

Company Registration No. 10028278 (England and Wales)

LEADING LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

LEADING LEARNING TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Directors report	3 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of Directors responsibilities	13
Independent auditor's report on the financial statements	14 - 16
Independent reporting accountant's report on regularity	17 - 18
Statement of financial activities including income and expenditure account	19 - 20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements including accounting policies	23 - 42

LEADING LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

S Loganathan
C Alexander
M Ogbuonye

Directors

C Alexander
Dr S Hsu
S Loganathan (Chair)
E Nicholls (Accounting Officer)
A Saunders
Dr M Siddique
J Waine

Senior management team

E Nicholls	- CEO (from 1/9/18) Executive Headteacher - Selwyn
J Waine	- Portway Headteacher
S Chudley	- Portway Deputy Headteacher
M Constable	- Portway Deputy Headteacher (to 31/12/17)
L Brothwell	- Portway Assistant Headteacher
L Prime (Nee Jenkinson)	- Portway Assistant Headteacher
G Hall	- Portway Assistant Headteacher
D Genn	- Portway Assistant Headteacher (to 31/08/18)
H Mawer	- Selwyn Headteacher (from 1/09/18)
C Stewart	- Selwyn Executive Deputy Headteacher
S Monaghan	- Selwyn Executive Deputy Headteacher
G Grant	- Selwyn School Business Manager
A Boston-Mammah	- Finance Director
M Jacobs	- Trust Business and Finance Lead

Company registration number

10028278 (England and Wales)

Registered office

Selwyn Primary School
Cecil Road
London
E13 0LX

LEADING LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

Leading Learning Trust
Selwyn Primary School
Portway Primary School

Location

Plaistow
Plaistow
Plaistow

Headteacher

H Mawer (from 1/9/18)
J Waine

Independent auditor

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

Bankers

Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

LEADING LEARNING TRUST

DIRECTORS REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and independent auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust Accounts comprises of a central Academy Trust budget and two Academies servicing catchment areas in the London Borough of Newham.

- Selwyn Primary school, age 3-11 mainstream primary school, approximately 500 pupils capacity and 460 currently on roll.
- Portway Primary school, age 3-11 mainstream primary school, approximately 900 pupils capacity and 515 pupils currently on roll.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 10028278) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Directors act as the Trustees for the charitable activities of Leading Learning Trust. The charitable company is known as The Leading Learning Trust. Details of the Directors who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

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

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

Members' liability

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

Method of recruitment and appointment or election of Directors

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

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

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

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

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

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of Directors

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

Organisational structure

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

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

The Standards Improvement Board (SIB) is a sub-committee of the Trust Board established for all schools in the Trust. The SIB has primary responsibilities for ensuring on behalf of Trustees that the senior leadership team and local governing bodies are held to account for the sustainable improvement of the schools to achieve the targets set by the Trust Board and for the well-being of pupils. The Standards Improvement Board focuses on formal performance data, within the context of the Ofsted framework for school inspection.

The Finance, Audit and Risk Management committee (FARM) is a sub-committee of the Trust Board responsible for the financial oversight of the Trust. The committee supports the Trust Board in all aspects of financial decision-making.

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

Local Governing Bodies are responsible for the financial oversight of their schools and holding their Headteacher to account for the performance of the school.

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

Arrangements for setting pay and remuneration of key management personnel

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

Objectives and activities

Objects and aims

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

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

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

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

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

Public benefit

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

Admissions arrangements

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

Strategic report

Achievements and performance

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

Current pupil assessments show that the Trust's schools are on track to meet their targets in all main achievement measures.

Key performance indicators

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

- The effectiveness of leadership and management
- The quality of teaching, learning and assessment
- Personal development, behaviour and welfare
- Outcomes for pupils
- The effectiveness of the early years provision

In addition, inspectors must consider:

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

Going concern

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

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2018, total expenditure of £8,441 (2017: 8,232k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding pension deficit on conversion, restricted fixed asset funds and transfers to restricted fixed asset funds) was a deficit of £116k (2017: surplus £265k). This deficit includes the FRS102 (LGPS) costs of £459k.

At 31 August 2018 the net book value of fixed assets was £18,805k (2017: £18,586k). Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme, in which the Academy Trust participates, showed a deficit of £3,438k (2017: £3,650k) at 31 August 2018.

Reserves policy

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

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

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of unrestricted reserves is £495k (2017: £395k) (total funds less the amount held in fixed assets and restricted funds).

To ensure the Trust achieves the target level of unrestricted reserves as indicated above, the Directors have resolved to closely monitor the level of free reserves throughout the year and take necessary steps during future planning exercises to cover the shortfall.

The total reserves balance at 31st August 2018 of £16,781k (2017:£15,878k) comprises unrestricted funds of £495k (2017: £395k), restricted fixed assets funds of £18,805k (2017: £18,586k) and other restricted funds £919k (2017: £547k) and pension fund deficit of £3,438k (2017: £3,650k)

Investment policy

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

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

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

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

Falling pupil numbers:

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

Schools fail to meet Floor Standards at the end of Key stage 2:

- Termly Head teacher report to Directors on current cohort data
- Termly School Improvement Board (SIB) meetings
- Annual School Development Planning to address areas of weakness with termly reviews
- Half termly tracking of pupil data by school leaders with further action
- Targeted intervention
- Cross-school moderation of pupil work samples/accuracy of school data
- Local Authority moderation
- Regular Teaching and Learning Reviews using external head teachers/consultants

Capital builds/expansion:

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

Financial and risk management objectives and policies

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

- change in legislation
- potential of reduced funding and cash flow
- reduction in student numbers

A risk arises in relation to the Local Government Pension scheme, due to the fact that there is a deficit of £3,438k (2017: £3,650k)

LEADING LEARNING TRUST

DIRECTORS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The Leading Learning Trust will work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills so as to increase the number of opportunities open to its students when they move on to the next stage in their education and ultimately employment. Directors recognise that through good financial management they should be able to maintain and improve the quality of the built environment of the Trust's schools including staff and student facilities.

A planned maintenance programme has been developed to help maintain and improve the Trust's schools' facilities.

A Capital works programme funded by the Local Authority, LBN, commenced at Selwyn school in July 2016 and is due for completion in February 2019. The existing school entrance has been reformed into two additional teaching spaces that would aim to take bulge classes if the need arises in the future. The current nursery building has been demolished and is being re-built to include a new nursery and reception provision. In addition, a new school entrance including new offices, reception area and deaf provision teaching and administration areas will be built alongside the current Year 1/2 and nursery classrooms.

The Trust has growth plans and subject to the outcome of further discussions, it plans to include another school within the Trust in 2019 or beyond.

Auditor

In so far as the Directors are aware:

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

The Directors report, incorporating a strategic report, was approved by order of the Board of Directors, as the company Directors, on 13 March 2018 and signed on its behalf by:

S Loganathan
Chair

LEADING LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

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

Governance

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

Directors	Meetings attended	Out of possible
C Alexander	3	5
Dr S Hsu	5	5
S Loganathan (Chair)	5	5
E Nicholls (Accounting Officer)	5	5
A Saunders	5	5
Dr M Siddique	4	5
J Waine	4	5

There were no changes to Board membership in 2017/18.

The Trust conducted a self evaluation of Governance using the ICSA Academy School Governance Maturity Matrix, including a skills audit, in 2016/17 and the Trustees continued to implement the recommendations from the governance self assessment review throughout 2017/18. During the year the Board started the process of establishing the Trust's strategic priorities for 2019-23. These priorities include improving governance and the deliverables in this element of the plan are to :

- Ensure open, honest and transparent decision making;
- Ensure the governance model remains fit for purpose;
- Improve information sharing and intercommunications;
- Ensure that the local governing bodies are sufficiently skilled, well equipped and balanced;
- Achieve accreditation for excellence in governance.

The Board plans to assess its performance against these deliverables.

The Trust Board also plans to review its approach to Risk Management in 2018/19.

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

LEADING LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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

Directors	Meetings attended	Out of possible
S Loganathan	5	5
E Nicholls (Accounting Officer)	5	5
Dr M Siddique	3	5

Review of value for money

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

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

- Reducing the achievement gap between disadvantaged and non-disadvantaged children.
- Reducing use of agency staff across the Trust and employing permanent staff with clear lines of accountability.
- Introducing Easter Holiday Schools and outside hours teaching which provided the opportunity for pupils throughout the Trust to improve performance.
- Reviewing staffing levels in both schools and making significant savings in leadership and support levels such as the development of SBM specialism posts, IT management, site supervision and internal design/display.
- Where appropriate, having Trust-wide service level agreements to reduce costs for services.
- Identifying in conjunction with the Finance, Audit and Risk Management committee areas for improvement and acting on them.
- Bringing in a number of financial processes in-house and reducing audit costs significantly.
- Engaging with external providers and following its best value statement in the procurement of contracts across all schools.
- Commissioning a project manager to research possible funding streams for capital improvements and resourcing.
- Providing opportunities for training across the Trust using in-house specialists.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control in place at the Leading Learning Trust for the period 1 September 2017 to 31 August 2018 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 Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

LEADING LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 Finance, Audit and Risk Management Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint a responsible officer. However the Directors have appointed Wilkins Kennedy , to carry out the role of internal auditor. This role is carried out by a separate team at Wilkins Kennedy with no connection to the external audit team. This is to ensure the reviews are carried out independently.

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

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

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the 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 Finance, Audit and Risk Management Committee/audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 13 March 2018 and signed on its behalf by:

S Loganathan
Chair

E Nicholls
Accounting Officer

LEADING LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As Accounting Officer of Leading Learning Trust I have considered my responsibility to notify the Academy Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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

E Nicholls
Accounting Officer

13 March 2018

LEADING LEARNING TRUST

STATEMENT OF DIRECTORS RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the 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 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Directors on 13 March 2018 and signed on its behalf by:

S Loganathan
Chair

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Leading Learning Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

**Michelle Wilkes (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services**

17 December 2018

Statutory Auditor

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

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 18 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Leading Learning Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Leading Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Leading Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Leading Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Leading Learning Trust's funding agreement with the Secretary of State for Education dated 1 May 2016 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

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

Dated: 17 December 2018

LEADING LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General Fixed asset £'000 £'000		Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	11	-	599	610	100
Charitable activities:						
- Funding for educational operations	4	-	7,933	-	7,933	8,134
Other trading activities	5	129	-	-	129	159
Investments	6	1	-	-	1	1
Total		<u>141</u>	<u>7,933</u>	<u>599</u>	<u>8,673</u>	<u>8,394</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	-	8,190	251	8,441	8,232
Total	7	<u>-</u>	<u>8,190</u>	<u>251</u>	<u>8,441</u>	<u>8,232</u>
Net income/(expenditure)		141	(257)	348	232	162
Transfers between funds	18	(41)	167	(126)	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	20	-	671	-	671	263
Net movement in funds		100	581	222	903	425
Reconciliation of funds						
Total funds brought forward		395	(3,103)	18,586	15,878	15,453
Total funds carried forward		<u>495</u>	<u>(2,522)</u>	<u>18,808</u>	<u>16,781</u>	<u>15,878</u>

LEADING LEARNING TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted	Restricted funds:		Total
		Funds	General	Fixed asset	2017
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	14	-	86	100
Charitable activities:					
- Funding for educational operations	4	-	8,134	-	8,134
Other trading activities	5	159	-	-	159
Investments	6	1	-	-	1
Total		<u>174</u>	<u>8,134</u>	<u>86</u>	<u>8,394</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	-	8,043	189	8,232
Total	7	<u>-</u>	<u>8,043</u>	<u>189</u>	<u>8,232</u>
Net income/(expenditure)		174	91	(103)	162
Transfers between funds	18	(259)	115	144	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	263	-	263
Net movement in funds		<u>(85)</u>	<u>469</u>	<u>41</u>	<u>425</u>
Reconciliation of funds					
Total funds brought forward		<u>480</u>	<u>(3,572)</u>	<u>18,545</u>	<u>15,453</u>
Total funds carried forward		<u>395</u>	<u>(3,103)</u>	<u>18,586</u>	<u>15,878</u>

LEADING LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		18,805		18,586
Current assets					
Debtors	15	365		478	
Cash at bank and in hand		2,627		1,058	
		<u>2,992</u>		<u>1,536</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,578)		(594)	
Net current assets			<u>1,414</u>		<u>942</u>
Net assets excluding pension liability			20,219		19,528
Defined benefit pension scheme liability	20		(3,438)		(3,650)
Net assets			<u>16,781</u>		<u>15,878</u>
Funds of the Academy Trust:					
Restricted funds	18				
- Fixed asset funds			18,808		18,586
- Restricted income funds			916		547
- Pension reserve			(3,438)		(3,650)
Total restricted funds			<u>16,286</u>		<u>15,483</u>
Unrestricted income funds	18		<u>495</u>		<u>395</u>
Total funds			<u>16,781</u>		<u>15,878</u>

The financial statements on pages 19 to 42 were approved by the Directors and authorised for issue on 13 March 2018 and are signed on their behalf by:

S Loganathan
Chair

Company Number 10028278

LEADING LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	21		1,479		1,170
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		559		86	
Purchase of tangible fixed assets		(470)		(230)	
Net cash provided by/(used in) investing activities			90		(143)
Net increase in cash and cash equivalents in the reporting period			1,569		1,027
Cash and cash equivalents at beginning of the year			1,058		31
Cash and cash equivalents at end of the year			2,627		1,058

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Leading Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Donations

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

Other income

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Donated goods, facilities and services

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

Donated fixed assets

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

Interest receivable

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

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

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

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

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

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

1.6 Liabilities

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

1.7 Leasing commitments

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

1.8 Financial instruments

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

Financial assets

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

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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.

1.11 Fund accounting

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

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

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

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

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

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	599	599	86
Other donations	11	-	11	14
	<u>11</u>	<u>599</u>	<u>610</u>	<u>100</u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	5,917	5,917	5,729
Other DfE group grants	-	466	466	711
	-	6,383	6,383	6,440
Other government grants				
Local authority grants	-	844	844	1,101
Other government grants	-	706	706	593
	-	1,550	1,550	1,694
Total funding	-	7,933	7,933	8,134

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Catering income	5	-	5	4
Extended Schools	65	-	65	101
Other income	59	-	59	54
	129	-	129	159

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	1	-	1	1

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	5,117	154	455	5,726	5,853
- Allocated support costs	963	788	964	2,715	2,379
	<u>6,080</u>	<u>942</u>	<u>1,419</u>	<u>8,441</u>	<u>8,232</u>
Net income/(expenditure) for the year includes:				2018 £'000	2017 £'000
Fees payable to auditor for:					
- Audit				11	10
- Other services				4	4
Depreciation of tangible fixed assets				251	189
Net interest on defined benefit pension liability				91	77
				<u>91</u>	<u>77</u>

8 Central services

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

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

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

- 5% of overall income of school

The amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Leading Learning Trust	-	-
Selwyn Primary School	166	169
Portway Primary School	234	240
	<u>400</u>	<u>409</u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities	2018	2017
All from restricted funds:	£'000	£'000
Direct costs		
Educational operations	5,726	5,853
Support costs		
Educational operations	2,715	2,379
	<u>8,441</u>	<u>8,232</u>
	<u><u>8,441</u></u>	<u><u>8,232</u></u>
	2018	2017
	£'000	£'000
Analysis of support costs		
Support staff costs	963	711
Depreciation	97	43
Technology costs	91	111
Premises costs	691	583
Other support costs	852	910
Governance costs	21	21
	<u>2,715</u>	<u>2,379</u>
	<u><u>2,715</u></u>	<u><u>2,379</u></u>
10 Governance costs	Total	Total
All from restricted funds:	2018	2017
	£'000	£'000
Amounts included in support costs		
Legal and professional fees	6	7
Auditor's remuneration		
- Audit of financial statements	11	10
- Other audit costs	4	4
	<u>21</u>	<u>21</u>
	<u><u>21</u></u>	<u><u>21</u></u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

11 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£'000	£'000
Wages and salaries	4,310	4,111
Social security costs	427	396
Pension costs	971	796
	<hr/>	<hr/>
Staff costs	5,708	5,303
Agency staff costs	294	620
Staff restructuring costs	32	21
Staff development and other staff costs	46	54
	<hr/>	<hr/>
Total staff expenditure	6,080	5,998
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

Redundancy payments	32	21
	<hr/> <hr/>	<hr/> <hr/>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £32k (2017: £21k). Individually, the payments were: £20k, £6k and £6k.

Staff numbers

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

	2018	2017
	Number	Number
Teachers	51	44
Administration and support	100	103
Management	12	10
	<hr/>	<hr/>
	163	157
	<hr/> <hr/>	<hr/> <hr/>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

11 Staff

(Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,000- £70,000	-	2
£70,001 - £80,000	4	4
£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	=====	=====

Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £760k (2017: £731k)

12 Directors remuneration and expenses

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

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

E Nicholls (CEO):

- Remuneration £120,00 - £125,000 (2017: £110,000 - £115,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

J Waine (Portway School Headteacher):

- Remuneration £85,000 - £90,000 (2017: £70,000 - £75,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £5,000 - £10,000)

During the year, no travel costs (2017: £nil) were reimbursed or paid directly to any Directors.

Other related party transactions involving the Directors are set out within the related parties note.

13 Directors and officers insurance

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	18,516	99	211	18,826
Additions	374	19	77	470
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	18,890	118	288	19,296
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2017	194	20	26	240
Charge for the year	154	39	58	251
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	348	59	84	491
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2018	18,542	59	204	18,805
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	18,322	79	185	18,586
	<hr/>	<hr/>	<hr/>	<hr/>

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

15 Debtors

	2018 £'000	2017 £'000
VAT recoverable	173	135
Other debtors	23	170
Prepayments and accrued income	169	173
	<hr/>	<hr/>
	365	478
	<hr/>	<hr/>

16 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	510	89
Other taxation and social security	110	103
Other creditors	152	125
Accruals and deferred income	806	277
	<hr/>	<hr/>
	1,578	594
	<hr/>	<hr/>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

17	Deferred income	2018	2017
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	273	62
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	62	-
	Released from previous years	(62)	-
	Resources deferred in the year	273	62
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	273	62
		<u> </u>	<u> </u>

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

18	Funds	Balance at		Gains,	Balance at	
		1 September	Income	losses and	31 August	
		2017	Expenditure	transfers	2018	
		£'000	£'000	£'000	£'000	
	Restricted general funds					
	General Annual Grant (GAG)	547	5,917	(5,715)	167	916
	Other DfE / ESFA grants	-	466	(466)	-	-
	Other government grants	-	1,550	(1,550)	-	-
	Pension reserve	(3,650)	-	(459)	671	(3,438)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		(3,103)	7,933	(8,190)	838	(2,522)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Restricted fixed asset funds					
	DfE group capital grants	-	599	-	(599)	-
	General fixed asset fund	18,586	-	(251)	473	18,808
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
		18,586	599	(251)	(126)	18,808
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total restricted funds	15,483	8,532	(8,441)	712	16,286
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Unrestricted funds					
	General funds	395	141	-	(41)	495
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Total funds	15,878	8,673	(8,441)	671	16,781
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/EFA grants: This includes the pupil premium.

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

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

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	5,729	(5,297)	115	547
Other DfE / ESFA grants	-	711	(711)	-	-
Other government grants	-	1,694	(1,694)	-	-
Pension reserve	(3,572)	-	(341)	263	(3,650)
	(3,572)	8,134	(8,043)	378	(3,103)
Restricted fixed asset funds					
DfE group capital grants	-	86	-	(86)	-
General fixed asset fund	18,545	-	(189)	230	18,586
	18,545	86	(189)	144	18,586
Total restricted funds	14,973	8,220	(8,232)	522	15,483
Unrestricted funds					
General funds	480	174	-	(259)	395
Total funds	15,453	8,394	(8,232)	263	15,878

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	11,646	(11,012)	282	916
Other DfE / ESFA grants	-	1,177	(1,177)	-	-
Other government grants	-	3,244	(3,244)	-	-
Pension reserve	(3,572)	-	(800)	934	(3,438)
	<u>(3,572)</u>	<u>16,067</u>	<u>(16,233)</u>	<u>1,216</u>	<u>(2,522)</u>
Restricted fixed asset funds					
DfE group capital grants	-	685	-	(685)	-
General fixed asset fund	18,545	-	(440)	703	18,808
	<u>18,545</u>	<u>685</u>	<u>(440)</u>	<u>18</u>	<u>18,808</u>
Total restricted funds	<u>14,973</u>	<u>16,752</u>	<u>(16,673)</u>	<u>1,234</u>	<u>16,286</u>
Unrestricted funds					
General funds	480	315	-	(300)	495
	<u>480</u>	<u>315</u>	<u>-</u>	<u>(300)</u>	<u>495</u>
Total funds	<u>15,453</u>	<u>17,067</u>	<u>(16,673)</u>	<u>934</u>	<u>16,781</u>

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Leading Learning Trust	147	133
Selwyn Primary School	(136)	(70)
Portway Primary School	1,404	879
	<u>1,415</u>	<u>942</u>
Total before fixed assets fund and pension reserve	1,415	942
Restricted fixed asset fund	18,808	18,586
Pension reserve	(3,438)	(3,650)
	<u>16,785</u>	<u>15,878</u>
Total funds	<u>16,785</u>	<u>15,878</u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Leading Learning Trust	161	85	-	232	478
Selwyn Primary School	2,341	574	36	894	3,845
Portway Primary School	2,568	305	64	927	3,864
	<u>5,070</u>	<u>964</u>	<u>100</u>	<u>2,053</u>	<u>8,187</u>

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	18,805	18,805
Current assets	495	2,497	-	2,992
Creditors falling due within one year	-	(1,578)	-	(1,578)
Defined benefit pension liability	-	(3,438)	-	(3,438)
Total net assets	<u>495</u>	<u>(2,519)</u>	<u>18,805</u>	<u>16,781</u>
Balance to allocate	-	(3)	3	-
Per balance sheet	495	(2,522)	18,808	16,781

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	18,586	18,586
Current assets	395	1,141	-	1,536
Creditors falling due within one year	-	(594)	-	(594)
Defined benefit pension liability	-	(3,650)	-	(3,650)
Total net assets	<u>395</u>	<u>(3,103)</u>	<u>18,586</u>	<u>15,878</u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £70k (2017: £65k) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £112k.

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

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.2% for employers and 17.2% for employees.

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

Total contributions made	2018	2017
	£'000	£'000
Employer's contributions	251	194
Employees' contributions	89	65
	<u> </u>	<u> </u>
Total contributions	340	259
	<u> </u>	<u> </u>
Principal actuarial assumptions	2018	2017
	%	%
Rate of increase in salaries	3.8	4.2
Rate of increase for pensions in payment/inflation	2.3	2.7
Discount rate for scheme liabilities	2.6	2.6
	<u> </u>	<u> </u>

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

	2018	2017
	Years	Years
Retiring today		
- Males	22.7	22.6
- Females	25.2	25.1
Retiring in 20 years		
- Males	24.9	24.8
- Females	27.5	27.4
	<u> </u>	<u> </u>
	2018	2017
	£'000	£'000
Discount rate + 0.1%	(526)	(125)
Discount rate - 0.1%	554	129
Mortality assumption + 1 year	557	156
Mortality assumption - 1 year	(523)	(151)
Salary + 0.1%	540	18
Salary - 0.1%	(540)	(18)

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations	(Continued)	
	=====	=====
Defined benefit pension scheme net liability		
Scheme assets	1,646	1,247
Scheme obligations	(5,084)	(4,897)
Net liability	(3,438)	(3,650)
	=====	=====
The Academy Trust's share of the assets in the scheme	2018	2017
	Fair value	Fair value
	£'000	£'000
Equities	977	723
Bonds	157	112
Cash	120	218
Alternative Assets	177	55
Property	159	81
Other assets	56	58
Total market value of assets	1,646	1,247
	=====	=====
The actual return on scheme assets was £78,000 (2017: £119,000).		
Amount recognised in the Statement of Financial Activities	2018	2017
	£'000	£'000
Current service cost	618	449
Past service cost	-	9
Interest income	(37)	(22)
Interest cost	128	99
Administration expenses	1	-
Total operating charge	710	535
	=====	=====

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations	(Continued)	
Changes in the present value of defined benefit obligations	2018	2017
	£'000	£'000
At 1 September 2017	4,897	4,442
Current service cost	618	449
Interest cost	128	98
Employee contributions	89	65
Actuarial gain	(630)	(166)
Benefits paid	(19)	-
Past service cost	-	9
Effect of non-routine settlements and administration expenses	1	-
	<u>5,084</u>	<u>4,897</u>
	<u><u>5,084</u></u>	<u><u>4,897</u></u>
Changes in the fair value of the Academy Trust's share of scheme assets	2018	2017
	£'000	£'000
At 1 September 2017	1,247	870
Interest income	37	22
Actuarial gain	41	97
Employer contributions	251	194
Employee contributions	89	65
Benefits paid	(19)	-
Effect of non-routine settlements	-	(1)
	<u>1,646</u>	<u>1,247</u>
	<u><u>1,646</u></u>	<u><u>1,247</u></u>
21 Reconciliation of net income to net cash flow from operating activities	2018	2017
	£'000	£'000
Net income for the reporting period (as per the Statement of Financial Activities)	232	162
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(599)	(86)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	368	264
Defined benefit pension net finance cost	91	77
Depreciation of tangible fixed assets	251	189
Decrease in debtors	153	601
Increase/(decrease) in creditors	984	(36)
	<u>1,479</u>	<u>1,170</u>
Net cash provided by operating activities	<u><u>1,479</u></u>	<u><u>1,170</u></u>

LEADING LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Contingent liabilities

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

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

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

23 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Directors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

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

24 Members' liability

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