

**LEIGHTON ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Haines Watts**  
Chartered Accountants & Registered Auditors  
Bridge House  
157A Ashley Road  
Hale  
Altrincham  
Cheshire  
WA14 2UT

# LEIGHTON ACADEMY

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# LEIGHTON ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

Mrs J Young  
Mrs H Morris  
Mrs S Winterbottom (Resigned 19 November 2015)  
Mrs A Millar  
Ms L Horne (Resigned 20 October 2015)  
Mrs D Davy  
Ms S Brennand  
Mr S Hall  
Mrs S Hawkes  
Ms K Bishop (Resigned 19 November 2015)  
Mrs D Riddings  
Mr J Sweeney (Appointed 5 November 2015)  
Mrs M Speake (Appointed 19 November 2015)  
Mrs A Manning (Appointed 27 November 2015)  
Mrs N Kay (Appointed 12 November 2015)

### Members

Mrs H Morris  
Mr S Hall  
Mrs A Millar

### Senior management team

- Principal J Young  
- Vice Principal S Brennand  
- Assistant Principal V Robertson

### Company registration number

08500778 (England and Wales)

### Registered office

Minshull New Road  
Crewe  
Cheshire  
CW1 3PP

### Independent auditor

Haines Watts  
Bridge House  
Ashley Road  
Hale  
Altrincham  
WA14 2UT

### Bankers

Lloyds Bank plc  
13 Victoria Street  
Crewe  
CW1 2JQ

### Solicitors

Flint Bishop  
St Michael's Court  
St Michael's Lane  
Derby  
DE1 3HQ

# LEIGHTON ACADEMY

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2016

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates a primary academy in Cheshire East and has a pupil capacity of 420 in main school and 120 in nursery. The academy had a roll of 484 in main school and 120 in nursery in the school census in May 2016. The higher than capacity numbers are due to having two bulge years in 2014 and 2015 where we had an additional building on site to accommodate an extra 30 children in each year.

#### **Structure, governance and management**

##### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Leighton Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Leighton Academy.

Details of the trustees who served during the year are included in the reference and administrative details on the page above. Details of the registered office address can be found on page 1.

##### Members' liability

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

\*As required in the academy trust's funding agreement/memorandum and articles of association.

##### 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 trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

##### Method of recruitment and appointment or election of trustees

The members of the academies trust shall comprise –

- the signatories to the memorandum;
- the chair of trustees; and
- any person appointed under article 16\*

\*The members agree by passing a special resolution in writing to appoint such additional members as they think fit and may agree by passing a special resolution in writing to remove any such additional members, provided that such appointment or removal is in the interests of the academy trust.

Any new trustee would be appointed based on an assessment of the member's skill set.

##### Policies and procedures adopted for the induction and training of trustees

Trustees have access to a comprehensive training package and receive a full induction in line with the governor induction document.

# LEIGHTON ACADEMY

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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### Organisational structure

<b>Joanna Young – Principal</b>	
<b>Samantha Brennand – Vice Principal</b>	
Vicky Robertson – Assistant Principal	Melanie Jenkins – Nursery Manager
<b>Academy Directors</b>	
Samantha Brennand	Andrea Millar - Member
Di Davy	Helen Morris - Member
Stephen Hall - Member	Diane Ridings
Susan Hawkes	Marie Speake
Nicola Kay	James Sweeney
Amanda Manning	Joanna Young

The principal is the accounting officer. All trustees delegate the day to day running of the academy to the board of trustees (with the exception of appointing two members of the board-under article 16). The board of trustees delegates certain responsibilities to the teaching and learning committee and the finance and resource committee.

### Arrangements for setting pay and remuneration of key management personnel

Senior leadership pay is set using our appraisal and performance management system alongside the Pay Policy. Principal performance management is undertaken using 2 to 3 trustees alongside an independent reviewing officer who visits the academy on a regular basis and meets with trustees to discuss performance. The board of trustees will calculate the head teacher group size each September and determine the pay range within the parameters of the current STPCD. The pay range for the principal is currently group 4 £53,712 - £73,144 (L14 – L27).

### Related parties and other connected charities and organisations

There are no organisations connected to the academy.

### **Objectives and activities**

#### Objects and aims

The objects of the academy as laid down in the articles of association are to advance, for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

#### Objectives, strategies and activities

At Leighton Academy we aim to –

#### ***Make Learning Real and Unforgettable***

To this end the activities provide –

***Care and prepare:*** we will support and care for all our pupils, whatever their needs, and prepare them for life beyond Leighton. Our pupils must learn the value of money, work, relationships and society. We aim to show them how society functions and what role they can play in the future.

***Develop skills for life:*** The key skills of reading, writing, technology and maths are vital achievements for our pupils. However we also aim to nurture their good health, resilience, common sense, confidence and personality. Our pupils must learn to be team players, have a go at new challenges - and find the thing that fires them. This could be art, or music, dance or football, theatre or maths. There's a chance for everyone to shine.

***Offer opportunities and broaden horizons:*** We aim to give all children opportunities to learn new skills and subjects that may be unfamiliar to them. We aim to introduce them to new experiences that their families might not be able to - outside the usual curriculum. By doing this we can fire imagination and build aspiration for our children. We can foster a love of learning and an enquiring mind.

# LEIGHTON ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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**Provide the most innovative teaching:** great teaching gives our pupils the best opportunity to learn and grow. We aim to support our staff to aspire to be the very best teachers they can be and encourage them to innovate and embrace new technologies and techniques to help them.

**Build a community to be proud of:** Our school is, and always has been, at the heart of our community. We aim to build on this relationship to grow and develop. Our children will be encouraged to be respectful, polite and tolerant - in school and in their out-of-school activities. In reaching out to the wider community we will enhance our relationships with key stakeholders for our academy.

#### Public benefit

The trustees confirm they have referred to the guidance contained in the Charity Commission's guidance on public benefit.

#### **Strategic report**

##### Achievements and performance

We pride ourselves on our high standards across all areas including our continued outstanding overall effectiveness. A Teaching & Learning Review undertaken by a trained Ofsted Inspector graded the academy as 'Good' with many Outstanding features.

#### **Pupil outcomes and achievements: Key Stage 2**

##### Headline data for 2016

Please note that this data cannot be compared to previous years as it is benchmarked against a new curriculum.

46% of children reached expected standard in reading, writing and mathematics  
67% of children reached expected standard in reading  
54% of children reached expected standard in writing  
74% of children reached expected standard + in mathematics

##### Progress score

Reading - -1.5. Confidence interval takes this to above 0  
Maths - -1.6  
Writing - -6.2

##### Headline Data for 2015

92% of children achieved L4+ in reading, writing and mathematics  
95% of children made expected progress in reading  
97% of children made expected progress in writing  
93% of children made expected progress in mathematics  
44% of children achieved level 5+ in reading  
44% of children achieved level 5+ in writing  
44% of children achieved level 5+ in mathematics

##### Headline Data for 2014

93% of children achieved L4+ in reading, writing and mathematics  
93% of children made expected progress in reading  
100% of children made expected progress in writing  
93% of children made expected progress in mathematics  
52% of children achieved level 5+ in reading  
46% of children achieved level 5+ in writing  
48% of children achieved level 5+ in mathematics

The academy will continue striving to improve the levels of progress achieved by all the children. The board of trustees monitors the Academy Development Plan and Self Evaluation to ensure Ofsted outstanding criteria is maintained.

# LEIGHTON ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### Key performance indicators

Analysis of pupil data and test results confirm that the board of trustees has utilised its financial resources, including the Pupil Premium Grant, to ensure that all children meet their full potential. The academy continues to be oversubscribed with two bulge years of 90 pupils.

#### 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 Statement of Accounting Policies.

#### **Financial review**

Most of the academy's income is obtained from the EFA in the form of recurrent grants.

During the year ended 31 August 2016, total expenditure of £2,477,000 was covered by recurrent grant funding from the EFA together with incoming resources. The excess of income over expenditure (excluding actuarial gains and losses on defined benefit pension schemes) for the year was £24,000.

At 31 August 2016 the net book value of fixed assets was £1,559,000 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the children of the academy.

#### Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. This will ensure sufficient funds to cover unexpected emergencies and urgent maintenance. The trustees have invested a fixed amount in a higher interest account to enable future building projects. Approximately £150,000 has been reserved for expanding office and staffing space which should be completed by Autumn 2017.

The trustees have agreed that the academy will aim to hold a reserve of no more than 12% of total income with identified projects for expenditure of any reserve above this.

The trust must also review the balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016. In the statements that follow this would be a net surplus of £251,000 + £144,000 = £395,000.

#### Investment policy

In accordance with our Treasury Management Policy monies surplus to the working requirements shall be invested in terms deposits with Lloyds bank. The academy will not take out any long term investments until a reliable cash flow pattern has been established, monies will only be paid into term deposits not exceeding 6 months.

#### Principal risks and uncertainties

A risk register is maintained at the academy and is reviewed at least termly by the finance and resource committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the academy. Not all the factors are within the academy's control. Other factors besides those listed below may also adversely affect the academy.

#### **1. Government funding**

The academy has considerable reliance on continued government funding through the EFA. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

# LEIGHTON ACADEMY

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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This risk is mitigated in a number of ways –

- By ensuring the academy is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.

#### 2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the academy's balance sheet in line with the requirements of FRS102.

#### Plans for future periods

The board of trustees has the following priorities set for future development –

- All weather sports facilities
- Expansion of office and staff areas
- School expansion

#### Funds held as custodian trustee on behalf of others

Leighton Academy is not a custodian trustee on behalf of others.

#### Auditor

Insofar as the trustees are aware –

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

Under Section 487(2) of the Companies Act 2006 Haines Watts will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing accounts with the registrar, whichever is earlier.

This trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 23 November 2016 and signed on the board's behalf by:

.....  
**Helen Morris**  
**Chair of trustees**

# LEIGHTON ACADEMY

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### Scope of responsibility

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

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

### Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Brennand (Vice principal)	3	3
D Davy	3	3
S Hall (Vice chair)	2	3
S Hawkes	3	3
N Kay	2	2
A Manning	2	2
A Millar	3	3
H Morris (Chair)	3	3
D Ridings	3	3
M Speake (Staff)	2	2
J Sweeney	2	3
J Young (Principal)	3	3

The board of trustees goes through an annual exercise to make sure it has people with the right skills to carry out its responsibilities. Individual trustees take on responsibilities for specific areas of the board of trustees' work (eg special educational needs, health and safety, safeguarding) and all trustees undertake training. The board of trustees subscribes to the training programme offered by Cheshire East Council and undertakes training from external providers. Succession planning is an important consideration particularly where parent trustees are concerned.

### Attendance record of trustees

We have never cancelled a meeting because it was not 'quorate' (the number of trustees needed to ensure that decisions are legal) and trustees make frequent visits to the school. Monitoring reports are shared with all trustees and discussed at meetings. All meetings are planned well in advance to ensure good attendance.

### What the trustees have been doing

Trustees are aware of the challenges facing the school with the introduction of new assessment standards. There has been a close scrutiny of all assessment methodologies and their implementation in practice. Trustees are aware of somewhat unusual end of year results for SAT's but are satisfied that the staff are aware of the reasons these occurred and the steps being taken to rectify anomalies.

Trustees continue to play an active role in scrutiny of teaching and learning through learning walks and book reviews together with regular receipt from managers at various levels and are satisfied they have a full and complete view of work within the academy.

Trustees have taken a keen interest in capital projects within the school to improve facilities for staff and pupils and are committed to further expenditure in the near future in this regard. Trustees have encouraged a full review of management structures and are satisfied that management of the academy remains strong and focussed.

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# LEIGHTON ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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We are pleased to see that Pupil Premium children are continuing to thrive within the school and that the academy overall remains a vibrant and positive environment for all who attend.

#### **Finance & resource committee**

The finance and resources committee looks at the finances of the school (including staffing and pay awards) as well as the maintenance and development of the school buildings and grounds.

#### **Review of value for money**

As accounting officer the principal 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 trust's use of its resources has provided good value for money during the academic year and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

At Key Stage 2 the results were in line with national standards. The school has evaluated and produced a School Development Plan to ensure that progress against new curriculum requirements remains outstanding.

The targeted interventions for specific cohorts of children have been extended from those involving literacy to mathematics. All interventions emerging from Reading Recovery and the training for mathematics have been directed more effectively at specific cohorts of children with very good outcomes.

The trust is fulfilling a wider need by meeting increasing demand to fill the gap created by diminishing provision from other agencies by continuing to invest in their own Speech and Language Specialist and in growing the pastoral team. This has been a priority and now includes a dedicated pastoral teaching assistant, family support co-ordinator and various therapists.

Pupil Premium fund is tracked in detail and impact measured as an academy and for each child. Progress for pupils in receipt of this fund made more progress than other pupils in 2015/16.

A significant investment in specialist teachers including MFL, Music, Art, DT and PE has been made to ensure the children have access to a broad and balanced curriculum with a focus around STEM subjects and basic skills.

Involvement in supporting other schools has been a priority for the trust through informal and formal links – all of this activity in advising and supporting other schools is pro bono work.

We continue to make savings in waste disposal, grounds maintenance and energy through the installation of solar panels and an investment in a new boiler system.

Improved asset management through an electronic system has ensured a more systematic approach to asset replacement.

All systems for managing finance – along with those for ensuring a sufficiency of financial control – are being scrutinised by external and internal auditors. Nevertheless, the opportunity presented to the trust to manage even more stringently and effectively is leading to a rigorous process of self-review and audit.

The academy is in discussions with the local authority with a view to further expansion following 2 years of accepting an extra 30 pupils into reception, making the intake 90 and increasing pupil numbers by over 14% to 484.

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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# LEIGHTON ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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The system of internal control has been in place in Leighton Academy 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 trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the 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 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 trustees;
- regular reviews by the finance and resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and decided to appoint RSM as responsible officer for financial year 2015 – 2016.

The responsible officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and reporting systems. The responsible officer reports to the board of trustees, through the finance and resources committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

#### **Review of effectiveness**

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of trustees on 23 November 2016 and signed on its behalf by:

.....  
**Helen Morris**  
**Chair of trustees**

.....  
**Joanna Young**  
**Accounting officer**

# LEIGHTON ACADEMY

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2016**

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As accounting officer of Leighton Academy 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 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.

.....  
**Joanna Young**  
**Accounting officer**

.....

# LEIGHTON ACADEMY

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees (who also act as governors for Leighton Academy and are also the directors of Leighton Academy for the purposes of company law) are responsible for preparing the trustees' report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 23 November 2016 and signed on its behalf by:

.....  
**Helen Morris**  
**Chair of trustees**

# LEIGHTON ACADEMY

## INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF LEIGHTON ACADEMY

### FOR THE YEAR ENDED 31 AUGUST 2016

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We have audited the accounts of Leighton Academy for the year ended 31 August 2016 which comprise the statement of financial activities, 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', the Charities SORP 2015 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 opinions we have formed.

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees, who are also the directors of Leighton Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts 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 accounts**

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

#### **Opinion on accounts**

In our opinion the accounts:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

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

In our opinion the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

# LEIGHTON ACADEMY

## INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF LEIGHTON ACADEMY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 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 accounts 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.

.....  
**John Whittick BSc FCA (Senior Statutory Auditor)**

**for and on behalf of Haines Watts**

**Chartered Accountants**

**Statutory Auditor**

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: .....

# LEIGHTON ACADEMY

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEIGHTON ACADEMY AND THE EDUCATION FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2016**

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In accordance with the terms of our engagement letter dated 7 August 2014 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 Leighton Academy 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 Leighton Academy and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Leighton Academy and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Leighton Academy and EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Leighton Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Leighton Academy's funding agreement with the Secretary of State for Education dated 29 May 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 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.

# LEIGHTON ACADEMY

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEIGHTON ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2016**

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The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

### **Conclusion**

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

.....

**Haines Watts**  
**Reporting Accountant**

Dated: .....

# LEIGHTON ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2016 £000	Total 2015 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	7	-	10	17	52
Charitable activities:						
- Funding for educational operations	3	-	2,368	-	2,368	2,111
Other trading activities	4	87	-	-	87	83
Investments	5	1	-	-	1	1
<b>Total income and endowments</b>		<u>95</u>	<u>2,368</u>	<u>10</u>	<u>2,473</u>	<u>2,247</u>
<b>Expenditure on:</b>						
Raising funds	6	-	6	-	6	4
Charitable activities:						
- Educational operations	7	58	2,362	51	2,471	2,174
<b>Total expenditure</b>	<b>6</b>	<u>58</u>	<u>2,368</u>	<u>51</u>	<u>2,477</u>	<u>2,178</u>
<b>Net income/(expenditure)</b>		37	-	(41)	(4)	69
Transfers between funds		(28)	(29)	57	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	(488)	-	(488)	22
<b>Net movement in funds</b>		9	(517)	16	(492)	91
<b>Reconciliation of funds</b>						
Total funds brought forward		135	(481)	1,543	1,197	1,107
Total funds carried forward		<u>144</u>	<u>(998)</u>	<u>1,559</u>	<u>705</u>	<u>1,198</u>

# LEIGHTON ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	11		1,559		1,543
<b>Current assets</b>					
Stocks	12	3		7	
Debtors	13	81		72	
Cash at bank and in hand		512		497	
		<u>596</u>		<u>576</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(179)		(163)	
<b>Net current assets</b>			417		413
<b>Total assets less current liabilities</b>			1,976		1,956
Creditors: amounts falling due after more than one year	15		(22)		(26)
<b>Net assets excluding pension liability</b>			1,954		1,930
Defined benefit pension liability	19		(1,249)		(733)
<b>Net assets</b>			<u>705</u>		<u>1,197</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			1,559		1,543
- Restricted income funds			251		252
- Pension reserve			(1,249)		(733)
<b>Total restricted funds</b>			561		1,062
<b>Unrestricted income funds</b>	17		144		135
<b>Total funds</b>			<u>705</u>		<u>1,197</u>

The accounts were approved by the board of trustees and authorised for issue on 23 November 2016 and are signed on its behalf by:

.....  
**Helen Morris**  
Chair of trustees

Company Number 08500778

# LEIGHTON ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

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	Notes	2016 £000	£000	2015 £000	£000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	20		75		122
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE and EFA		10		9	
Capital funding from sponsors and others		-		38	
Payments to acquire tangible fixed assets		(67)		(147)	
			(56)		(99)
<b>Cash flows from financing activities</b>					
Repayment of other loan		(4)		30	
			(4)		30
<b>Change in cash and cash equivalents in the reporting period</b>					
			15		53
Cash and cash equivalents at 1 September 2015			497		444
<b>Cash and cash equivalents at 31 August 2016</b>			<b>512</b>		<b>497</b>

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# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts 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.

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

These accounts for the year ended 31 August 2016 are the first accounts of Leighton Academy prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

##### 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 receivable

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

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

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

###### Donations

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.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1 Accounting policies

##### Other income

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

##### Donated goods, facilities and services

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

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

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful 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 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

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

Land and buildings	Buildings straight line over 50 years: Land is not depreciated
Computer equipment	Straight line over 3 years
Fixtures, fittings & equipment	Straight line over 4 years

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

#### 1.6 Liabilities

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

#### 1.7 Leasing and hire purchase commitments

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

#### 1.8 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.9 Taxation

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

#### 1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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 are recognised in the period to which they relate.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies

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

#### 1.11 Fund accounting

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

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

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

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

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	10	10	9
Other donations	7	-	7	43
	<u>7</u>	<u>10</u>	<u>17</u>	<u>52</u>

The income from donations and capital grants was £17,000 (2015: £52,000) of which £7,000 was unrestricted (2015: £5,000) and £10,000 was restricted fixed assets (2015: £47,000).

### 3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	1,843	1,843	1,588
Other DfE / EFA grants	-	216	216	201
	<u>-</u>	<u>2,059</u>	<u>2,059</u>	<u>1,789</u>
<b>Other government grants</b>				
Local authority grants	-	309	309	322
	<u>-</u>	<u>309</u>	<u>309</u>	<u>322</u>
<b>Total funding</b>	<u>-</u>	<u>2,368</u>	<u>2,368</u>	<u>2,111</u>

The income from funding for educational operations was £2,368,000 (2015: £2,111,000) of which £2,368,000 was restricted (2015: £2,111,000).

The academy trust received £309,000 from the local authority in the year, being £24,000 for HNB funding, £234,000 for nursery funding, £44,000 for growth funding, £2,000 for pupil premium received on behalf of looked after children and £5,000 for the language intervention programme

There were no unfulfilled conditions or other contingencies relating to the grants in the year.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	4	-	4	1
Catering income	29	-	29	27
Other income	54	-	54	55
	<u>87</u>	<u>-</u>	<u>87</u>	<u>83</u>

The income from other trading activities was £87,000 (2015: £83,000) of which £87,000 was unrestricted (2015: £83,000).

### 5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The income from funding for investment income was £1,000 (2015: £1,000) of which £1,000 was unrestricted (2015: £1,000).

### 6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2016 £000	Total 2015 £000
<b>Academy's educational operations</b>					
- Direct costs	1,445	46	263	1,754	1,597
- Allocated support costs	<u>265</u>	<u>79</u>	<u>373</u>	<u>717</u>	<u>577</u>
	<u>1,710</u>	<u>125</u>	<u>636</u>	<u>2,471</u>	<u>2,174</u>
<b>Other expenditure</b>					
Raising funds	<u>-</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>4</u>
<b>Total expenditure</b>	<u>1,710</u>	<u>125</u>	<u>642</u>	<u>2,477</u>	<u>2,178</u>

The expenditure on raising funds was £6,000 (2015: £4,000) of which £6,000 was restricted (2015: £4,000).

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 6 Expenditure

<b>Net income/(expenditure) for the year includes:</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fees payable to auditor for:		
- Audit	6	5
- Other services	3	3
Operating lease rentals	7	11
Depreciation of tangible fixed assets	51	60
	<u>          </u>	<u>          </u>

#### 7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Direct costs - educational operations	58	1,696	1,754	1,597
Support costs - educational operations	-	717	717	577
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	58	2,413	2,471	2,174
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The expenditure on educational operations was £2,471,000 (2015: £2,174,000) of which £58,000 was unrestricted (2015: £54,000), £2,362,000 was restricted (2015: £2,060,000) and £51,000 was restricted fixed assets (2015: £60,000).

<b>Analysis of costs</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Direct costs</b>		
Teaching and educational support staff costs	1,425	1,278
Staff development	20	12
Depreciation and amortisation	46	54
Technology costs	18	4
Educational supplies and services	245	249
	<u>          </u>	<u>          </u>
	1,754	1,597
	<u>          </u>	<u>          </u>
<b>Support costs</b>		
Support staff costs	265	224
Depreciation and amortisation	5	6
Technology costs	28	24
Maintenance of premises and equipment	74	89
Cleaning	13	10
Energy costs	16	12
Rent and rates	57	23
Insurance	26	25
Security and transport	6	7
Catering	138	62
Interest on pension deficit	28	27
Other support costs	28	43
Governance costs	33	25
	<u>          </u>	<u>          </u>
	717	577
	<u>          </u>	<u>          </u>

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 8 Staff costs

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	1,336	1,198
Social security costs	101	83
Operating costs of defined benefit pension schemes	245	199
	<hr/>	<hr/>
Staff costs	1,682	1,480
Supply staff costs	8	22
Staff development and other staff costs	20	12
	<hr/>	<hr/>
Total staff expenditure	1,710	1,514
	<hr/>	<hr/>

### Staff numbers

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Teachers	21	19
Administration and support	46	41
Management	3	3
	<hr/>	<hr/>
	70	63
	<hr/>	<hr/>

### Higher paid staff

There were no employees whose annual remuneration was £60,000 or more.

### Non statutory/non-contractual staff severance payments

During the year, there were no non statutory/ non contractual severance payments made to staff.

### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £160,000 (2015: £173,000).

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £nil 2015 were reimbursed trustees.

The value of trustees' remuneration was as follows:

J Young (principal and trustee):		
Remuneration	£55,001 - £60,000	(2015: £55,001 - £60,000)
Employers' pension contribution	£5,001 - £10,000	(2015: £5,001 - £10,000)
S Brennand (staff and trustee):		
Remuneration	£45,001 - £50,000	(2015: £45,001 - £50,000)
Employers' pension contribution	£5,001 - £10,000	(2015: £5,001 - £10,000)
K Bishop (staff and trustee):		
Remuneration	£35,001 - £40,000	(2015: £35,001 - £40,000)
Employers' pension contribution	£5,001 - £10,000	(2015: £5,001 - £10,000)

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

#### 10 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 trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

#### 11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
At 1 September 2015	1,557	28	121	1,706
Additions	42	15	10	67
	<u>1,599</u>	<u>43</u>	<u>131</u>	<u>1,773</u>
At 31 August 2016	1,599	43	131	1,773
<b>Depreciation</b>				
At 1 September 2015	44	25	94	163
Charge for the year	25	6	20	51
	<u>69</u>	<u>31</u>	<u>114</u>	<u>214</u>
At 31 August 2016	69	31	114	214
<b>Net book value</b>				
At 31 August 2016	<u>1,530</u>	<u>12</u>	<u>17</u>	<u>1,559</u>
At 31 August 2015	<u>1,513</u>	<u>3</u>	<u>27</u>	<u>1,543</u>

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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<b>12</b>	<b>Stocks</b>	<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	Clothing	3	7
		<u>          </u>	<u>          </u>
<b>13</b>	<b>Debtors</b>	<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	VAT recoverable	16	10
	Prepayments and accrued income	65	62
		<u>          </u>	<u>          </u>
		81	72
		<u>          </u>	<u>          </u>
<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	Other loans	4	4
	Trade creditors	-	3
	Other taxation and social security	29	22
	Other creditors	31	25
	Accruals and deferred income	115	109
		<u>          </u>	<u>          </u>
		179	163
		<u>          </u>	<u>          </u>
<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	Other loans	22	26
		<u>          </u>	<u>          </u>
	<b>Analysis of loans</b>		
	Wholly repayable within five years	26	30
	Less: included in current liabilities	(4)	(4)
		<u>          </u>	<u>          </u>
	Amounts included above	22	26
		<u>          </u>	<u>          </u>
	<b>Loan maturity</b>		
	Debt due in one year or less	4	4
	Due in more than one year but not more than two years	4	4
	Due in more than two years but not more than five years	12	12
	Due in more than five years	6	10
		<u>          </u>	<u>          </u>
		26	30
		<u>          </u>	<u>          </u>

Included within creditors is a loan of £26,000 from Salix to part fund for the replacement of boilers. The loan is provided at 0% interest rate. Bi-yearly payments are made against the loan and are expected to be fully repaid on 1 September 2022.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

16 Deferred income	2016 £000	2015 £000
Deferred income is included within:		
Creditors due within one year	89	86
Deferred income at 1 September 2015	86	103
Released from previous years	(86)	(103)
Amounts deferred in the year	89	86
<b>Deferred income at 31 August 2016</b>	<b>89</b>	<b>86</b>

At the balance sheet date the academy trust was holding funds received in advance of the 2016/2017 academic year for the free school meals programme, early years income for the 2016 Autumn term and income received in advance of educational visits to take place in 2016/17.

17 Funds	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
General Annual Grant	252	1,843	(1,815)	(29)	251
Other DfE / EFA grants	-	216	(216)	-	-
Other government grants	-	309	(309)	-	-
Funds excluding pensions	252	2,368	(2,340)	(29)	251
Pension reserve	(733)	-	(28)	(488)	(1,249)
	(481)	2,368	(2,368)	(517)	(998)
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	317	10	(15)	-	312
Inherited funds	1,073	-	(28)	-	1,045
Capital expenditure from GAG	38	-	(2)	29	65
Private sector capital sponsorship	115	-	(6)	28	137
	1,543	10	(51)	57	1,559
<b>Total restricted funds</b>	<b>1,062</b>	<b>2,378</b>	<b>(2,419)</b>	<b>(460)</b>	<b>561</b>
<b>Unrestricted funds</b>					
General funds	135	95	(58)	(28)	144
<b>Total funds</b>	<b>1,197</b>	<b>2,473</b>	<b>(2,477)</b>	<b>(488)</b>	<b>705</b>

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 17 Funds

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

The transfers from restricted general funds and unrestricted funds to restricted fixed asset funds are to meet the costs incurred.

Under the funding agreement with the Secretary of State, the academy was no subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

#### 18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General    Fixed asset £000       £000		Total 2016 £000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	1,559	1,559
Current assets	144	452	-	596
Creditors falling due within one year	-	(179)	-	(179)
Creditors falling due after one year	-	(22)	-	(22)
Defined benefit pension liability	-	(1,249)	-	(1,249)
	<u>144</u>	<u>(998)</u>	<u>1,559</u>	<u>705</u>

#### 19 Pensions and similar obligations

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

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

Contributions amounting to £30,000 (2015: £25,000) were payable to the schemes at 31 August 2016 and are included within creditors.

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 19 Pensions and similar obligations

##### Teachers' Pension Scheme

###### Introduction

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

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

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

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

The key elements of the valuation and subsequent consultation are:

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

During the 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 pension costs paid to the TPS in the period amounted to £136,000 (2015: £105,000).

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

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

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Pensions and similar obligations

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are per cent for employers and per cent for employees. The estimated value of employer contributions for the forthcoming year is £120,000.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represent their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

<b>Total contributions made</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Employer's contributions	117	91
Employees' contributions	26	22
	<u>          </u>	<u>          </u>
Total contributions	143	113
	<u>          </u>	<u>          </u>

<b>Principal actuarial assumptions</b>	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Rate of increases in salaries	3.1	3.6
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8
	<u>          </u>	<u>          </u>

#### Sensitivity analysis

<b>Changes in assumptions at 31 August 2016</b>	<b>Approximate % increase to employer liability</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	16%	316
1 year increase in member life expectancy	3%	58
0.5% increase in the Salary Increase Rate	8%	147
0.5% increase in the Pension Increase Rate	8%	157

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 19 Pensions and similar obligations

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

	2016 Years	2015 Years
Retiring today		
- Males	22.3	22.3
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.7	26.7

#### The academy trust's share of the assets in the scheme

	2016 Fair value £000	2015 Fair value £000
Equities	529	307
Bonds	-	79
Property	102	40
Other assets	47	13
Total market value of assets	678	439

Actual return on scheme assets - gain/(loss)	96	(19)
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#### Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	117	102
Net interest cost	28	27

#### Changes in the present value of defined benefit obligations

	2016 £000
Obligations at 1 September 2015	1,172
Current service cost	117
Interest cost	47
Employee contributions	26
Actuarial loss	565
At 31 August 2016	1,927

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Pensions and similar obligations

Changes in the fair value of the academy trust's share of scheme assets	2016 £000
Assets at 1 September 2015	439
Interest income	19
Return on plan assets (excluding amounts included in net interest): Actuarial gain	77
Employer contributions	117
Employee contributions	26
	<hr/>
At 31 August 2016	678

### 20 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £000	2015 £000
Net income/(expenditure) for the reporting period	(4)	69
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(10)	(47)
Investment income	(1)	(1)
Defined benefit pension costs less contributions payable	-	11
Defined benefit pension net finance cost/(income)	28	28
Depreciation of tangible fixed assets	51	60
(Increase)/decrease in stocks	4	(3)
(Increase)/decrease in debtors	(9)	282
Increase/(decrease) in creditors	16	(277)
	<hr/>	<hr/>
<b>Net cash provided by operating activities</b>	<b>75</b>	<b>122</b>

### 21 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £000	2015 £000
Amounts due within one year	5	16
Amounts due in two and five years	4	3
	<hr/>	<hr/>
	9	19

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 22 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees 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.

No related party transactions took place in the year.

#### 23 Members' liability

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

#### 24 Reconciliations on adoption of FRS 102

##### Reconciliation of funds for the previous financial period

	1 September 2014 £000	31 August 2015 £000
Notes	£000	£000
Funds as reported under previous UK GAAP	1,107	1,198
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	-	(6)
Change in actuarial loss	-	6
	<u>1,107</u>	<u>1,198</u>
Funds reported under FRS 102	<u>1,107</u>	<u>1,198</u>

##### Reconciliation of net income for the previous financial period

	2015 £000
Notes	£000
Net income as reported under previous UK GAAP	91
Adjustments arising from transition to FRS 102:	
Change in recognition of LGPS interest cost	(6)
Change in actuarial loss	6
	<u>91</u>
Net income reported under FRS 102	<u>91</u>

# LEIGHTON ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *FOR THE YEAR ENDED 31 AUGUST 2016*

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#### **24 Reconciliations on adoption of FRS 102**

##### **Notes to reconciliations on adoption of FRS 102**

###### **1. Change in recognition of LGPS**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £6,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.