsted inspection which highlighted a number of serious issues which resulted in DYCA being put into Special Measures. Following on from this, the LEAF Academy Trust Board of Directors took the decision to approach the Diocese of Leeds to seek a re-brokerage partnership across the Trust. The Abbey Multi Academy Trust was identified and the DfE were approached with a re-brokerage bid

At its Board meeting of 21 June 2016, the Trust Board approached the Abbey MAT for interim support during the re-brokerage and it was agreed to release the CEO and the Director of Finance and Corporate Services to support the Academies through the re-brokerage and to assist in driving an improvement in teaching and learning across the Trust.

At a meeting on 5 October 2016, the Abbey MAT Board agreed to confirm acceptance of the re-brokerage process and at its meeting on 18 October 2016 the LEAF Trust Directors agreed that the CEO of the Abbey MAT should act as de facto interim CEO until the re-brokerage is complete.

A formal response approving the re-brokerage was received by telephone on 15 November 2016, and formal written confirmation was received by the Abbey MAT on the 30<sup>th</sup> November 2016 confirming a proposed date of transfer being the 1<sup>st</sup> May 2017.



### CHAIR'S ANNUAL STATEMENT

**Rothwell Church of England Primary Academy** received a SIAMs inspection in June 2016 and was graded 'Good' in all areas. Early Years outcomes continued to exceed national, as did the Year 1 phonics pass rate. The Year 2 results exceeded national in Maths but were down in Reading and Writing, despite being comparable to Local Authority averages. Outcomes at Key Stage 2 were comparable to national, and progress measures saw the academy not only exceed 'Floor Targets' for the first time, but also exceed new 'Coasting' measures.

**Manston St James Primary Academy** is a good school according to OFSTED Criteria and an Outstanding church school (inspections in 2015). The school met one of the two floor targets for the academic year 2015/2016 during a much harder test regime year and improved results for EYFS and phonics which were both above national averages.

**David Young Community Academy** had an OFSTED inspection in October 2015 which put the school into special measures. The post Ofsted action plan was judged to be 'fit for purpose'. The HMI monitoring visit in April 2016 judged that 'leaders and managers are taking effective steps towards the removal of special measures.' This judgement was repeated at the second HMI monitoring visit in September 2016. The results in 2016 showed that Expected Progress in English and mathematics is close to or above national. Attainment in the basics is broadly in line with national and the highest in the school's history. The 5+A\*-C EM measure is the highest achieved by the school since the use of BTEC was restricted. The gap between disadvantaged students and other students nationally has narrowed considerably. The expected progress of disadvantaged students is better than their performance nationally. However, across the wider range of subjects, as reported in the 'Progress 8' indicator, progress was well below average.

The Trust disbanded the Local Governing Body (LGB) and put in place an Interim Governing Body, which had some continuity with the LGB, chaired by Mrs Jane Willis, from the beginning of 2016.

Prof Sue Proctor stepped down as Chair of the Trust on 2 October 2015 and Mrs Val James acted as Chair until I accepted the role of Chair, following election to the Board on 3 November 2015. The Chief Executive Officer of the LEAF Academy Trust, Ms Ros McMullen, left her post on 31 December 2015.

Since November 2015, the Diocese of Leeds (Anglican), as the sole sponsoring body of the LEAF Academy Trust, has been seeking to re-broker all three academies into a new Trust under the direction of the Regional Schools Commissioner. Abbey Multi Academy Trust have agreed to assume responsibility for all three academies and it is expected that this process will be completed in early 2017.

The Rt Revd Paul Slater  
Bishop of Richmond  
Chair of LEAF Academy Trust



**AUDITOR**

Insofar as the directors are aware:

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

In accordance with section 487 of the Companies Act 2006, Jolliffe Cork LLP will be deemed to be reappointed as auditors at the Annual General Meeting.

**Directors' report, incorporating a strategic report, approved by order of the board of directors, on 12 December 2016 and signed on its behalf by:**



**The Rt Revd Paul Slater  
Bishop of Richmond  
Chair of LEAF Academy Trust**

**SCOPE OF RESPONSIBILITY**

As directors we acknowledge we have overall responsibility for ensuring that LEAF 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 directors 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 LEAF Academy Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors' responsibilities. The board of directors has formally met 18 times during the year; attendance during the year at meetings of the board of directors was as follows:

<u>Directors</u>		<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Barber	(Appointed 28/4/16)	2	4
Mr S Birch	(Appointed 19/7/16)	0	0
Mr J Batty*	(Resigned 04/11/15)	5	5
Ms J Caton	(Resigned 04/11/15)	3	5
Ms C Dewhurst	(Appointed 27/1/16)	5	7
Venerable P Hooper*		15	18
Mrs V James	(Resigned 17/11/15)	5	7
Ms R C McMullen	(Resigned 31/12/15)	7	8
Mrs K Osborne	(Resigned 20/10/15; re-appointed 17/11/15)	10	15
Revd M Peat*		14	18
Mr R Pritchard	(Appointed 10/11/15; resigned 1/3/16)	4	8
Dr S Proctor-Chair*	(Resigned 02/10/2015)	3	3
The Rt Revd P Slater-Chair*	(Appointed 3/11/15)	14	14
Mrs M Tailby*		18	18

Members of the Audit Committee are denoted by\*.

The Audit Committee is a sub-committee of the board of directors. Its purpose is to help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds. Its purpose is also to review the effectiveness of the LEAF Academy Trust's internal control system to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally sensitive manner. The committee also focused its attention upon developing an internal audit framework; an internal audit tender process was undertaken during 2015, with Baker Tilly (RSM) undertaking an internal audit of key areas: Key Financial controls, Governance, Health and Safety, Safeguarding, Risk Management and HR. In place is a three year plan to review these areas in more depth, with the following additional areas to be audited: Strategic Planning and IT Controls.

**LEAF ACADEMY TRUST  
GOVERNANCE STATEMENT**

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<u>Directors</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Venerable P Hooper	2	3
Ms M Tailby	2	2
Dr S Proctor	1	1
Mr J Batty	1	1
The Rt Revd P Slater	1	1
Revd M Peat	2	2

**ACCOUNTING OFFICER ROLE**

During the year the following changes in role took place:

Ms R McMullen (Previous CEO)	1 September 2015 – 31 December 2015
Mr M Edwards (Principal of Manston St James Primary Academy)	6 January 2016 – 19 July 2016
Mr S Birch (Finance Manager, Diocese of Leeds)	19 July 2016 to date

**REVIEW OF VALUE FOR MONEY**

The accounting officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers' 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 available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- A full review of large suppliers was done throughout the period to capture best value, and will continue to be done on a regular basis.
- Budgeting software was introduced during the year enabling staffing budgets produced to be more accurate and to improve reporting throughout the Trust.
- Regular monitoring and review of the Financial Regulations to ensure compliance.

**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 the Trust's 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 LEAF Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of directors has reviewed the key risks to which the LEAF Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

### 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 directors;
- regular reviews by the Trust Board 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.

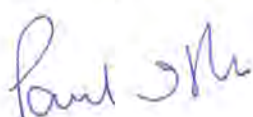
### REVIEW OF EFFECTIVENESS

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 external auditor;
- the work of the internal 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 by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 12 December 2016 and signed on its behalf by:



**The Rt Revd Paul Slater**  
Bishop of Richmond  
Chair of LEAF Academy Trust



**Mr Shaun Birch**  
Accounting Officer

**LEAF ACADEMY TRUST**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of the LEAF Academy Trust I have considered my responsibility to notify the Academy Trust board of directors 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 a part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I can confirm that I and the Academy Trust board of directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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



**Mr Shaun Birch**  
**Accounting Officer**

**12 December 2016**



**LEAF ACADEMY TRUST**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors of LEAF Academy Trust Limited (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 directors 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of directors on 12 December 2016 and signed on its behalf by:

**The Rt Revd Paul Slater**  
**Bishop of Richmond**  
**Chair of LEAF Academy Trust**



**LEAF ACADEMY TRUST  
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF LEAF ACADEMY TRUST**

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**Independent Auditor's Report to the Board of Directors of LEAF Academy Trust**

We have audited the financial statements of LEAF Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities, the Charity Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on 21, the directors (who act as trustees for the charitable activities of the company and 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.

We have been appointed auditor under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Annual Report (which incorporates the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.



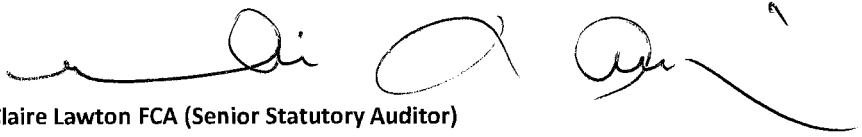
**LEAF ACADEMY TRUST  
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF LEAF ACADEMY TRUST**

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**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 and the Charities Act 2011 requires us to report to you if, in our opinion:

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



**Claire Lawton FCA (Senior Statutory Auditor)  
for and on behalf of Jolliffe Cork LLP  
Chartered Accountants and Statutory Auditor  
33 George Street  
Wakefield  
WF1 1LX**

**12 December 2016**

**LEAF ACADEMY TRUST  
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE BOARD OF  
DIRECTORS OF LEAF ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 11 July 2013 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out a review to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF LEAF ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITOR**

The accounting officer is responsible, under the requirements of LEAF Academy Trust's funding agreements with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transaction conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies: Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

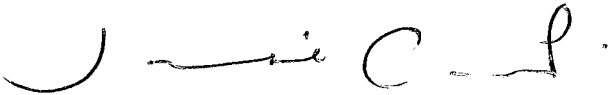
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

**LEAF ACADEMY TRUST  
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE BOARD OF  
DIRECTORS OF LEAF ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Jolliffe Cork LLP  
Chartered Accountants and Statutory Auditor  
33 George Street  
Wakefield  
WF1 1LX**

**12 December 2016**

**LEAF ACADEMY TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(including the Income and Expenditure account)**  
**Year ended 31 August 2016**

	Notes	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Restated Total Funds 2015 £'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	4	10	-	14	27
Activities for raising funds:						
Investment income	6	-	-	36	36	52
Charitable activities:						
Funding for the Academy Trust's educational operations	4	37	9,355	-	9,392	9,436
Other income	7	-	5	303	308	269
Trading income	5	-	-	29	29	28
<b>Total income</b>		<b>41</b>	<b>9,370</b>	<b>368</b>	<b>9,779</b>	<b>9,812</b>
<b>Expenditure on:</b>						
Raising funds						
Investment management costs		-	11	-	11	19
Charitable activities:						
Academy Trust educational operations	9	900	9,964	370	11,270	10,976
Loss on sale of investments	16	10	-	-	10	15
<b>Total expenditure</b>	<b>8</b>	<b>910</b>	<b>9,975</b>	<b>370</b>	<b>11,291</b>	<b>11,010</b>
Net incoming/ (outgoing) resources before transfers		(869)	(605)	(2)	(1,512)	(1,198)
<b>Transfers between funds</b>		213		(213)	-	-
Other recognised gains and losses:						
Actuarial gain/ (loss) on defined benefit pension scheme	23/24	-	(2,150)	-	(2,150)	65
<b>Net movement in funds</b>		<b>(656)</b>	<b>(2,755)</b>	<b>(215)</b>	<b>(3,662)</b>	<b>(1,133)</b>
Funds brought forward at 1 September 2015		22,313	(532)	592	22,373	23,506
<b>Funds carried forward at 31 August 2016</b>		<b>21,657</b>	<b>(3,287)</b>	<b>377</b>	<b>18,711</b>	<b>22,373</b>

The Academy Trust's activities are derived from continuing operations and acquisitions during the above two financial periods.

LEAF ACADEMY TRUST  
BALANCE SHEET  
Year ended 31 August 2016

	Notes	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>Fixed assets</b>			
Intangible assets	14	9	13
Tangible assets	15	20,755	21,002
Investment assets	16	-	1,281
Debtors	17	426	307
Cash deposits		320	511
Cash at bank		1,837	1,518
		<u>2,583</u>	<u>2,336</u>
Creditors: Amounts falling due with one year	18	(999)	(965)
		<u>1,584</u>	<u>1,371</u>
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<u>22,348</u>	<u>23,667</u>
Defined benefit pension scheme liability	23/24	(3,637)	(1,294)
		<u>18,711</u>	<u>22,373</u>
<b>Total Assets</b>			
<b>Funds of the Academy Trust</b>			
<b>Restricted funds</b>			
Fixed asset fund		21,657	22,313
Restricted income fund		314	762
Pension Reserve		(3,637)	(1,294)
		<u>18,334</u>	<u>21,781</u>
<b>Total restricted funds</b>	19		
<b>Unrestricted income funds</b>		377	592
		<u>18,711</u>	<u>22,373</u>
<b>Total Funds</b>	19		

These financial statements were authorised for issue and approved by the Directors on 12 December 2016 and signed on their behalf by:



The Rt Revd Paul Slater  
Bishop of Richmond  
Chair of LEAF Academy Trust

LEAF ACADEMY TRUST  
CASH FLOW STATEMENT  
Year ended 31 August 2016

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	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	22	(591)	(38)
<b>Cash flows from investing activities</b>	22	719	(105)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		128	(143)
		<hr/>	<hr/>
<b>Cash and cash equivalents at 1 September 2015</b>	22	2,029	2,172
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 August 2016</b>		2,157	2,029
		<hr/> <hr/>	<hr/> <hr/>

## 1. ACCOUNTING POLICIES

### Basis of Preparation

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

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 28 for an explanation of the transition.

The financial statements are presented in sterling (£).

LEAF Academy Trust meets the definition of a public benefit entity under FRS 102.

### Going Concern

The financial position of LEAF Academy Trust, its cash flows, liquidity and reserves positions are described in the Financial Review on page 11. In addition, the Directors' Annual Report includes the Academy's objectives, policies and processes for managing risk, its financial resources and the control procedures which exist.

The LEAF Academy Trust has reasonable financial resources at its disposal and has relative certainty regarding the future funding of secondary education in the UK. As a consequence, the Directors believe that the Academy Trust is well placed to manage its operational and environmental risks successfully despite the uncertain macro-economic outlook.

The Directors have a reasonable expectation that the Academy Trust has adequate resources to continue its operational existence for the foreseeable future. Therefore, we continue to adopt the going concern basis of accounting in preparing the annual 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.

#### 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.

#### Expenditure on Raising 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 Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

#### Governance Costs

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

#### Intangible Assets

Intangible assets costing **£500** or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 25% Straight Line



#### Tangible Fixed Assets

Assets costing £500.00 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

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold buildings	2% straight line
Donated leasehold buildings	straight line on the remaining useful life as measured at the Depreciated Replacement Cost (DRC) valuation
Fixtures and fittings	10% straight line
ICT and specialist equipment	25% straight line
Motor vehicles	25% straight line

Depreciation is not charged on land.

#### Leased Assets

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

#### 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 with 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.

### **Investments**

#### **Wholly Owned Subsidiary**

The wholly owned subsidiary, DYCA Trading Limited, was dissolved on 14 June 2016. Previously it was included in the balance sheet at the cost of the share capital owned (£1.00) as there was no readily available market value. The decision was made that the cost of a valuation exceeded any benefit derived.

#### **Investment portfolio**

The full investment portfolio was liquidated on 16 May 2016. Previously quoted investments were included at market value at the balance sheet date and the resulting movements on the unrealised valuation supplies/deficit have been recognised within the profit or loss.

### **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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Academy 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.

Non-teaching members of staff were offered membership of either of two defined benefit final salary schemes during the year ended 31 August 2016. It is not possible to identify the Academy Trust's share of the underlying assets and liabilities for one of the schemes, the Church of England Funded Scheme, and accordingly the Academy Trust has taken advantage of the exceptions in FRS 102 and accounted for its contributions to the scheme as if it were a defined contribution scheme.

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

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

This scheme is accounted for in accordance with FRS 102 and further details can be found in Notes 22-28. A triennial valuation of the scheme was carried out in March 2013 which is used to determine the Employer's Contribution Rate. This valuation determines the direct impact upon the Academy Trust cash flow.

### **Fund Accounting**

Funds held by the Academy Trust are either:

#### **Unrestricted General Funds**

These are funds which can be used in accordance with the charitable objects or at the discretion of the directors.

#### **Restricted Funds**

These funds can only be used for particular restricted purposes within the objects of the Academy Trust. Restrictions arise when specified by the funder or when funds are raised for particular restricted purposes.

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

### **Agency Arrangements**

The Academy Trust acts as an agent in the administration of the 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions.

### **Critical accounting estimates and areas of judgement**

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

#### **Critical accounting estimates and assumptions**

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

#### **Local Government Pension Scheme Defined Benefit Liability**

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### **Critical areas of judgment**

There have been no areas of judgement that have been considered critical to the preparation of the financial statements.

LEAF ACADEMY TRUST  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 August 2016

2. RESTATEMENT OF STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 AUGUST 2015

	Notes	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000
<b>Income and endowments from:</b>					
Donations and capital grants	3	-	27	-	27
Activities for raising funds:					
Investment income	6	34	-	18	52
Charitable activities:					
Funding for the Academy Trust's educational operations	4	36	9,400	-	9,436
Other income	7	-	57	212	269
Trading income	5	-	-	28	28
<b>Total income</b>		<b>70</b>	<b>9,484</b>	<b>258</b>	<b>9,812</b>
<b>Expenditure on:</b>					
Raising funds:					
Investment management costs		19	-	-	19
Charitable activities:					
Academy Trust educational operations	9	862	9,912	202	10,976
Other:					
Loss on sale of investments		15	-	-	15
<b>Total Expenditure</b>	<b>8</b>	<b>896</b>	<b>9,912</b>	<b>202</b>	<b>11,010</b>
Net incoming/ (outgoing) resources before transfers		(826)	(428)	56	(1,198)
<b>Transfers between funds</b>		<b>159</b>	<b>(159)</b>	<b>-</b>	<b>-</b>
Net incoming/ (outgoing) resources before other recognised gains and losses		(667)	(587)	56	(1,198)
Actuarial gain/ (loss) on defined benefit pension scheme	23/24	-	65	-	65
<b>Net movement in funds</b>		<b>(667)</b>	<b>(522)</b>	<b>56</b>	<b>(1,133)</b>
Funds brought forward at 1 September 2015		22,980	(10)	536	23,506
<b>Funds carried forward at 31 August 2016</b>		<b>22,313</b>	<b>(532)</b>	<b>592</b>	<b>22,373</b>

**LEAF ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 August 2016

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>3. DONATIONS AND CAPITAL GRANTS</b>					
Capital grants	4	-	-	4	-
Donated fixed assets	-	-	-	-	-
Other donations	-	10	-	10	27
	<u>4</u>	<u>10</u>	<u>-</u>	<u>14</u>	<u>27</u>

**4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
<b>EFA grants:</b>					
General Annual Grant (GAG)	-	8,216	-	8,216	8,218
Capital grants	37	-	-	37	36
Other EFA grants	-	959	-	959	865
	<u>37</u>	<u>9,175</u>	<u>-</u>	<u>9,212</u>	<u>9,119</u>
<b>Other Government Grants:</b>					
Local Authority capital grants	-	-	-	-	-
Local Authority grants	-	180	-	180	317
Government grants	-	-	-	-	-
	<u>-</u>	<u>180</u>	<u>-</u>	<u>180</u>	<u>317</u>
<b>Funding for the academies' educational Operations</b>					
	<u>37</u>	<u>9,355</u>	<u>-</u>	<u>9,392</u>	<u>9,436</u>

**5. OTHER TRADING INCOME**

Hire of facilities	-	-	29	29	28
	<u>-</u>	<u>-</u>	<u>29</u>	<u>29</u>	<u>28</u>

**LEAF ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 August 2016

**6. INVESTMENT INCOME**

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Fixed Asset Investments	-	-	23	23	34
Short Term Deposits	-	-	13	13	18
	<u>-</u>	<u>-</u>	<u>36</u>	<u>36</u>	<u>52</u>

**7. OTHER INCOME**

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Catering Income	-	-	159	159	148
Out of Hours Provision	-	-	49	49	-
School Excursions and shows	-	-	37	37	50
Consultancy income	-	-	37	37	13
Other Income	-	5	21	26	58
	<u>-</u>	<u>5</u>	<u>303</u>	<u>308</u>	<u>269</u>

**8. TOTAL EXPENDITURE**

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
Expenditure on raising funds: Costs of generating voluntary income	-	-	11	11	19
Academy's educational operations: Direct costs	5,252	750	1,213	7,215	6,464
Allocated support costs	2,179	641	1,245	4,065	4,527
	<u>7,431</u>	<u>1,391</u>	<u>2,469</u>	<u>11,291</u>	<u>11,010</u>

**LEAF ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 August 2016**

Net income/ (expenditure) for the period includes:

	2016	2015
	£'000	£'000
Operating profit is stated after charging:		
- Operating leases	45	43
- Depreciation	859	862
- (Gain) loss on disposal of fixed assets	1	1
- Amortisation of intangible fixed assets	4	4
- Actuarial fees in respect of external scrutiny	3	3
- Auditor's fees	27	27
- Governor's liability insurance	3	3

**9. CHARITABLE ACTIVITIES**

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Direct Educational Costs:					
Teaching and educational support staff	-	5,196	56	5,252	4,965
Depreciation	750	-	-	750	749
Books, apparatus and stationary	-	97	21	118	99
Examination fees	-	131	-	131	90
Staff Development	-	35	-	35	52
Technology	-	1	-	1	9
Educational Consultancy and supply	-	775	10	785	350
Travel and subsistence	-	13	37	50	82
Other	-	93	-	93	68
	750	6,341	124	7,215	6,464
Total Direct costs – educational operations	150	3,659	246	4,055	4,512
Total Support costs – educational operations	900	10,000	370	11,270	10,976

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Analysis of support costs:					
Support staff costs	-	2,169	9	2,178	2,759
Depreciation	113	-	-	113	113
Heat and light	-	183	1	184	205
Security and fire	-	185	-	185	154
Insurance	-	62	-	62	62
Cleaning	-	40	-	40	37
Maintenance of equipment & premises	37	118	-	155	121
Rates	-	87	1	88	87
Catering	-	191	159	350	375
Technology costs	-	193	-	193	235
Advertising, printing and stationery	-	84	-	84	90
Other support costs	-	317	59	376	237
Governance costs	-	30	17	47	37
	150	3,659	246	4,055	4,512

10. STAFF

a. The aggregate payroll costs were

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Wages and salaries	-	5,879	2	5,881	6,215
Social security costs	-	473	-	473	439
Other pension costs	-	909	-	909	920
<b>Total payroll costs</b>	<b>-</b>	<b>7,261</b>	<b>2</b>	<b>7,263</b>	<b>7,574</b>
Supply costs	-	182	-	182	-
Staff restructuring costs	-	112	56	168	150
<b>Total staff costs</b>	<b>-</b>	<b>7,555</b>	<b>58</b>	<b>7,613</b>	<b>7,724</b>
Staff restructuring costs comprise:					
Redundancy payments				19	84
Severance payments				149	66
Other restructuring costs					
				<b>168</b>	<b>150</b>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £55,741 (2015: £72,548) individually, the payments were £48,241, £7,500.

c. Particulars of Employees:

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	2016	2015
Teaching and teaching support staff	153	167
Administration and support staff	60	64
Management	5	5
	<b>218</b>	<b>236</b>



**d. Higher Paid Staff**

The number of employees whose emoluments fell within the following bands was:

£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	-
£140,001 - £160,000	-	1
£210,000 - £220,000	1	-

Pension contributions of £45,465 were made to the above higher paid employees during the year ended 31 August 2016 (2015: £40,441 for higher paid employees).

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the directors and the executive management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £547,670 (2015:£505,854).

**11. RELATED PARTY TRANSACTIONS – DIRECTORS’ REMUNERATION AND EXPENSES**

The Chief Executive Officer (Ex-Officio Director) and a Staff Director/Interim Accounting Officer only receive remuneration in respect of services provided as the CEO and employee respectively and not in respect of any service as a director. Other directors do not receive any payments, other than expenses, from the LEAF Academy Trust in respect of their role as directors.

	2016	2015
LEAF Academy Trust		
CEO	£210,000 - £220,000	£140,001 - 150,000
Staff Director/Interim Accounting Officer	£75,001 - £80,000	£55,001 - 60,000

During the year ended 31 August 2016, travel and subsistence expenses totalling £1,774 (2015:£1,068) were reimbursed to four directors (2015: five directors).

Other related party transactions involving the Trustees are set out in note 25.

**12. DIRECTORS, GOVERNORS AND OFFICERS’ INSURANCE**

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect directors, 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 year ended 31 August 2016 was £3,020 (2015: £3,202).

The cost of this insurance is included in the governance legal and statutory fees.

**13. CENTRAL SERVICES**

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

- human resources;
- financial services;
- legal services;
- administration support services;
- technology support services;
- estates and facilities support services; and
- health and safety support services.

Shared services payroll costs and other related costs have been split between the Academies based on the % of GAG funding received against overall funding within the Trust

In addition to this the Trust introduced a 3% GAG funding top slice which commenced on 1 March 2016.

	GAG Funding %	Shared Services £'000	Top Slice 3% £'000
DYCA	72%	529	89
Manston St James	19%	140	24
Rothwell C of E	9%	66	11
	<hr/>	<hr/>	<hr/>
Total	100%	735	124
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**14. INTANGIBLE FIXED ASSETS**

	Computer Software 2016 £'000	Computer Software 2015 £'000
<b>Cost</b>		
At 1 September 2015	35	35
Additions	-	-
At 31 August 2016	<hr/> 35 <hr/>	<hr/> 35 <hr/>
<b>Amortisation</b>		
At 1 September 2015	22	18
Charged in year	4	4
At 31 August 2016	<hr/> 26 <hr/>	<hr/> 22 <hr/>
<b>Carrying amount</b>		
At 31 August 2015	13	17
At 31 August 2016	<hr/> 9 <hr/>	<hr/> 13 <hr/>

LEAF ACADEMY TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year ended 31 August 2016

15. TANGIBLE FIXED ASSETS

	Land £'000	Leasehold buildings £'000	Motor vehicles £'000	Fixtures & fittings £'000	ICT £'000	Total £'000
Cost	122	23,784	73	2,054	2,282	28,315
Additions	-	35	-	265	325	625
Disposals	-	-	(1)	(12)	(337)	(350)
At 31 August 2016	<u>122</u>	<u>23,819</u>	<u>72</u>	<u>2,307</u>	<u>2,270</u>	<u>28,590</u>
Depreciation						
At 1 September 2015	-	3,803	59	1,366	2,085	7,313
Charge for the year	-	498	5	212	144	859
Disposals	-	-	-	(9)	(328)	(337)
At 31 August 2016	<u>-</u>	<u>4,301</u>	<u>64</u>	<u>1,569</u>	<u>1,901</u>	<u>7,835</u>
Net book values						
At 31 August 2015	<u>122</u>	<u>19,981</u>	<u>14</u>	<u>688</u>	<u>197</u>	<u>21,002</u>
At 31 August 2016	<u>122</u>	<u>19,518</u>	<u>8</u>	<u>737</u>	<u>370</u>	<u>20,755</u>

**LEAF ACADEMY TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 August 2016**

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**16. INVESTMENT ASSETS**

Investments are stated in the balance sheet at the market value as at the balance sheet date. All movements in value arising from investment changes or revaluations are recognised in the statement of financial activities.

MOVEMENT IN INVESTMENT ASSET VALUE FOR THE YEAR	Total Funds 2016 £'000	Total Funds 2015 £'000
Balance Brought Forward at 1 September 2015	1,281	1,281
Additions:		
Dividend/Interest income	4	34
Disposals:		
Investment management charges	(1,264)	-
Gains/ (losses) on disposal	(11)	(19)
	(10)	(15)
Market Value at 31 August	-	1,281

GAINS/LOSSES ON REVALUATION OF INVESTMENT ASSETS	Total Funds 2016 £'000	Total Funds 2015 £'000
Realised gains/ (losses)	(10)	101
Unrealised gains	-	(116)
Total gains/ (losses) on revaluation of investment assets	(10)	(15)

During the period the LEAF Trust Board directed the Investment Management Company to liquidate the full investment portfolio. The official date that the portfolio was closed down was the 16<sup>th</sup> May 2016.

**17. DEBTORS**

	Total Funds 2016 £'000	Total Funds 2015 £'000
Trade Debtors	-	-
Other Debtors	145	35
Prepayments and Accrued Income	281	272
	426	307

**18. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Total Funds 2016 £'000	Total Funds 2015 £'000
Credit Card	-	6
Trade Creditors	325	284
Accruals and deferred income	424	421
Amounts owed to EFA	17	33
Other taxes and social security costs	138	124
Pensions	95	97
	<u>999</u>	<u>965</u>

**DEFERRED INCOME**

	Total Funds 2016 £'000	Total Funds 2015 £'000
Deferred income at 01 September 2015	154	167
Resources deferred in the year	152	91
Amounts released from previous years	(115)	(104)
	<u>191</u>	<u>154</u>

**LEAF ACADEMY TRUST**  
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**19. FUNDS: MOVEMENTS IN THE YEAR**

	Balance at 1 Sept 2015 £'000	Incoming Funds £'000	Outgoing Funds £'000	Transfers Between Funds £'000	Balance at 31 Aug 2016 £'000
<b>Restricted general funds</b>					
Restricted	762	9,370	(9,818)		314
Pension reserve	(1,294)	-	(2,343)	-	(3,637)
	(532)	9,370	(12,161)	-	(3,323)
<b>Restricted fixed asset funds</b>					
Capital Grant	14,974	4	(602)	625	15,001
Capital Asset Investment Fund/Capital Revenue Fund	1,281	-	(10)	(412)	859
Donated Assets	1,573	-	(97)		1,476
Devolved Formula Capital	406	37	(37)		406
CofE Capital Grant	1,194	-	(29)		1,165
Co-Location Fund	2,885	-	(135)		2,750
Total restricted fixed asset funds	22,313	41	(910)	213	21,657
Total restricted funds	21,781	9,411	(13,071)	213	18,334
Total unrestricted funds	592	368	(370)	(213)	377
Total funds	22,373	9,779	(13,441)	-	18,711

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of General Annual Grant that it could carry forward at 31 August 2016.

**Capital Grant**

The Capital Grant represents the remaining proportion of the original investment from the DfE to construct the David Young Community Academy. The restricted fund is subject to an annual depreciation charge based upon the Useful Economic Life (UEL) of the Academy buildings. The restricted fund and capital asset are depreciated at the same rate to reflect the consumption of economic benefit.

**Capital Assets Investment Funds**

This fund represented restricted funds which had been invested over the medium to long term to provide for large scale asset reinvestment. During the year the full portfolio of investments was liquidated and £0.412m was reinvested in capital items at DYCA leaving a balance of £0.859m to be carried forward.

**Donated Assets**

The donated assets represent the remaining proportion of the original in kind donation of Manston St James' fixed assets plus the transfer of assets from Rothwell C of E Primary School. The restricted fund is subject to an

annual depreciation charge based upon the Useful Economic Life (UEL) of the academy assets. The restricted fund and capital asset (excluding Investment Fund) are depreciated at the same rate to reflect the consumption of economic benefit.

#### **Devolved Formula Capital**

This is a grant provided by the DfE towards the replacement and renewal of assets held by the Academy Trust.

#### **Church of England Capital Grant**

This represents the remaining balance of the capital contribution made by the Diocese of Ripon and Leeds to the original build and fit out costs for the David Young Community Academy. A portion of the annual depreciation charge is also applied to this fund to account for the consumption of economic benefit derived through the assets purchased with the capital funds.

There are no further capital contributions due from the Diocese of Leeds.

#### **Co-Location Fund**

The Co-Location Fund represents the remaining balance of a capital grant issued by the DfE and other government departments to develop innovative ways to co-locate and integrate service delivery within challenging communities. The capital grant was used to construct the Moyes Centre. An explanation of the work undertaken by the centre can be found on page 6.

The Co-Location Fund and the asset are depreciated at the same rate to reflect the use of the building.

#### **Operational Grants and Sponsorship**

Operational Grants constitute the majority of the Academy Trust's revenue income and are predominantly restricted in nature. Grants are provided by the DfE via replicated funding formulae used by the Local Authority for all maintained schools. The use of these formulae ensures that academies receive exactly the same allocation of funds.

#### **Unrestricted Funds**

This is the revenue income generated by the Academy Trust throughout the year through the provision of consultancy services, unrestricted donations, and trading profits. These funds are held as a reserve for unforeseen expenditure/energy use.

Unrestricted funds can be transferred to restricted funds only with the consent of the Academy Trust.

#### **Designated Unrestricted Funds**

During the year the Academy Trust designated £0.5million of reserves toward school improvement projects across the Trust. At the yearend the following Academies had balances remaining of designated funds: DYCA Enil, Manston St James £9,617 and Rothwell CE Primary £27,703.

**LEAF ACADEMY TRUST**  
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**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	Total Funds 2016 £'000
David Young Community Academy	679
Manston St James Primary Academy	86
Rothwell C of E Primary Academy	(38)
	<hr/>
Total before fixed assets and pension reserve	727
Restricted fixed asset fund	21,657
Pension reserve	(3,637)
	<hr/>
Total	<u>18,747</u>

**20. ANALYSIS OF NET ASSETS**

	Restricted Fixed Asset Funds £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Intangibles	9	-	-	9	13
Tangibles Fixed assets	20,755	-	-	20,755	21,002
Investment assets	-	-	-	-	1,281
Net current assets	-	2,206	377	2,583	2,336
Net current liabilities	-	(963)	-	(963)	(965)
Pension scheme liability	-	(3,637)	-	(3,637)	(1,294)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	20,764	(2,394)	377	18,747	22,373
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**21. FINANCIAL COMMITMENTS**

Operating Leases

At 31 August 2016 the Academy Trust had annual commitments under an operating lease as follows:

	Total Funds 2016 £'000	Total Funds 2015 £'000
Land and Buildings		
Expiring within one year	45	45
Expiring within two and five years inclusive	18	62
Expiring over five years	29	30
	<hr/>	<hr/>
	92	137
	<hr/>	<hr/>



## 22. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(1,512)	(1,198)
Adjusted for:		
Amortisation [note 14]	4	4
Depreciation [note 15]	859	858
Capital grants from DfE and other capital income [note 4]	(37)	(36)
Interest receivable [note 6]	(36)	(52)
Defined benefit pension scheme cost less contributions payable [note 24]	148	169
Defined benefit pension scheme finance cost [note 24]	45	39
(Increase)/decrease in debtors [note 17]	(119)	295
Increase/(decrease) in creditors [note 18]	34	(115)
Unrealised loss on disposal of investments [note 16]	10	-
Fixed asset disposal [note 15]	13	(2)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>(591)</b>	<b>(38)</b>

### Cash flows from investing activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	36	52
Proceeds from sale of tangible fixed assets	(1)	2
Net proceeds from sale of investments	1,272	-
Purchase of tangible fixed assets	(625)	(195)
Capital grants from DfE/EFA	37	36
<b>Net cash provided by / (used in) investing activities</b>	<b>719</b>	<b>(105)</b>

### Analysis of cash and cash equivalents

	At 31 Aug 2016 £'000	At 31 Aug 2015 £'000
Cash in hand and at bank	1,837	1,518
Notice deposits (less than 3 months)	320	511
<b>Total cash and cash equivalents</b>	<b>2,157</b>	<b>2,029</b>

All cash flows are derived from continuing operations and acquisitions during the above two financial periods.

## 23. PENSIONS AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to three principal pension schemes. The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund, and the Church of England Pension Scheme, are all defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent

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

As described in Note 24, the LGPS obligation relates to employees of the Academy Trust who were the employees transferred as part of the sponsorship from the maintained school and the employees who were eligible to and did join the scheme in the year ended 31 August 2016. The obligation in respect of employees who transferred on sponsorship represents their cumulative service at both the predecessor school and the Academy Trust as at the balance sheet date.

## **TEACHERS' PENSION**

### **Introduction**

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £817,945 in 2016 (2015: £873,137).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

## 24. 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 2016 was £0.251m of which employer's contributions totalled £0.109m and employees' contributions totalled £0.360m. The agreed contribution rates for future years are:

DYCA	12.00% for employers
Manston	15.20% for employers
Rothwell	20.10% for employers

The employee rate ranges between 5.5% and 12.5% depending on annual salary.

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.

Manston St James previously entered into an agreement to make additional annual payments of £10,700 in addition to nominal funding levels. It is expected that the additional payments will continue until the Academy has been re-brokered into the new Trust and potentially for as long as there is a deficit.

### ACTUARIAL ASSUMPTIONS

	2016	2015
Rate of inflation (RPI)	3.0%	3.2%
Rate of inflation (CPI)	1.9%	2.1%
Rate of increase in salaries	3.4%	3.6%
Rate of increase in pensions	1.9%	2.1%
Rate of revaluation of pensions	1.9%	2.1%
Discount rate for liabilities	2.0%	3.8%

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5

The assumed life expectations on retirement age 55 are:

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	24.9	24.8
Females	28	27.8

### INVESTMENT CATEGORIES

	Expected rate of return 2015	Split of assets between investment categories
Equities	75.1%	75.9%
Government Bonds	11.2%	10.4%
Corporate Bonds	4.2%	4.6%
Property	4.8%	4.5%
Cash/liquidity	1.4%	1.5%
Other	3.3%	3.1%

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**Amount recognised in the statement of financial activities**

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	(148)	(168)
Net interest cost	(45)	(39)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
	<hr/>	<hr/>
Total operating charge	(193)	(207)
	<hr/>	<hr/>

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

	2016 £'000	2015 £'000
<b>At 1 September</b>	6,146	5,636
Upon conversion	-	-
Current service cost	380	411
Interest cost	233	210
Employee contributions	109	113
Actuarial (gain)/loss	2,903	(170)
Benefits paid	(116)	(54)
Plan introductions, benefit changes, curtailments and settlements	19	-
	<hr/>	<hr/>
<b>At 31 August</b>	9,674	6,146
	<hr/>	<hr/>

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

	2016 £'000	2015 £'000
<b>At 1 September</b>	4,852	4,484
Upon conversion	-	-
Interest income	188	171
Return on plan assets (excluding net interest on the net defined pension liability)	-	-
Actuarial gain/(loss)	753	(105)
Employer contributions	251	243
Employee contributions	109	113
Benefits paid	(116)	(54)
Plan introductions, benefit changes, curtailments and settlements	-	-
	<hr/>	<hr/>
<b>At 31 August</b>	6,037	4,852
	<hr/>	<hr/>

## **25. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the period of account:

The Academy Trust made a donation to Citizens UK Charity for £5,000 (2015:£10,000) during the year ended 31 August 2016, a Director of which served on the Board of Directors in her role as CEO for the Trust. She left the employment of the Trust on 31 December 2015.

The Academy Trust was charged a total of £800 (2015:£1,280) during the year ended 31 August 2016 for the provision of educational services by D: Side charity, a trustee of which served on the Board of Directors. He resigned on 23<sup>rd</sup> September 2014 but remains a Principal, performs an advisory role to the Board and was the appointed Accounting Officer for the Trust between 6 January 2016 and 19 July 2016.

The Academy Trust was charged a total of £11,335 (2015:£22) during the year ended 31 August 2016 for the provision of advice and professional services by Wrigley's Solicitors LLP, a member of which served on the Board of Directors. She ceased being a partner at Wrigley's LLP on 30 April 2015 and resigned from the Board on 17 November 2015.

The Academy Trust was charged a total of £16,334 (2015:£nil) during the year ended 31 August 2016 by the Abbey Multi Academy Trust, for the recharge of Chief Executive Officer and Director of Finance time spent in the lead up to the re-brokerage, and a further £17,950 (2015: £nil) towards Avec Partnership Ltd's Due Diligence costs regarding the re-brokering of the LEAF Trust into the Abbey MAT. Post yearend the CEO of the Abbey MAT was granted de facto CEO status by the Board as an interim measure ahead of the re-brokering.

The Academy Trust was charged a total of £2,995 (2015: £nil) during the year ended 31 August 2016 by the Educational Development Limited a company owned by the Diocese of Leeds, for which a Member served on the Board of Directors during the year.

## **26. INVESTMENT IN SUBSIDIARY UNDERTAKING**

During the year the Academy Trust held the whole of the issued share capital of DYCA Trading Limited comprising of 1 share of £1. The company did not trade during the year and the decision was made to dissolve the company on 14 June 2016. Previously the principal activities included the sales of school clothing and the hire of facilities to the local community.

During the year ended 31 August 2016, DYCA Trading Limited had generated a turnover of nil (2015: nil) and nil (2015: nil) operating profit.

## **27. AGENCY ARRANGEMENTS**

The Academy Trust administers the disbursement of the new discretionary support for learners 16-19 Bursary funds, on behalf of the EFA. In the year there was a brought forward amount of £11,766, making a total of £27,003 received (2015: £27,708). A total of £21,838 (2015: £15,942) was disbursed, leaving an amount of £16,931 (2015: £11,766) at 31 August 2016 repayable by the Academy Trust and included within creditors.

## **28. STATEMENT OF ACCOUNTING POLICIES: BASIS OF PREPARATION**

### **First time adoption of FRS 102**

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These financial statements are the first financial statements of LEAF Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of LEAF Academy Trust for the year ended 31 August 2016 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included below:

**Explanation of transition to FRS 102**

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

<b>Reconciliation of total funds</b>	<b>Notes</b>	<b>1 Sept 2014 £'000</b>	<b>31 Aug 2015 £'000</b>
Total funds under previous UK GAAP		23,506	22,373
Changes under FRS 102			
Total funds reported under FRS 102		23,506	22,373

<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>	<b>31 Aug 2015 £'000</b>
Net income/(expenditure) previously reported under UK GAAP		(1,051)
Change in recognition of LGPS interest cost	A	(119)
Change in Employer contributions/Service costs	A	(13)
Change in recognition of Actuarial Gains/(losses)	A	132
Change in recognition of software licenses	B	
Net movement in funds reported under FRS 102		-

**A - Change in recognition of actuarial adjustments**

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the Income of £80k to an expense of £39k, to increase the current service cost by £13k and to increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

**B - Change in recognition of software licences**

Under previous UK GAAP software licences were included within tangible fixed assets; under FRS 102 any software licences which can be categorised as separable from hardware should be recognised as intangible fixed assets. On this basis licences have been moved at their NBV as of 1 September 2014. There has been no impact on either net income/expenditure or funds for the period.

**C - Change in disclosure of commitments under operating leases**

Under previous UK GAAP commitments under operating leases were disclosed on an annual basis. Under FRS +6102 disclosure now shows expected future minimum lease payments over the remaining life of the lease. This is a disclosure item only and has no impact on either net income/expenditure or funds for the period.