

Financial Statements

Diocese of Leicester Academies

Trust

For the Year Ended 31 August 2016

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Reference and Administrative Details of the Academy, its Trustees and Advisers

For the Year Ended 31 August 2016

**Members, Trustees and
Directors**

Mrs S N Bracey, Member and Chair of Academy Trustees
Reverend P O'Reilly, Member and Non-Executive Academy Trustee (appointed 21 April 2016)
Reverend P Watson, Member and Non-Executive Academy Trustee (appointed 21 April 2016)
Venerable D Newman, Member and Non-Executive Academy Trustee
Mrs C Lewis *, (resigned as Chief Executive and Accounting officer 31 August 2016)
Mr D W Kerr *, (resigned 12 April 2016)
Mr I E Sharpe *, Senior Officer Business and Buildings
Mrs D Wright
Mr D Morris, Chief Executive and Accounting Officer (appointed 1 September 2016)
Mrs S Uprichard *
Reverend R Curtis
Mr A C Stanford, (resigned 29 October 2015)
Mrs L Hawkes *, (resigned 31 August 2016)
Mrs M Dobinson, (appointed 1 February 2016)
Dr R Harries, Non-Executive Academy Trustee (resigned 21 April 2016)
Mr J Kirkham, Non-Executive Academy Trustee (resigned 21 April 2016)

* Members of the Business and Management Group

**Company registered
number**

08138372

Company name

Diocese of Leicester Academies Trust

**Principal and registered
office**

St Martins House
7 Peacock Lane
Leicester
LE1 5PZ

Reference and Administrative Details of the Academy, its Trustees and Advisers

For the Year Ended 31 August 2016

Advisers (continued)

Senior management team

Mrs S Deackes, Headteacher - St Mary CoE Primary School (retired 31 August 2016)
Miss J Westaby, Headteacher - Barlestone CoE Primary School
Mrs Hickinbottom, Headteacher - Weavers Close CoE Primary School (resigned
31 December 2015)
Mrs L Gilchrist, Headteacher - Higham on the Hill CoE Primary School
Miss F Buchan, Headteacher - St Peter and St Paul CoE Academy
Mrs A H Harvey, Headteacher - Croxton Kerrial CoE Primary School and
Wymondham CoE Primary School
Mr P Wiggin, Headteacher - Tugby CoE Primary School
Mr D Williams, Headteacher - Christ Church and St Peter's CoE Primary School
Mrs J Hopkins, Headteacher - Redmile CoE Primary School and Waltham-on-the-Wolds
CoE Primary School
Mr D Morris, Chief Executive and Accounting Officer (appointed 1 September 2016)
Mrs C Lewis, Chief Executive and Accounting Officer (resigned 31 August 2016)
Mr M Morris, Senior Officer Governance and Admissions
Mr I E Sharpe, Senior Officer Business and Buildings
Mrs K Allen, Interim headteacher - Weavers Close CoE Primary School (appointed
1 January 2016)
Mr R Wood, Senior Officer School Effectiveness (appointed 1 September 2015)

Company secretary

Mr I E Sharpe

Company Clerk

Mr G Hornsby and Mrs K Miller

Independent auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Regent House
80 Regent Road
Leicester
LE1 7NH

Bankers

Lloyds Bank
7 High Street
Leicester
LE1 9FS

Solicitors

Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

Trustees' Report

For the Year Ended 31 August 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's Report of Diocese of Leicester Academies Trust (the Academy Trust) for the year ended 31 August 2016. The Trustees confirm that the Annual Report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of Diocese of Leicester Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Diocese of Leicester Academies Trust (DLAT).

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

b. 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.

c. Method of recruitment and appointment or election of Trustees

The management of the Academy Trust is the responsibility of the Academy Trustees who are elected and co-opted under the terms of the Articles of Association.

Trustees' Report (continued)

For the Year Ended 31 August 2016

d. Policies and procedures adopted for the induction and training of Trustees

As Academy Trusts are charitable companies limited by guarantee, the Board of Directors of the DLAT must comply with duties under both charity and company law, despite the fact they will be delegating some responsibility to the Local Governing Bodies of academies.

Duties as a Company Director:

- to act within powers
- to promote the success of the Academy Trust
- to exercise independent judgement
- to exercise reasonable care, skill and diligence
- to avoid conflicts of interest
- not to accept benefits from third parties

Duties as a Charity Trustee:

- compliance - to ensure that the Academy is using its resources to further the Academy Trust's objects as set down in its articles and is compliant with the law and regularity requirements
- efficiencies - mainly concerned with financial responsibility and protection of assets
- care - ensuring that you use reasonable care and skills as a director, making use of your skills and experience where relevant but also making use of external advice

e. Pay policy for key management personnel

The Academy Trust reviews its School Pay Policy on an annual basis and works with unions and staff through the consultation process before approval by the Academy Trustees.

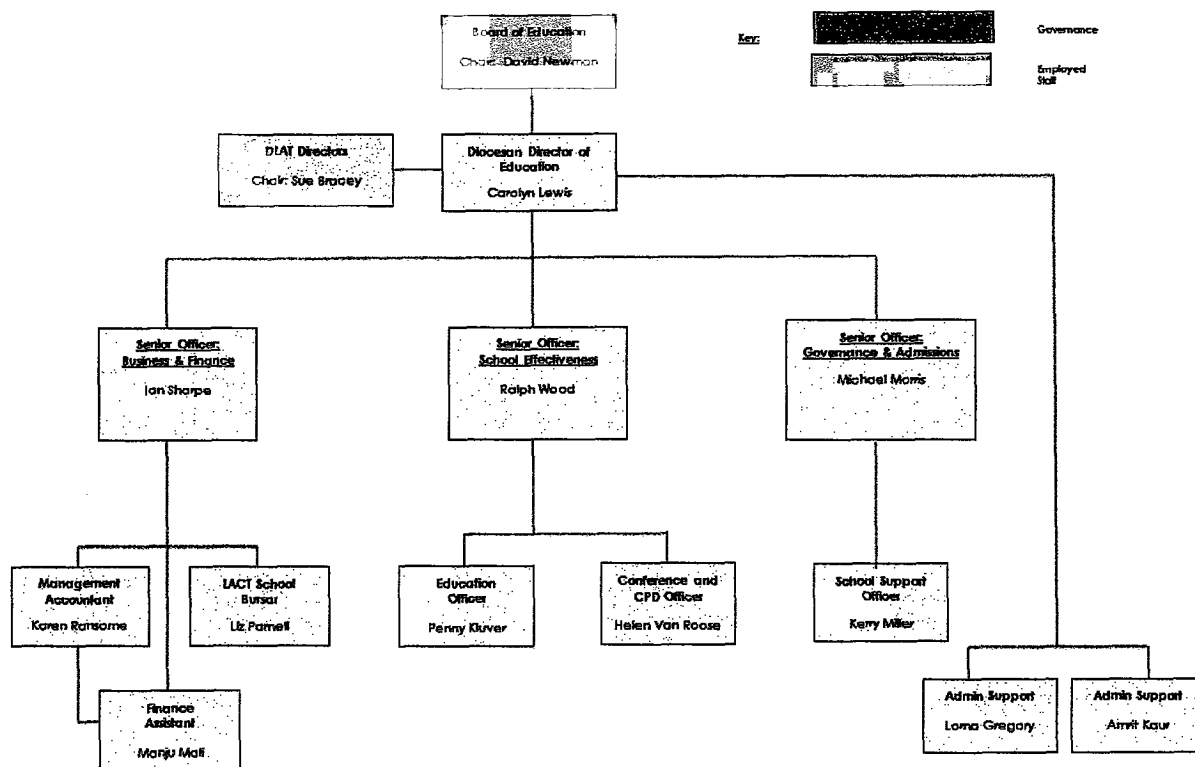
Trustees' Report (continued)

For the Year Ended 31 August 2016

f. Organisational structure

The organisational structure of the company reflects the current operational needs whilst being scalable to support future developments, primarily the expansion of the number of academies in the DLAT.

DBE Team Staff Structure



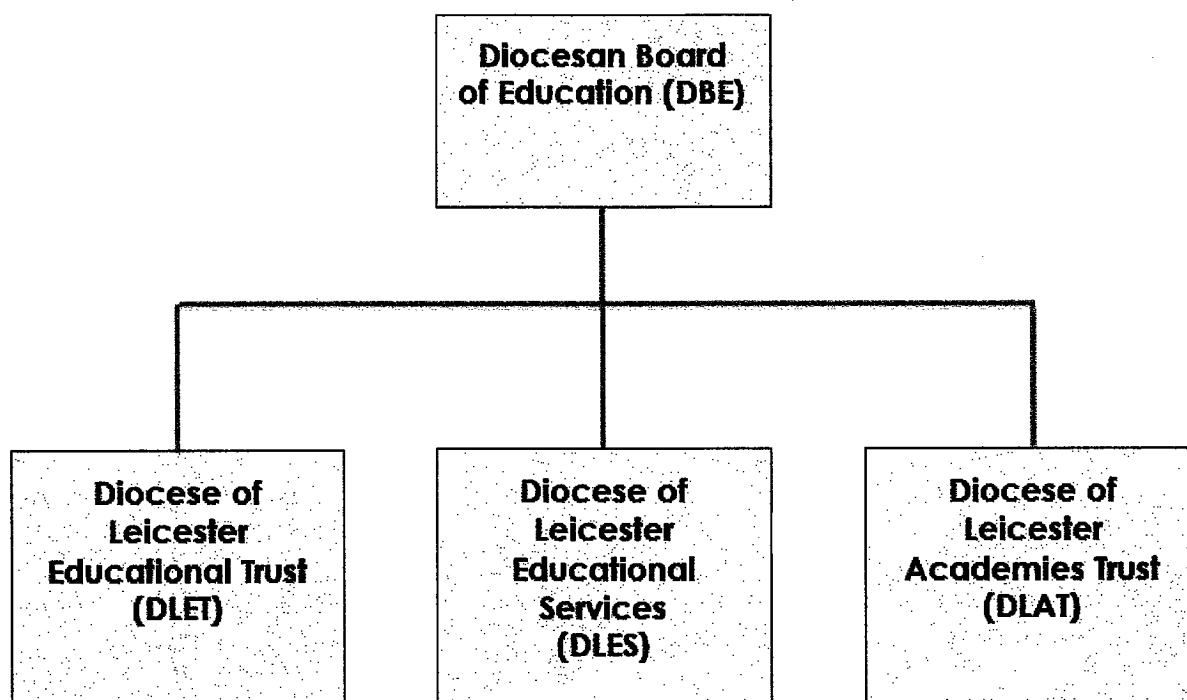
The organisational structure represents the DBE/DLAT staff team. Although some members of the team are employed directly by the DLAT, they also have specific roles within the DBE team. This best utilises the team's skills and experience for the benefit of the schools within the Leicester Diocese.

Trustees' Report (continued)

For the Year Ended 31 August 2016

g. Connected organisations, including related party relationships

DBE Company Structure



h. Trustees' Indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim.

Objectives and Activities

a. Objects and aims

In setting our objectives and in our activities, the Academy Trustees have given careful consideration to the Charity Commission's general guidance of public benefit. The objects of the Academy Trust are as highlighted under principal activities.

Trustees' Report (continued)

For the Year Ended 31 August 2016

b. Objectives, strategies and activities

The Academy Trust aims to establish over the next several years a network of academies within the Diocese of Leicester – both county and city, which provide a high quality of education for our children. The Academy Trust's first three academies opened on 1 March 2013. Three further Church of England (CoE) schools joined the Academy Trust in 2013/14 and five further CoE schools joined the Academy Trust in 2014/15. The Academy Trust will continue to work with Local Authorities, the Department for Education and individual schools to raise the standards of education within the Diocese of Leicester.

c. Principal activities

Establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum and which shall include:

1. Church of England Schools, designated as such;
2. Other schools with or without a designated religious character, to recognise and support their individual character, and respect the different background and links of each in its local community.

d. Public benefit

The Academy Trustees believe that the policies for the academies admissions, its achievements and performance provide clear evidence that the Academy Trust is meeting its obligations as a charity to deliver public benefit.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Achievements and performance

a. Key performance indicators

The performance indicators are that we will operate balanced budgets both centrally and at a local level. From an educational perspective the standards are Ofsted, SIAMS and End of Key Stage assessments. The results for the 2015/16 year are as follows:

DLAT School Performance 2015/16

	National Average %	Earl Shilton Weavers Close	Melton St. Mary's	Syston St. Peter & St. Paul	Croston Kerrial	Basestone	Wymondham St. Peter's	Waltham-on-the-Wolds	Tugby	Higham-on-the-Hill	Redmile	Mounstrel Christ Church & St. Peter
Conversion Date		Mar 2011	Mar 2013	Mar 2013	Nov 2012	Jun 2014	Jun 2014	Oct 2014	Oct 2014	Oct 2014	Dec 2014	Dec 2014
Ofsted Grade and Date	N/A	2 Mar 2015	2 Apr 2012	2 Dec 2014	2 Jun 2015	2 Nov 2015	2 Nov 2015	2 Jan 2015	2 Mar 2012	2 Mar 2015	1 Oct 2015	2 May 2012
SIAMS Grade and Date	N/A	2 May 2014	2 Apr 2012	2 Mar 2013	1 Jan 2015	2 Nov 2015	1 Nov 2015	2 Jan 2015	2 Mar 2012	1 Mar 2015	1 Jan 2015	2 May 2012
EYF5 GLD %	66			70		71	64	61	87	72	70	66
Y1 Phonics %	81		81			82	67	100	67	78	67	84
KS1 Reading %	74	69		69		76	80	76	68	89	75	73
KS1 Writing %	65			58		68	60	76	68	89	63	71
KS1 Maths %	73			69		72	67	82	74	78	63	73
KS2 Reading %	66		80	76		63	67	73	75	89	85	
KS2 Writing %	74		72	67	82	74	100	82	67	100	85	72
KS2 Maths %	70		84	86		72	51	73	67	100	92	51
KS2 GPS %	72		88	85		53	83	82	67	100	85	
KS2 KRAM %	53		72	60		66	50	73	58	89	69	
KS2 Progress Reading Scaled Score	0			0.53		0.14	-0.74		1.62	4.48	1.41	
KS2 Progress Writing Scaled Score	0	-0.31	0.73	1.10	1.50	1.61	2.05		1.22	6.55	0.17	2.74
KS2 Progress Maths Scaled Score	0	1.43	-0.26	1.87		1.38			0.64	4.19	1.40	
Floor Standards Met	Yes/No	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes

% National Average Attainment:

Green = at or above, Amber = Less than 5% below, Red = Greater than 5% below

Progress Scaled Score:

Green = above average, Amber = Less than one point below, Red = Greater than one point below

It is important to understand that the standard pupils are now expected to achieve in the 2016 tests has been raised significantly from previous years testing regimes. It is therefore meaningless to compare this year's headline results with those from previous years, and these statistics must be handled with extreme caution in terms of trying to reach any judgements.

Trustees' Report (continued)

For the Year Ended 31 August 2016

b. Review of activities

During the period the DLAT has had a period of consolidation to embed its practice across School Effectiveness, Governance and Business and Finance prior to continued growth in 2016/17 when the Academy Trust expects to grow from 11 to 15 schools. The majority of our sponsored schools have continued to improve. None of the schools were inspected by Ofsted in 2015/16. Only Barlestone was inspected by SIAMS during the year and they received a grading of 'Good' as a result.

Mrs C Lewis, who fulfilled the role of Chief Executive Officer, stepped down from the CEO position on 31 August 2016 to be able to spend more time on her substantive role as the Leicester Diocesan Director of Education. The Academy Trust appointed Mr D Morris as Interim Chief Executive Officer from 1 September 2016.

The work in the Academy Trust's main three areas of work, School Effectiveness, Governance and Business and Finance, has continued to have an impact across the schools within the Academy Trust. The introduction of more regular Academy Trustee and Senior Leadership Team meetings has developed a more strategic focus. There is a range of Quality Assurance Reviews across all three areas of work that has allowed the Academy Trust to highlight best practice and identify areas for development across the Academy Trust.

Trustees and Members of DLAT have continued to restructure the membership of the board in order to create a body with a greater range of skills and experience. Dr J Kirkham and Dr R Harries, Non-Executive Academy Trustees from the Leicester Diocesan Board of Education (LDBE) resigned during the year after many years of service. They were replaced by Reverend P O'Reilly and Reverend P Watson who were appointed by LDBE to replace them. The Quality Assurance Reviews allow Trustees to hold to greater account the central team and the Academy Trust's schools. Regular meetings with school governors, head teachers and business staff allow new initiatives to be developed, issues to be discussed and their views passed to the board of Trustees.

c. Investment policy and performance

The Academy Trust do not currently have an investment policy or money deposited in investment accounts.

Financial review

a. Going concern

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

b. Financial risk management objectives and policies

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Academy Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Trustees' Report (continued)

For the Year Ended 31 August 2016

c. Principal risks and uncertainties

Principal risks and uncertainties are monitored through the Academy Trust's Risk Register by officers and Academy Trustees. The main risks and uncertainties currently are:

1. The uncertainty surrounding the National Fairer Funding Formula and the impact on schools, especially those schools that are less than one form of entry.
2. The impact on the Academy Trust's ability to expand and increase capacity if the Academy Trust does not continue to grow.

d. Reserves policy

The Academy Trust's policy on reserves seeks to balance the competing priorities of expending the maximum amount of resources on pupils, principally through the provision of highly qualified staff, and the need to retain resources to manage future uncertainty.

e. Financial performance

Most of the Academy Trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to specific purposes. The grants received and associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Restricted funds for the year ending 31st August 2016 show a deficit of £1,098,091 for the year, this includes a pension movement of £1,076,000. When the pension movement is removed a deficit of £22,091 in the year remains for the Academy Trust. Closing restricted funds excluding pension total £2,882,980 at 31 August 2016.

Plans for future periods

a. Future developments

The reputation of the DLAT is growing and attracting interest from many Church of England schools and also some community schools. Under the current Government's agenda we expect the DLAT to expand further and growth plans are being developed to ensure that there is the capacity within the central team to support schools as well as develop school to school support.

Funds held as custodian trustee on behalf of others

No funds are held as a custodian Trustee.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' Report (continued)

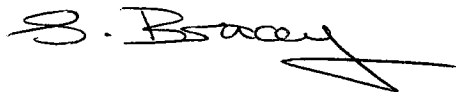
For the Year Ended 31 August 2016

Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report was approved by order of the Board of Trustees as the company directors, on 13 December 2016 and signed on its behalf by:

Mrs S N Bracey
Chair of Trustees

A handwritten signature in black ink, appearing to read 'S. Bracey', with a stylized flourish extending from the end of the name.

Governance Statement

Scope of Responsibility

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

The board of Academy Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Diocese of Leicester Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Academy Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Mrs C Lewis	8	8
Mrs S N Bracey	7	8
Mr D W Kerr	3	5
Mr I E Sharpe	8	8
Mrs D Wright	8	8
Mrs S Uprichard	8	8
Reverend R Curtis	5	8
Mrs L Hawkes	5	8
Mrs M Dobinson	4	5
Reverend P Watson, Non-Executive Academy Trustee (appointed 21 April 2016)	1	1
Venerable D Newman, Non-Executive Academy Trustee	1	1
Dr R Harries, Non-Executive Academy Trustee	1	1
Mr J Kirkham, Non-Executive Academy Trustee (resigned 21 April 2016)	0	0

Governance reviews:

The Board of Trustees have performed a review during the year of the skills and experience of its Academy Trustees and have taken steps to recruit additional trustees during the year to further strengthen the Board of Trustees.

The Business Management Group is a committee of the main board of Academy Trustees. Its purpose is to ensure that Diocese of Leicester Academies Trust has Finance and Business systems that are effective in order to support teaching and learning within our schools. These systems will follow best practice, minimise risk and be the most efficient to ensure Diocese of Leicester Academies Trust is getting the best value from its available resources. During this year particular issues that have been dealt with have included the completion of the Academy Trust's finance manual, refinement of the budget process, development of reporting systems, staff training, transfer of bank accounts, set up of financial systems, application for capital funding from the EFA, audit systems and the support for schools in budget and monitoring where income is diminishing and costs are increasing.

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Lewis	3	3
Mr D W Kerr	0	1
Mr I E Sharpe	3	3
Mrs L Hawkes	2	3
Mrs S Uprichard	3	3

Review of Value for money

As Accounting Officer, the Chief Executive 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 how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Academy Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Improving Educational Results:

We have ensured that resources are directed where they are most needed and most effective in meeting the educational needs of our schools, for example by:

- Targeting resources in line with the School Improvement Plans within each of our schools in order to meet the Academy Trust's aims and objectives.
- Monitoring of pupil's individual needs to ensure that Pupil Premium is applied in the most relevant and supportive way.
- Monitoring the performance of our staff to ensure that where weaknesses are identified a support mechanism can be put in place to improve outcomes and develop them further.
- Engagement of Education and Business Consultants to support the development of policies and systems to provide consistency across our schools and allow our staff within schools to focus on delivering the best outcomes for pupils.
- An increase in the Academy Trust's central staff team to provide a wider range of knowledge, expertise and support.
- Development of pupil data tracking systems to provide high quality information to help review the impact of both individual pupil progress and attainment.
- The introduction of an Executive Headteacher model across four of our schools to increase financial efficiency and further enhance the sharing of best practice.
- The use of external consultants to inform the Board of Trustees where our schools are with regard to pupil progress and attainment, the quality of teaching and being prepared for Ofsted.

The effectiveness of these strategies can be seen in the continued improvement of pupil outcomes within our schools.

Governance Statement (continued)

Financial Governance and Oversight:

Our governance arrangements include regular monitoring by the Board of Directors, including the Business Management Group. They receive regular reports and ask relevant questions as recorded in the minutes. The skills and expertise of our committee members allow decisions to be challenged to ensure value for money is being achieved. The work of these committees is further informed by regular Responsible Officer reports in the form of internal audit reports and visits from Grant Thornton UK LLP as part of their external audit procedures.

Better Purchasing:

Examples of steps taken to ensure value for money when purchasing include:

- Working with schools within the Academy Trust to identify products and services that can be procured across a number of schools in order to drive down cost and/or negotiate favourable rates e.g. photocopiers, ICT equipment and services, financial management systems and insurance services.
- The Academy Trust's central and school based business and finance team continue to undertake training to ensure they are adequately informed regarding the procurement of goods and services.

Better Income Generation:

Examples of steps taken to maximise income generation include:

- The setting up of wrap around care services in the form of before and after school clubs and preschools.
- The development of premises to further enhance their quality and maximize letting opportunities within school communities.
- Staff within our schools providing support and consultancy services to other schools.
- Exploration of fixed term deposits to earn income on balances.
- Reviewing Controls and Managing Risks
- The use of budget monitoring to inform future budget decisions. This has ensured that expenditure is within budget and resources are used within the individual schools' development plans. Our budget process has been developed to show five year forecasts and cash flow throughout the year. ICT systems have been set up to monitor the financial position of our schools. This provision of clear information allows for an even higher quality of strategic decision making.
- Actions taken to manage risk include the purchase of appropriate levels of insurance cover, procurement of a range of consultants who provide advice on issues such as HR, Legal, and Health & Safety. The Academy Trust also regularly reviews its Risk Register.

Future Objectives:

- Continue to increase the number of convertor and sponsored schools within the Academy Trust at a sustainable and manageable rate of growth.
- Increase the number of pupils within our schools to maintain a sustainable position and maintain high pupil outcomes.
- Develop relationships between our schools and the central team to ensure that expertise is shared in order to further raise levels of attainment and progress by our pupils.

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Diocese of Leicester Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Academy Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Academy Trustees 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Academy Trustees.

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 Academy Trustees;
- regular reviews by the Business Management Group 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 Academy Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

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

On an annual basis, the internal auditor reports to the board of Academy Trustees through the Business Management Group on the operation of the systems of control and on the discharge of the board of Academy Trustees' financial responsibilities.

Leicestershire County Council have delivered their schedule of work as planned. No material control issues have arisen as a result their work.

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer, the Chief Executive 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 financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

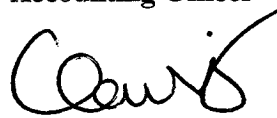
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Leicestershire County Council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Academy Trustees on 13 December 2016 and signed on their behalf, by:

Mrs S N Bracey
Chair of Trustees



Mrs C Lewis
Accounting Officer

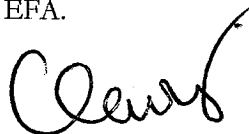


Statement on Regularity, Propriety and Compliance

As Accounting Officer of Diocese of Leicester Academies Trust for the year ended 31 August 2016 I have considered my responsibility to notify the Academy Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Mrs C Lewis
Accounting Officer

Date: 13 December 2016

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2016

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

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

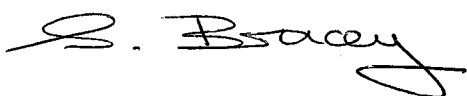
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of Academy Trustees on 13 December 2016 and signed on its behalf by:



Mrs S N Bracey
Chair of Trustees



Independent Auditor's Report on the Financial Statements to the Members of Diocese of Leicester Academies Trust

We have audited the financial statements of Diocese of Leicester Academies Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) ("Charities SORP (FRS 102)") and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

(A Company Limited by Guarantee)



Independent Auditor's Report on the Financial Statements to the Members of Diocese of Leicester Academies Trust

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

A handwritten signature in black ink, appearing to read "Christopher Frostwick".

Christopher Frostwick (Senior Statutory Auditor)
for and on behalf of

Grant Thornton UK LLP

Statutory Auditor
Chartered Accountants
East Midlands
13 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Diocese of Leicester Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 24 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diocese of Leicester Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Diocese of Leicester Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Diocese of Leicester Academies Trust and the EFA those matters we are required to state to them 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 Diocese of Leicester Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Diocese of Leicester Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Diocese of Leicester Academies Trust's funding agreement with the Secretary of State for Education dated 28 February 2013, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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


Independent Reporting Accountant's Assurance Report on Regularity to Diocese of Leicester Academies Trust and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

Conclusion

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



Grant Thornton UK LLP
Chartered Accountants

East Midlands

13 December 2016

Statement of Financial Activities Incorporating Income and Expenditure Account

For the Year Ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	127,394	105,711	329,056	562,161	1,787,041
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	8,438,283	-	8,438,283	7,664,177
Other trading activities	4	52,670	268,466	-	321,136	161,517
Investments	5	2,257	-	-	2,257	2,112
Total income		182,321	8,812,460	329,056	9,323,837	9,614,847
Expenditure on:						
Raising funds	6	5,774	18,453	-	24,227	36,036
Charitable activities:						
Academy Trust educational operations	6, 7	46,526	9,258,785	203,421	9,508,732	7,983,679
Other	6, 9	-	-	-	-	789,619
Total expenditure	6	52,300	9,277,238	203,421	9,532,959	8,809,334
Net income / (expenditure) before transfers		130,021	(464,778)	125,635	(209,122)	805,513
Transfers between Funds	18	(477,603)	8,206	469,397	-	-
Net income / (expenditure) before other recognised gains and losses		(347,582)	(456,572)	595,032	(209,122)	805,513
Actuarial losses on defined benefit pension schemes	21	-	(808,000)	-	(808,000)	(42,000)
Net movement in funds		(347,582)	(1,264,572)	595,032	(1,017,122)	763,513
Reconciliation of funds:						
Total funds brought forward		640,685	(1,935,191)	2,077,262	782,756	19,243
Total funds carried forward		293,103	(3,199,763)	2,672,294	(234,366)	782,756

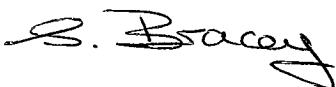
The notes on pages 26 to 51 form part of these financial statements.

Balance Sheet

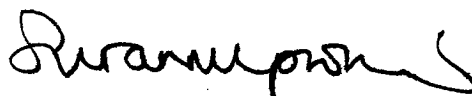
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Intangible assets	14		15,200		49,967
Tangible assets	15		2,275,070		1,628,146
			<u>2,290,270</u>		<u>1,678,113</u>
Current assets					
Debtors	16	349,361		618,430	
Cash at bank and in hand		1,766,763		2,217,379	
		<u>2,116,124</u>		<u>2,835,809</u>	
Creditors: amounts falling due within one year	17	(801,760)		(968,166)	
Net current assets			<u>1,314,364</u>		<u>1,867,643</u>
Total assets less current liabilities			<u>3,604,634</u>		<u>3,545,756</u>
Defined benefit pension scheme liability	21		(3,839,000)		(2,763,000)
Total net assets			<u>(234,366)</u>		<u>782,756</u>
Funds of the Academy Trust:					
Restricted income funds:					
Restricted income funds	18	639,237		827,809	
Restricted fixed asset funds	18	2,672,294		2,077,262	
			<u>3,311,531</u>	<u>2,905,071</u>	
Restricted income funds excluding pension liability					
Pension reserve	18	(3,839,000)		(2,763,000)	
			<u>(527,469)</u>	<u>142,071</u>	
Total restricted income funds					
Unrestricted income funds	18		293,103		640,685
			<u>(234,366)</u>		<u>782,756</u>

The financial statements were approved by the Trustees, and authorised for issue, on 13 December 2016 and are signed on their behalf, by:



Mrs S N Bracey
Trustee



Mrs S Uprichard
Trustee

The notes on pages 26 to 51 form part of these financial statements.

Diocese of Leicester Academies Trust
(A Company Limited by Guarantee)

Statement of Cash Flows

For the Year Ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	<u>(22,479)</u>	<u>770,279</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,257	2,112
Purchase of tangible fixed assets		(815,578)	(1,190,369)
Capital grants from DfE/EFA		385,184	1,583,488
Net cash (used in)/provided by investing activities		<u>(428,137)</u>	<u>395,231</u>
Change in cash and cash equivalents in the year		(450,616)	1,165,510
Cash and cash equivalents brought forward		<u>2,217,379</u>	<u>1,051,869</u>
Cash and cash equivalents carried forward		<u><u>1,766,763</u></u>	<u><u>2,217,379</u></u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

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 of financial statements

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

Diocese of Leicester Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

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 are included in the Statement of Financial Activities Incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable and the amount can be reliably measured.

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.4 Expenditure

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

Expenditure on raising funds 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 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.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided at the following rates:

Software	-	3 years
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Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account.

In the case of fixed assets transferred from predecessor schools or entities, these are accounted for as follows:

Land and buildings

The Academy Trust's various operations are undertaken from sites which are owned by Leicester Diocesan Board of Education. The board of trustees have chosen not to include building valuations on the balance sheet. The Academy Trust does not own any of the school sites. The school sites are owned by the site trustees and are made available to the schools by a Church Supplemental Agreement. This agreement makes the school site available to the Academy Trust and does not provide the Academy Trust with a right to use it. The site trustees can withdraw the school site at any time on two years notice. The Academy Trust cannot sell the 'asset' or mortgage it as security for any borrowing. The economic benefit to the Academy Trust is that it does have the use of the site for £nil consideration, but only for the use as a church school. Therefore, the Academy Trust has concluded after seeking legal opinion, not to include the value of the sites and buildings they use. The risks and rewards of ownership have not been passed to the Academy Trust and therefore no value has been attributed to the land and buildings at 31 August 2016. The Trustees have considered the guidance issued regarding notional rent on supplemental agreements and have agreed that it is not practical at this point in time, without undue cost and effort, to calculate a rental figure that the Trustees believe to be materially accurate.

Fixtures and fittings

These are treated as acquired at fair value, calculated by reference to:

- net book value at the date of transfer; or
- estimated depreciated replacement cost; or
- an estimate of fair value calculated by reference to an assumed value of fixed assets, flexed to recognise the type of academy (primary, secondary etc) as compared to the pupil roll.

Academies joining the Academy Trust

When an Academy joins the Academy Trust and is converting from a church school, this involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and which is accounted for under the acquisition accounting method.

The assets and liabilities transferred are valued at their fair value. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income in the Statement of Financial Activities and analysed under restricted fixed asset funds.

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

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

Depreciation is provided on all tangible 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:

Leasehold improvements	-	40 years
Fixtures and fittings	-	10 years
Computer equipment	-	3 years

1.7 Liabilities and provisions

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.

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 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 Part 11, Chapter 3 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.

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.10 Pension 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.

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 prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.11 Fund accounting

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

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

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.12 Critical accounting estimates and areas of judgement

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

Critical areas of judgement:

Carrying value of property and equipment

The Academy Trust's accounting policy for property and equipment assets is set out note 1.6. The carrying value of property, plant and equipment as at the balance sheet date was £2.275m. Estimated useful economic lives are based on management's judgement and experience. Asset lives and residual values are reviewed annually and historically changes to remaining estimates of useful economic lives have not been material. For the current year following the investment in a large amount of leasehold improvement work during the previous financial year this has resulted in an additional charge to the financial statements of £42,726 this year.

The Academy Trust's Board has chosen not to include building or land valuations in these accounts as the Academy Trust does not own any of the school sites. Schools operate from these buildings under a Church Supplemental Agreement which allows the operation of a school from the site at a nil value. The Board has judged that the risks and rewards of ownership have not passed to the Academy Trust as discussed at 1.6.

Revenue Recognition

The Academy Trust recognises revenue when it has entitlement to the funds, the receipt is probable and the amount can be measured reliably. Revenue received relating to future reporting periods is deferred as at the balance sheet date.

Finance and Operating leases

The Academy Trust has performed an assessment of leases held by individual schools and classified as operating leases those that are appropriate.

Provision for doubtful debts

At each balance sheet date each school assesses the collectability of trade receivables and records provisions for doubtful debts based on experience including comparisons of the relative age of accounts and consideration of actual write-off history.

The actual level of debt collected may differ from the estimated levels of recovery and could impact future operating results positively or negatively. As at the balance sheet date, no provision for doubtful debt was required.

Notes to the Financial Statements

For the Year Ended 31 August 2016

2. Donations and capital grants

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	127,394	105,711	-	233,105	203,553
Capital Grants	-	-	329,056	329,056	1,583,488
	<u>127,394</u>	<u>105,711</u>	<u>329,056</u>	<u>562,161</u>	<u>1,787,041</u>

In 2015, of the total income from donations and capital grants, £105,449 was to unrestricted funds, £98,104 was to restricted general funds and £1,583,488 was to restricted fixed asset funds.

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	7,432,525	7,432,525	6,597,730
Other DfE/EFA grants	-	793,069	793,069	873,651
	<u>-</u>	<u>8,225,594</u>	<u>8,225,594</u>	<u>7,471,381</u>
Other government grants				
Local authority grants	-	212,689	212,689	192,796
	<u>-</u>	<u>212,689</u>	<u>212,689</u>	<u>192,796</u>
	<u>-</u>	<u>8,438,283</u>	<u>8,438,283</u>	<u>7,664,177</u>

In 2015, of the total income from charitable activities, £nil was to unrestricted funds and £7,664,177 was to restricted general funds.

Notes to the Financial Statements

For the Year Ended 31 August 2016

4. Other trading activities

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	39,875	-	39,875	27,046
Other	12,795	268,466	281,261	134,471
	<u>52,670</u>	<u>268,466</u>	<u>321,136</u>	<u>161,517</u>

In 2015, of the total income from other trading activities, £34,933 was to unrestricted funds and £126,584 was to restricted general funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	2,257	-	2,257	2,112

In 2015, of the total investment income, £2,112 was to unrestricted funds and £nil was to restricted general funds.

6. Expenditure

	Staff costs 2016 £	Depreciation and amortisation 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds and other	-	-	24,227	24,227	825,655
Academy's educational operations:					
Direct costs	5,672,610	117,874	665,591	6,456,075	5,641,202
Allocated support costs including governance costs	1,420,011	85,547	1,547,099	3,052,657	2,342,477
	<u>7,092,621</u>	<u>203,421</u>	<u>2,236,917</u>	<u>9,532,959</u>	<u>8,809,334</u>

In 2016, of the total expenditure, £52,300 (2015: £57,250) was to unrestricted funds, £9,277,238 (2015: £7,834,731) was to restricted general funds and £203,421 (2015: £87,734) was to restricted fixed asset funds.

In 2015 the amount of expenditure on raising funds and other resources expended was made up of £36,036 of expenditure on generating funds and £789,619 of other resources expended as detailed in note 9.

Notes to the Financial Statements

For the Year Ended 31 August 2016

7. Charitable activities

	Total funds 2016 £	Total funds 2015 £
Direct costs - educational operations		
Wages and salaries	4,474,129	4,002,206
National insurance	319,347	245,893
Pension cost	759,223	566,198
Depreciation and amortisation	117,874	64,372
Pension interest	105,000	88,000
Technology costs	24,197	49,938
Educational supplies	244,975	280,355
Staff development	59,727	50,217
Other direct costs	351,603	294,023
	<hr/>	<hr/>
Total	6,456,075	5,641,202
Support costs - educational operations		
Wages and salaries	1,026,860	803,999
National insurance	60,016	40,072
Pension cost	333,135	258,690
Depreciation and amortisation	85,547	23,362
Technology costs	165,602	137,534
Recruitment and support	4,795	2,550
Maintenance of premises and equipment	160,701	127,875
Cleaning	36,525	31,920
Rent and rates	60,800	57,675
Energy costs	111,648	117,363
Insurance	56,062	23,815
Catering	334,635	323,164
Bank interest and charges	673	1,142
Other support costs	489,622	228,115
Governance	126,036	165,201
	<hr/>	<hr/>
Total	3,052,657	2,342,477
	<hr/>	<hr/>
Total Academies' educational operations	9,508,732	7,983,679
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the Year Ended 31 August 2016

8. Net incoming resources/(resources expended)

This is stated after charging:

	2016	2015
	£	£
Depreciation and amortisation of fixed assets:		
- owned by the charity	203,421	87,734
Auditor's remuneration - audit	23,855	21,175
Auditor's remuneration - other services	7,605	3,905
	<u>234,881</u>	<u>112,814</u>

9. Other resources expended

Other resources expended in the prior year consisted of the transfer of liabilities on acquisition of Academies by the Academy Trust. Of the total expenditure (£239,037) was to unrestricted funds, £1,044,000 was to restricted general funds and (£15,344) was to restricted fixed asset funds.

Notes to the Financial Statements

For the Year Ended 31 August 2016

10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	5,500,989	4,806,205
Social security costs	379,363	285,965
Operating costs of defined benefit pension schemes	1,092,358	824,888
	<u>6,972,710</u>	<u>5,917,058</u>
Supply teacher costs	119,911	135,630
	<u>7,092,621</u>	<u>6,052,688</u>

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

	2016	2015
	No.	No.
Teachers	93	74
Administration and support	146	118
Management	10	11
	<u>249</u>	<u>203</u>

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

	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	4	2
In the band £ 70,001 - £ 80,000	2	3

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for these staff amounted to £57,307 (2015 - £41,358).

The remuneration of the Chief Executive is borne by Leicester Diocesan Board of Education, and it is not possible to separately identify that part of the charge relating to Diocese of Leicester Academies Trust.

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed in the Reference and Administrative Details section. The total amount of employee benefits (including employer pension contributions) received by key management personnel (excluding the Chief Executive) for their services to the Academy Trust was £808,469 (2015: £760,009).

Staff costs include £24,747 (2015: £1,674) of recharges from the Leicester Diocesan Board of Education. This relates to three individuals employed by the Leicester Diocesan Board of Education providing services to the Academy Trust. These employees are not included within the average number of employees' disclosure.

Staff costs include £92,508 (2015: £234,125) which was recharged to the Leicester Diocesan Board of Education. This relates to six individuals employed by the Diocese of Leicester Academies Trust providing

Notes to the Financial Statements

For the Year Ended 31 August 2016

services to the Leicester Diocesan Board of Education. These employees are included within the average number of employees' disclosure.

Within current year pension costs, are redundancy payments of £20,708 (2015: £26,837).

11. Central services

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

- human resources
- financial services
- operational services, such as health and safety and property services
- educational support

The Academy Trust has financed these services by a 5% charge on academies' core funding streams.

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Syston St Peter & St Paul CE Academy	59,843	58,217
Melton St Marys CE Academy	37,091	38,434
Weavers Close CE Academy	51,669	46,633
Croxton Kerrial CE Academy	18,959	16,988
Barlestone CE Academy	27,361	25,449
Wyndham St Peters CE Academy	13,118	13,047
Higham on the Hill CE Academy	18,627	16,009
Mountsorrel Christ Church & St Peter's CE Academy	78,965	58,229
Redmile CE Academy	17,707	13,075
Tugby CE Academy	20,848	18,848
Waltham on the Wolds CE Academy	16,859	18,484
Total	<u>361,047</u>	<u>323,413</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

12. Related Party Transactions - Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2016 £	2015 £
Mr I E Sharpe (staff trustee)	Remuneration	55,000-60,000	50,000-55,000

During the period ended 31 August 2016, travel and subsistence expenses totalling £218 were reimbursed to 4 trustees (2015: £452 to 2 trustees).

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

13. Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,107 (2015 - £1,473).

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

14. Intangible fixed assets

	Computer software £
Cost	
At 1 September 2015 and 31 August 2016	93,184
Amortisation	
At 1 September 2015	43,217
Charge for the year	34,767
At 31 August 2016	77,984
Carrying amount	
At 31 August 2016	15,200
At 31 August 2015	49,967

During the period, the Academy Trust inherited £nil (2015: £nil) of intangible fixed assets from predecessor schools.

Notes to the Financial Statements

For the Year Ended 31 August 2016

15. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2015	1,344,063	218,385	165,962	1,728,410
Additions	705,297	36,949	73,332	815,578
At 31 August 2016	<u>2,049,360</u>	<u>255,334</u>	<u>239,294</u>	<u>2,543,988</u>
Depreciation				
At 1 September 2015	13,739	25,448	61,077	100,264
Charge for the year	83,106	23,238	62,310	168,654
At 31 August 2016	<u>96,845</u>	<u>48,686</u>	<u>123,387</u>	<u>268,918</u>
Net book value				
At 31 August 2016	<u>1,952,515</u>	<u>206,648</u>	<u>115,907</u>	<u>2,275,070</u>
At 31 August 2015	<u>1,330,324</u>	<u>192,937</u>	<u>104,885</u>	<u>1,628,146</u>

During the period, the Academy Trust inherited £nil of fixed assets from predecessor schools (2015 - £15,344).

Leasehold improvements completed during the year are capitalised in the year following expenditure when the assets are in use.

16. Debtors

	2016 £	2015 £
Trade debtors	30,600	43,507
VAT recoverable	89,563	196,478
Other debtors	138,054	67,516
Prepayments and accrued income	91,144	310,929
	<u>349,361</u>	<u>618,430</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

17. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	224,176	136,477
Other taxation and social security	204,690	164,680
Other creditors	4,425	476,091
Accruals and deferred income	368,469	190,918
	<u>801,760</u>	<u>968,166</u>
	2016	2015
	£	£
Resources deferred during the year	<u>167,586</u>	<u>-</u>

18. Funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	640,685	182,321	(52,300)	(477,603)	-	293,103
Restricted general funds						
General Annual Grant (GAG)	774,932	7,432,525	(7,576,426)	8,206	-	639,237
Other EFA grants	-	793,069	(793,069)	-	-	-
Other government grants	-	212,689	(212,689)	-	-	-
Other donations	52,877	374,177	(427,054)	-	-	-
Pension reserve	(2,763,000)	-	(268,000)	-	(808,000)	(3,839,000)
	<u>(1,935,191)</u>	<u>8,812,460</u>	<u>(9,277,238)</u>	<u>8,206</u>	<u>(808,000)</u>	<u>(3,199,763)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	2,043,411	329,056	(189,326)	469,397	-	2,652,538
Assets inherited from predecessor schools	33,851	-	(14,095)	-	-	19,756
	<u>2,077,262</u>	<u>329,056</u>	<u>(203,421)</u>	<u>469,397</u>	<u>-</u>	<u>2,672,294</u>
Total restricted funds	<u>142,071</u>	<u>9,141,516</u>	<u>(9,480,659)</u>	<u>477,603</u>	<u>(808,000)</u>	<u>(527,469)</u>
Total of funds	<u>782,756</u>	<u>9,323,837</u>	<u>(9,532,959)</u>	<u>-</u>	<u>(808,000)</u>	<u>(234,366)</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

18. Funds (continued)

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

The restricted general fund includes grants receivable from the EFA and local government towards the operating activities of the Academy Trust administered by the charitable company.

The fixed asset fund includes amounts receivable from the EFA, and assets inherited on conversion to academies in respect of tangible fixed assets held for the Academy Trusts use.

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

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Syston St Peter & St Paul CE Academy	142,116	361,359
Melton St Marys CE Academy	35,231	43,867
Weavers Close CE Academy	438,344	441,904
Croxton Kerrial CoE Primary School	98,716	52,611
Barlestone CE Primary School	38,959	50,919
Wymondham St Peter's CE Primary School	20,296	44,052
Higham on the Hill CE Academy	60,713	88,543
Mountsorrel Christ Church & St Peter's CE Academy	(81,506)	17,484
Redmile CE Academy	42,135	37,560
Tugby CE Academy	34,018	77,007
Waltham on the Wolds CE Academy	62,589	112,532
Central services	40,729	140,656
Total before fixed asset fund and pension reserve	<u>932,340</u>	<u>1,468,494</u>
Restricted fixed asset fund	2,672,294	2,077,262
Pension reserve	(3,839,000)	(2,763,000)
Total	<u><u>(234,366)</u></u>	<u><u>782,756</u></u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Mountsorrel Christ Church & St Peter's CE Academy	(81,506)

Mountsorrel Christ Church & St Peter's CE Primary School joined the Academy Trust in December 2014 as a sponsored academy. At the time of conversion they had a substantial deficit which was paid by the Local Authority. Since then the school has had to meet the demands of improving standards and supporting pupils needs without any reserves. This has led to the 2015/16 deficit position.

The Academy Trust is taking the following action to return the school to surplus:

Notes to the Financial Statements

For the Year Ended 31 August 2016

18. Funds (continued)

- Monthly meetings between the school staff, governors and central DLAT Business Team to ensure expenditure is being kept within the agreed 2016/17 budget.
- A review of resources to ensure only the most important needs are met.
- Review of staffing needs to meet pupil needs and the expected pupil growth due to housing development within catchment.

Due to the actions being taken, the school will return to a surplus by the end of the 2016/17 financial year.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Syston St Peter & St Paul CE Academy	997,639	202,569	41,265	240,806	1,482,279	1,338,912
Melton St Marys CE Academy	585,852	93,544	31,820	152,006	863,222	846,366
Weavers Close CE Academy	597,071	108,992	36,712	326,402	1,069,177	1,007,825
Croxton Kerrial CoE Primary School	234,859	42,614	14,411	92,178	384,062	384,447
Barlestone CE Primary School	418,286	87,001	19,505	132,845	657,637	552,100
Wymondham St Peter's CE Primary School	196,004	26,443	4,658	66,543	293,648	275,879
Higham on the Hill CE Academy	260,977	50,632	28,415	79,673	419,697	262,293
Mountsorrel Christ Church & St Peter's CE Academy	1,319,346	210,628	40,370	438,085	2,008,429	1,375,181
Redmile CE Academy	256,539	43,953	10,558	99,772	410,822	273,037
Tugby CE Academy	320,386	45,304	23,567	90,629	479,886	362,424
Waltham on the Wolds CE Academy	365,740	58,023	17,891	106,257	547,911	389,152
Central services	-	450,308	-	262,460	712,768	1,613,984
	<u>5,552,699</u>	<u>1,420,011</u>	<u>269,172</u>	<u>2,087,656</u>	<u>9,329,538</u>	<u>8,681,600</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

19. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Intangible fixed assets	-	-	15,200	15,200	49,967
Tangible fixed assets	-	-	2,275,070	2,275,070	1,628,146
Current assets	293,103	1,440,997	382,024	2,116,124	2,835,809
Creditors due within one year	-	(801,760)	-	(801,760)	(968,166)
Pension scheme liability	-	(3,839,000)	-	(3,839,000)	(2,763,000)
	<u>293,103</u>	<u>(3,199,763)</u>	<u>2,672,294</u>	<u>(234,366)</u>	<u>782,756</u>

20. Capital commitments

At 31 August 2016 the Academy Trust had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	<u>461,450</u>	<u>601,561</u>

21. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

21. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £522,142 (2015: £382,463).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £468,000 (2015: £376,000), of which employer's contributions totalled £369,000 (2015: £293,000) and employees' contributions totalled £99,000 (2015: £83,000). The agreed contribution rates for 2016/17 is 22.3% increasing by 1% per annum for the next three years.

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.

Notes to the Financial Statements

For the Year Ended 31 August 2016

21. Pension commitments (continued)

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	2,627,000	1,734,000
Debt instruments	657,000	552,000
Property	328,000	289,000
Cash	36,000	53,000
	<hr/>	<hr/>
Total market value of assets	3,648,000	2,628,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £606,000 (2015: £83,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(511,000)	(428,000)
Net interest cost	(105,000)	(88,000)
Gains on curtailments and settlements	(21,000)	-
	<hr/>	<hr/>
Total	(637,000)	(516,000)
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Notes to the Financial Statements

For the Year Ended 31 August 2016

21. Pension commitments (continued)

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

	2016	2015
	£	£
Opening defined benefit obligation	5,391,000	2,838,000
Upon conversion	-	1,865,000
Current service cost	511,000	428,000
Interest cost	210,000	170,000
Contributions by employees	99,000	83,000
Actuarial losses	1,309,000	43,000
Losses on curtailments	21,000	-
Benefits paid	(54,000)	(36,000)
	<u>7,487,000</u>	<u>5,391,000</u>
Closing defined benefit obligation	<u>7,487,000</u>	<u>5,391,000</u>

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

	2016	2015
	£	£
Opening fair value of scheme assets	2,628,000	1,384,000
Upon conversion	-	821,000
Interest income	105,000	82,000
Actuarial gains and (losses)	501,000	1,000
Contributions by employer	369,000	293,000
Contributions by employees	99,000	83,000
Benefits paid	(54,000)	(36,000)
	<u>3,648,000</u>	<u>2,628,000</u>
Closing fair value of scheme assets	<u>3,648,000</u>	<u>2,628,000</u>

The cumulative amount of actuarial losses recognised in the Statement of Financial Activities since the adoption of FRS 102 is a £1,195,000 loss (2015: £387,000 loss).

22. Operating lease commitments

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£	£
Amounts payable:		
Within 1 year	15,529	6,042
Between 1 and 5 years	24,910	9,382
	<u>40,439</u>	<u>15,424</u>
Total	<u>40,439</u>	<u>15,424</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

23. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(209,122)	805,513
Adjustment for:		
Depreciation and amortisation charges	203,421	87,734
Dividends, interest and rents from investments	(2,257)	(2,112)
Decrease/(increase) in debtors	269,069	(446,611)
(Decrease)/increase in creditors	(166,406)	657,587
Capital grants from DfE and other capital income	(385,184)	(1,583,488)
Defined benefit pension scheme obligation inherited	-	1,044,000
Defined benefit pension scheme cost less contributions payable	58,000	53,000
Defined benefit pension scheme finance cost	210,000	170,000
Net (loss) on assets and liabilities from local authority on conversion	-	(15,344)
Net cash (used in)/provided by operating activities	(22,479)	770,279

24. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	284	45
Notice deposits (less than 3 months)	1,766,479	2,217,334
Total	1,766,763	2,217,379

Notes to the Financial Statements

For the Year Ended 31 August 2016

25. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Academy Trust Board 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 Academy Trust Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

Diocese of Leicester Academies Trust paid salaries of £92,508 (2015 - paid £234,125) to employees who have a contract of employment with Leicester Diocesan Board of Education. These amounts have been fully recharged at cost and do not relate to Trustees remuneration.

Leicester Diocesan Board of Education were charged £24,747 (2015 - £1,674) for services provided by employees of Diocese of Leicester Academies Trust.

At 31 August 2016, Diocese of Leicester Academies Trust was owed £16,014 (2015 - £52,632 owed) by Diocesan Board of Education.

Diocese of Leicester Educational Trust charged Diocese of Leicester Academies Trust £nil (2015 - £12,500) in conversion fees for each of the academies within the Academy Trust at the period end. At 31 August 2016 Diocese of Leicester Academies Trust owed Diocese of Leicester Educational Trust £nil (2015 - £12,500).

Diocese of Leicester Academies Trust charged Diocese of Leicester Educational Services Limited £nil (2015 - £768 charged) for commission on HR costs at cost. At 31 August 2016, Diocese of Leicester Academies Trust were owed £nil (2015 - £262 owed) by Diocese of Leicester Educational Services Limited.

Leicester Diocesan Board of Finance paid salaries of £270,346 (2015 - £62,584) acting as a payroll bureau for employees of Diocese of Leicester Academies Trust and non employee expenses of £13,795 (2015 - £nil). At 31 August 2016, Diocese of Leicester Academies Trust owed Leicester Diocesan Board of Finance £22,717 (2015 - £31,389).

26. Controlling party

The Trustees consider the Leicester Diocesan Board of Education, company number 08432843, incorporated on 6 March 2013, to be the controlling entity of the charitable company.

27. Members' liability

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

28. First time adoption of FRS 102

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

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

Reconciliation of total funds	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		19,243	782,756
Total funds reported under FRS 102		<u>19,243</u>	<u>782,756</u>

Reconciliation of net income	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		845,513
Change in recognition of LGPS interest cost	A	(40,000)
Net movement in funds reported under FRS 102		<u>805,513</u>

Explanation of changes to previously reported funds and net income/expenditure:

A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure (within the Statement of Financial Activities Incorporating Income and Expenditure Account). Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure (within the Statement of Financial Activities Incorporating Income and Expenditure Account). There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £40,000 and increase the credit in other recognised gains and losses in the Statement of Financial Activities Incorporating Income and Expenditure by an equivalent amount.

B No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused entitlement is recognised in the period in which the employee's services are received. No provision has been recognised at 1 September 2014 and at 31 August 2015 for unused holiday entitlement as it not considered to be a significant amount.

C Computer software previously included in computer equipment within tangible fixed assets has been separately disclosed as an intangible asset. This re-disclosure has not impacted total funds at the date of transition.

