

LEAF ACADEMY TRUST
ANNUAL REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

Year ended 31 August 2015

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LEAF ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS

Members	Leeds Diocesan Board of Finance (Church of England) The Corporate Diocesan Educational Trust (Church of England) Let's Overcome Adversity Chair of the Board of Directors
The Board of Directors (Trustees)	Mr J Batty* (Appointed 03/08/15) (Resigned 04/11/15) Mrs J Caton (Appointed 20/10/14) (Resigned 04/11/15) Mr M Edwards (Resigned 23/09/14) Ms K Fields (Resigned 16/10/14) Mr M Gibbons (Resigned 31/08/2015) Mr P Gruen (Resigned 05/09/14) Venerable P Hooper* Mrs V James (Resigned 17/11/15) Ms R C McMullen Mr H Moyes (Resigned 10/09/14) Mrs K Osborne (Appointed 15/10/14) (Resigned 02/10/15) Revd M Peat Prof S Proctor – Chair* (Resigned 02/10/15) Ms M Tailby* The Rt Revd P Slater (Appointed 03/11/15) Mr R Pritchard (Appointed 10/11/15)
	Members of the Audit Committee are denoted by*.
Executive Management Team	Chief Executive Officer Rosanne McMullen Principal (Primary) Mark Edwards Principal (Primary) Darren Foulke Principal (Secondary) Jeremy Richardson Chief Finance Officer Yavannah Watterson-Hopkins
Company Secretary	Adnan Bashir (Resigned 23/01/15) Kerry Eustace (Appointed 23/01/15)
Principal and Registered Office	Bishops Way Seacroft Leeds West Yorkshire LS14 6NU
Company Registration Number	05037949 (England and Wales)
Independent Auditors	Jolliffe Cork LLP Chartered Accountants and Registered Auditors 33 George Street Wakefield West Yorkshire WF1 1LX
Bankers	Lloyds Banking Group School Banking 14 Church Street Sheffield S1 1HP

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Bankers	Yorkshire Bank 4 Victoria Place Manor Road Leeds LS11 4AE
Investment Manager	Investec Wealth & Investment Limited Colmore Plaza Colmore Circus Birmingham B4 6AT
Solicitors	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT Lupton Fawcett Lee & Priestley 10-12 East Parade Leeds LS1 3AJ Wrigleys Solicitors LLP 19 Cookridge Street Leeds West Yorkshire LS2 3AG
Insurance Brokers	Richard Bolton Insurance Group Cranberry Park 1 Cranberry Drive Denton Manchester M34 3UL

LEAF ACADEMY TRUST DIRECTORS' ANNUAL REPORT

The directors of the LEAF Academy Trust have pleasure in presenting their Annual Report together with the Financial Statements and Auditors Report of the charitable company for the year ended 31 August 2015. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

The Trust operates two primary academies and one secondary within Leeds. Its academies have a combined pupil capacity of 1,830 and had a roll of 1,623 in the academy census in October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10.00, for the debts and liabilities contracted before they ceased to be a member.

Directors' Indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 per any one claim; the premium for the year ended 31 August 2015 was £3,202. The cost of this insurance is included in the total insurance cost. The Trust has no other third party indemnities for or on behalf of members and/or directors.

Method for Recruitment and Appointment or Election of Directors

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

The following methods are used to recruit/appoint directors:

- Advertise through the use of business networks and social media (LinkedIn and Twitter);
- Seek referrals from connected organisations and outgoing directors.

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

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

LEAF ACADEMY TRUST DIRECTORS' ANNUAL REPORT

Policies and Procedures Adopted for the Induction and Training of Directors

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

Organisational Structure

The LEAF Academy Trust included the following academies for the year ended 31 August 2015:

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

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

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

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

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

Connected Organisations Including Related Party Relationships

During the year, the LEAF Academy Trust has actively worked with the following organisations in furtherance of its charitable purpose by way of consultancy services:

- St Vincent's Leeds (Charity No 1053992)
- Leeds Citizens

OBJECTIVES AND ACTIVITIES

Mission and Ethos

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

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

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

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

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

Objectives, Strategies and Activities

The LEAF Academy Trust's key objectives are:

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

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

Public Benefit

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

Serving the Local Community and Society

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

The LEAF Academy Trust continues to support its strategic partnership with St Vincent's, as a part of the Trust's Corporate Social Responsibility (CSR) policy. St Vincent's is a city wide voluntary organisation based

LEAF ACADEMY TRUST DIRECTORS' ANNUAL REPORT

in the heart of East Leeds; its aim is to improve the quality of life for those deprived of income, employment, education, social networks, neighbourhood and community support. The partnership represented a unique opportunity for the LEAF Academy Trust to work and support another charity with a similar charitable objective.

The LEAF Academy Trust's involvement with St Vincent's during the year has focused on supporting the charity to develop its strategic and financial capacity.

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

Our partners in delivering this change are:

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

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

**LEAF ACADEMY TRUST
DIRECTORS' ANNUAL REPORT**

STRATEGIC REPORT

Achievements and Performances

The academic results for the LEAF Academy Trust for the year ended 31 August 2015 are summarised as follows:

Key Performance Indicators – Primary Academies

Key Stage 1	Level 2+ Reading %		Level 2+ Writing %		Level 2+ Mathematics %	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Manston St James Academy	93	95	93	95	93	95
Rothwell C of E Academy	96.6	87	96.4	90	96.6	90

Key Stage 2	Level 4+ Reading %		Level 4+ Writing %		Level 4+ Mathematics %	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Manston St James Academy	88	92	84.6	95	86.3	81
Rothwell C of E Academy	73.7	77	78.9	67	78.9	76

Key Stage 2	Level 4 + Reading, Writing & Mathematics %	
	2013/2014	2014/2015
Manston St James Academy	78	80
Rothwell C of E Academy	63.2	52

Early Years Foundation Stage	Good Level of Development %	
	2013/2014	2014/2015
Manston St James Academy	70	72
Rothwell C of E Academy	62	68

	Attendance %		Authorised Absence %		Unauthorised Absence %	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
Manston St James Academy	96.5	96.2	2.49	2.9	1.01	0.9
Rothwell C of E Academy	96.4	96.1	2.5	2.6	1.10	1.3

Manston St James Primary Academy delivered its best ever Key Stage 2 SATs results; particularly pleasing was the substantial increase in Level 4+ Writing (from 84.6% to 95%) as this had been a key focus of the Academy Development Plan.

Rothwell CE Primary Academy has yet to show major improvement in SATs outputs, reflecting the poor progress before becoming a sponsored academy; however, internal data shows students are now making better than expected progress.

Key Performance Indicators – David Young Community Academy

GCSE's	Student Analysis	2012/2013 %	2013/2014 %	2014/2015 %
5+ A*-C Inc.Eng and Maths	All	47.6	39.0	34.3
	Non-PP	52.1	48.1	46.6
	PP	39.7	30.9	25.9

GCSE's	Student Analysis	2012/2013	2013/2014	2014/2015
5+ A*-C	All	93.5	38.5	36.5
	Non-PP	98.3	48.1	49.3

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	PP	85.3	30.9	27.8
5+ A*-G	All	96.8	88.5	82.3
	Non-PP	99.1	93.5	94.5
	PP	92.6	84.5	74.1
1+A*-G	All	98.9	97.7	90.6
	Non-PP	99.1	98.7	97.3
	PP	98.5	96.9	86.1
A*-C in English	All	60.4	67.2	56.4
	Non-PP	67.2	76.6	71.2
	PP	48.5	59.8	46.3
A*-C in Mathematics	All	54.1	61.4	53.6
	Non-PP	58.6	64.9	64.4
	PP	46.3	58.5	46.3
3+ Levels of Progress English	All	60.9	76.0	59.9
	Non-PP	68.1	84.2	71.4
	PP	48.5	68.8	51
3+ Levels of Progress Mathematics	All	51.1	59	56.6
	Non-PP	56.9	62.5	71.8
	PP	41.2	54.4	46.2
4+ Levels of Progress English	All	21	39.3	15.5
	Non-PP	25.2	48	15.7
	PP	13.6	32.3	15.4
4+ Levels of Progress Mathematics	All	15.4	20.1	26.9
	Non-PP	15.7	27.8	31
	PP	14.9	13.8	24

DYCA GCSE results were disappointing this year, but we were pleased to note 26.9% of all students making 4 Levels of Progress in Maths and 24% of disadvantaged students making 4 Levels of Progress.

	2012/2013	2013/14	2014/2015
Average UCAS points per student	239	292	361

The International Baccalaureate Diploma and the International Baccalaureate Careers Programme are now fully embedded in the DYCA sixth form. We were pleased to see the average UCAS points per student rise to 361.

	Attendance %		Authorised Absence %		Unauthorised Absence %	
	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015
David Young Community Academy	92.42	91.2	3.56	3.85	4.02	4.97

Attendance levels have always represented a challenge for the Academy; however, a revised attendance strategy and dedicated resourcing are in place. Attendance will continue to be a key area of focus.

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Post Year End Events

In October 2015 DYCA had an Ofsted inspection which highlighted a number of serious issues which resulted in DYCA being put into special measures. The sponsor of LEAF Academy Trust has reviewed the Academy leadership in place and has faith that the new Principal who took up post on 17th August 2015 is able to lead the Academy out of special measures.

The Academy and the Trust took immediate action by firstly informing parents, students and staff of the outcome and secondly, by producing a rigorous academy improvement plan which has already begun to be put into practice.

The Trust is reviewing the skills of the Directors and the Local Governing Bodies at present, with a view to strengthening all of the Board/Governing Bodies based on availability and commitment to school improvements across the Trust.

Going Concern

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

FINANCIAL REVIEW

The LEAF Academy Trust's income is derived in the main from the Department for Education (DFE) via the Education Funding Agency (EFA) in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received from the EFA and other sources during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The charity also receives an element of funding for the acquisition and replacement of fixed assets from the EFA. In accordance with the charities statement of recommended practice, "Accounting and Reporting by Charities" (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed assets fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Incoming resources during the year ended 31 August 2015 totalled £9,892m (2014: £9.963m) and was insufficient to cover outgoing resources and provided a deficit of £1,051m (2014: £0.132m deficit) before transfers and other recognised gains and losses. During the year £0.159 (2014: £0.389m) was transferred from the restricted fund and £nil (2014: £0.012m) from unrestricted funds to the restricted fixed assets fund for the acquisition of additional fixed assets necessary for curriculum delivery and the continuing operations of the LEAF Academy Trust.

The financial year ended 31 August 2015 provided for a £0.067m (2014: £0.471m gain) actuarial loss on the LEAF Academy Trust's local government defined benefit pension scheme and a loss of £0.015m (2014: £0.084m gain) on the revaluation of fixed asset investments.

The net book value of tangible fixed assets was £21,015m (2014: £21,684m); movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were exclusively for providing educational and associated support services to pupils and the community.

During the year ended 31 August 2015 the Trust continued to allow all new staff the opportunity to join one of three pension schemes: Teachers Pensions (TPS), Church of England Pension Scheme and the West Yorkshire Pension Fund (LGPS), all three pension funds are defined benefit schemes. However, due to the nature of the Teachers Pensions Scheme and that of the Church of England Pension Fund it is not possible to account for the actual assets and liabilities of these schemes which can be directly apportioned to the LEAF Academy Trust. However, a more detailed explanation of each pension scheme can be found in notes 21 & 22 respectively.

In comparison, it is possible to account for the assets and liabilities of the Local Government Pension Scheme (LGPS) as shown in the statement of financial activities and note 28. The LGPS currently provides for a deficit balance of £1,294m (2014: £1.152m deficit).

Fixed Asset Investments

Fixed asset investments as at 31 August 2015 had a market value of £1,281m (2014: £1,281m); the portfolio provided a capital return of -2.25% (2014: 6.04%) and an income yield of 2.76% (2014: 3.14%) for the year ended 31 August 2015. The total portfolio return was 0.23% (2014: 9.18%).

Financial Position

The Trust held fund balances at 31 August 2015 of £22.373m (2014: £23.506m) comprising £22.313m (2014: £22.980m) of restricted fixed assets, £0.532m deficit (2014: £0.010m deficit) of restricted funds and £0.592m (2014: £0.536) of unrestricted funds.

Investment Policy

The Trust having considered the options available has adopted a combined investment policy to maximise financial returns on funds and reserves held. Investments are held in two distinct categories; terms deposit accounts with high street financial institutions and investment portfolio details of which are set out in note 15. The investment objective of the portfolio for the year was to achieve a combined long term real rate of return, net of inflation and to provide a source of capital to meet beneficiary and operational needs without subjecting the fund to large disinvestment.

The investment fund generated a return of .023% for the year ended 31 August 2015, when compared to the industry benchmark (FTSE WMA Balanced Portfolio) of 2.12%. As the return achieved is below the industry benchmark for the 12 month period, the directors have done a full review of the performance of the portfolio and its specific asset allocation strategy with the Investment Managers. The decision has been taken that in view of the economic climate and the need to replace/invest in capital development across the Trust, the portfolio should be downgraded to a low/medium risk profile and disinvestment of the portfolio should begin. This will be done over a period of three to five years so that the greatest capital return can be achieved. Post yearend there has also been a change in the dividend income policy from capital reinvestment to income received to maximise short term funding for the Trust.

Ethical Investment

The Academy Trust is underpinned and supported by Christian values. However, the Academy Trust is mindful of its underlying principle to further the purpose of the Academy Trust (provision of education); that purpose will ordinarily be best served by seeking the maximum return consistent with commercial prudence. Therefore, the Academy Trust will seek to use a combination of positive and negative criteria to influence the investment decision making process.

Positive Criteria:

- responsible employment practices;
- best corporate Governance practice;
- conscientiousness with regard to human rights;
- sustainable environmental practice;
- sensitivity towards the communities in which the business operates.

The Academy Trust has given due consideration to the guidance issued by the Charities Commission and has recommended against any direct investment in the following types of organisation:

- any organisation that is directly involved in indiscriminate weaponry;
- any organisation that produces pornography;
- any organisation where their principal business activity or focus is tobacco, alcoholic drink, gambling, or weekly collected home credit.

Reserves Policy

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

Going forward the Directors have determined the amount of working capital held in free reserves should cover approximately one months' worth of expenditure for the Trust being approximately £600k. The Trusts level of free reserves as at 31 August 2015 (Total funds less the amount held in fixed asset and restricted reserves) were £589k (2014: £536k).

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

- Capital development

A recent review of all three sites has highlighted the need for substantial capital investment/replacement. The Directors would like to designate £1.3million towards capital development.

- Academy improvement

The Directors have designated a further £0.5million towards Academy driven improvement projects with a focus on improving KPIs and standards across all three Academies so as to help bridge the gap with national standards.

Pension Reserve

The Trust's pension scheme liability at 31 August 2015 amounted to £1,294m deficit (2014: £1,152m deficit) The presence of a pension surplus or deficit does not constitute an immediate liability or realisable asset and does not mean the equivalent amount is already committed or no longer available.

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

PRINCIPAL RISK AND UNCERTAINTIES

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

Sustainable Public Funding

The LEAF Academy Trust has considerable reliance on continued government funding through the EFA. The Academy Trust's publicly funded revenue income accounts for 95% (2014: 92%) of its total revenue income and this level of reliance is expected to continue if not increase.

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

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

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

Fixed Asset Estate Risk

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

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

The estate risk is being managed in the following ways:

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

Investment Portfolio Risk

The LEAF Academy Trust maintains an investment portfolio to help mitigate the risks and costs associated with its capital programme. The portfolio has been structured to accommodate a moderate appetite towards risk and to achieve a competitive rate of return. The directors believe the portfolio's performance over the medium to long term will yield greater returns relative to the systematic risk inherent within the asset allocation, when compared to simple cash deposit and the associated risk of time value of money (inflation). As previously noted the decision was taken in the year to move to a low/medium risk profile and for disinvestment of the portfolio to be done over a period of three to five years.

The risks associated with the investment portfolio are carefully managed through a number of strategies:

- Appointment of a qualified and regulated Investment Management Team
The Investment fund is actively managed by Investec Wealth Management who have a significant number of controls and processes which review the risk and return associated with the investment fund as a whole and with individual transactions. Independent peer reviews are undertaken to monitor the position and risk of portfolio.
- Market Risk
This is defined as the risk of losses arising from movement in the underlying market. Therefore, every portfolio will be exposed to market risk. Exposure to specific or unsystematic risk is mitigated largely from diversification and assessment of correlation between securities and each asset class. The level of market risk is commensurate with the level of risk your portfolio needs to take to achieve the desired return. The Trust Investment Portfolio is defined as a balanced risk product.
- Credit Risk
The fixed income portion of the portfolio is assessed on a regular basis for suitable levels of credit risk. A full analysis of the ability to sustain the level of debt incurred by a corporation and whether they are "money good" with regard to the future obligations is undertaken prior to any investment decision. In addition to which all individual bond exposures will be either investment grade or although unrated for specific reasons (e.g. retail bonds), will demonstrated the characteristics if an investment grade bond.
- Liquidity and Cash Flow Risk
The liquidity needs are always considered prior to any investment decision and a significant proportion of investments are made in the most liquid parts of the market. Due to the volatility of recent times and the cash flow needs of the trust, the portfolio contains "insurance" assets and alpha generative assets. (assets which add to returns without adding any additional risk as measured by volatility). Insurance assets such as gilt and cash provide a buffer of security in times of financial stress with the market.

The LEAF Academy Trust has been proactive in identifying and managing these risks and uncertainties to mitigate their impact as a part of its risk management processes.

STRATEGIC PLAN

PLANS FOR FUTURE PERIODS

Our school community thrives on the LEAF values of LOVE, ENTERPRISE, ASPIRATION and FAITH.

The LEAF values run through all that we do and the way that we work and behave every day. Transforming lives in Leeds is an inspiring goal. It is a goal based on the aim of ensuring that every young person has access to the best possible standards of education. We believe that much of our work is about individuals and about character; we help each individual student to achieve the best possible results for themselves. Students experience a wide variety of activities and are introduced to new influences and initiatives that give them the opportunity to explore and to shine as individuals.

We are proud of the team that we have built at the LEAF Academy Trust. Our team work hard and show commitment to supporting and encouraging all of our students. Working towards our shared goals means that we believe it important to work closely with our local community and to share in supporting young people in and out of school.

Going forward there will be an increased emphasis and focus on delivering outstanding school improvement support to our academies. The Directors have designated £0.5million towards school improvement projects over the next financial year.

We are also exploring opportunities to work with Good and Outstanding academies to support the Trust in improving standards and performance for all students where possible, and will continue to focus on destinations for all sixth form students, whether that be higher education, an apprenticeship, or gaining employment.

CHAIR'S ANNUAL STATEMENT

Manston St James Primary Academy received OFSTED Section 5 and 48 Inspections during the year with pleasing outcomes (Good and Outstanding respectively) and achieved record results in 2015.

Rothwell Church of England Primary Academy now has a full governing body, established in January 2015, to replace the Interim Governing Body formed from the LEAF Trust Board and the IEB which saw it through its first three terms as a member of the Trust. The Governing Body is led by Mary Tailby, a LEAF Director and National Leader in Governance, who also remains chair of the Governing Body of Manston St James. The Academy looks forward to its first inspection as it is a transformed school.

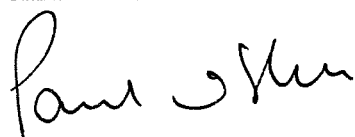
Whilst Rothwell's Key Stage 2 SATs results still demonstrate the poor progress made prior to the school joining the Trust, the Key Stage 1 assessments show improvements and internal data shows accelerating progress for students.

David Young Community Academy: Mrs Lynne Frost retired at the end of March 2015 from the post of Principal at DYCA and the Trust have appointed Mr Jeremy Richardson, who took up that post on 17th August 2015. Student outcomes at GCSE were extremely disappointing for the year ending 31st August 2015. This has had something of a destabilising effect. Post year end, DYCA had an Ofsted inspection that highlighted a number of serious issues and due to this was put into special measures. The Academy and the Trust have taken immediate action to drive forward a rigorous plan of school improvement.

The sixth form outputs were pleasing with an increase in average UCAS points from 292 to 361. The International Baccalaureate Diploma and Careers Programme are both now well established, and I am particularly pleased to report that all sixth form leavers in 2015 had a university, apprenticeship or appropriate employment destination.

General: The LEAF Academy Trust has continued to build links with other educational institutions in order to enrich our work. The LEAF Leadership Training Programme continued with partners at Ampleforth College, The Grammar School at Leeds and Manor CE Academy. Colleagues from LEAF academies and from these partner schools worked together exploring key themes through research in all the schools, reading and discussion. The heads and principals of all the schools gave generously of their time in providing evening seminars. The programme was very successful and continues into next year.

Working relationships have also been developed with local and national charities. The Trust works with the St Vincent's Support Centre (SVSC) in Leeds who do much to support the local community, and the Trust is a founding partner of Leeds Citizens. Our CEO is on the management committee of SVSC and is a Trustee of Citizens UK.



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

**LEAF ACADEMY TRUST
DIRECTORS' ANNUAL REPORT**

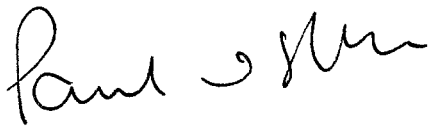
AUDITOR

Insofar as the directors are aware:

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

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

Directors' report, incorporating a strategic report, approved by order of the board of directors, on 14 December 2015 and signed on its behalf by:



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

**LEAF ACADEMY TRUST
GOVERNANCE STATEMENT**

SCOPE OF RESPONSIBILITY

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

The board of directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 LEAF Academy Trust and the Secretary of State for Education. She is also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors' responsibilities. The board of directors has formally met 5 times during the year; attendance during the year at meetings of the board of directors was as follows:

<u>Directors</u>		<u>Meetings attended</u>	<u>Out of a possible</u>
Mr J Batty*	(Appointed 03/08/15) (Resigned 04/11/15)	0	0
Ms J Caton	(Appointed 20/10/14) (Resigned 04/11/15)	2	5
Mr M Gibbons	(Resigned 31/08/2015)	1	5
Venerable P Hooper*		5	5
Mrs V James – Vice Chair	(Resigned 17/11/15)	5	5
Ms R C McMullen		5	5
Mrs K Osborne	(Appointed 15/10/2014) (Resigned 20/10/15)	1	5
Revd M Peat		3	5
Dr S Proctor – Chair*	(Resigned 01/10/2015)	5	5
Ms M Tailby*		4	5

Members of the Audit Committee are denoted by*.

As the Trust continues to grow, the need to develop more strategic capacity at Trust level has become more essential. This need was reflected in the self-evaluation undertaken by the Trust during September 2014 from which we sought to develop a much more strategically focused approach. Therefore, the Trust restructured the composition of its board of directors to facilitate a free flowing and proactive approach to its responsibilities. The Trust completed its restructure by the end of 2014.

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

<u>Directors</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Venerable P Hooper	1	1
Ms M Tailby	1	1
Dr S Proctor	1	1
Mr J Batty	0	0

REVIEW OF VALUE FOR MONEY

As accounting officer the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayers resources received.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing senior staffing in DYCA; cost efficiencies were made through a reduction of roles.
- Restructured teaching assistants in both primaries so that roles were more appropriate to support key stages 1 and 2. Both working hours and salaries were reviewed to ensure that the primaries were being cost efficient.
- A full review of large suppliers was done at the beginning of the period to capture best value, and will continue to be done on a regular basis.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The board of directors has reviewed the key risks to which the LEAF Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the business and finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of directors considered the need for a specific internal audit function and decided to implement an internal audit process. Directors identified the need to conduct a formal tender for this function during the year ended 31 August 2015. The auditors' role would include giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, the auditor will be expected to report to the Audit Committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.


REVIEW OF EFFECTIVENESS

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

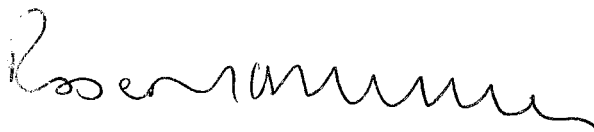
- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self -assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of directors on 14 December 2015 and signed on its behalf by:



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



Ms Rosanne McMullen
Accounting Officer

LEAF ACADEMY TRUST
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the LEAF Academy Trust I have considered my responsibility to notify the Academy Trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As a part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and EFA. If any instances are identified after the date of this statement, they will be notified to the Board of Trustees and EFA:

- **Financial issues**

During the year a severance payment was made which was over the non-contractual limit set by the EFA. Due to the timelines involved we were unable to obtain prior approval from the EFA. We submitted a request for approval in March 2015 and are awaiting a final decision from the Treasury.



Ms Rosanne McMullen
Accounting Officer

14 December 2015

LEAF ACADEMY TRUST
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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


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

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

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

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

Approved by order of the members of the board of directors on 14 December 2015 and signed on its behalf by:



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

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

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

We have audited the financial statements of LEAF Academy Trust for the year ended 31 August 2015, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 (SORP 2005) issued by the Education Funding Agency.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the directors (who act as trustees for the charitable activities of the company and who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2015, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

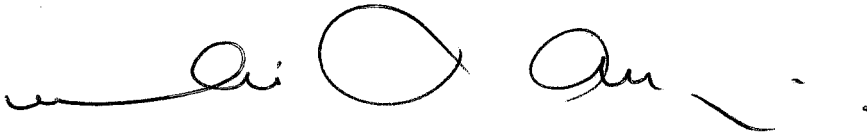
In our opinion the information given in the Directors' Annual Report (which incorporates the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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



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

14 December 2015

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

In accordance with the terms of our engagement letter dated 11 July 2013 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015, we have carried out a review to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of LEAF Academy Trust's funding agreements with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transaction conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015.

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 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

14 December 2015

LEAF ACADEMY TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including the Income and Expenditure account and Statement of Total Recognised Gains and Losses)
Year ended 31 August 2015

	Notes	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Incoming resources from generated funds:						
Voluntary income	2	-	27	-	27	32
Transfer on conversion		-	-	-	-	393
Activities for generating income	3	-	-	28	28	23
Investment income	4	34	80	18	132	73
Incoming resources from charitable activities:						
Funding for the Academy Trust's educational operations	5	36	9,400	-	9,436	9,177
Other income	6	-	57	212	269	265
Trading income						
Total incoming resources		70	9,564	258	9,892	9,963
Resources expended						
Cost of generating funds:						
Investment management costs		19	-	-	19	18
Charitable activities:						
Academy Trust educational operations	8	749	5,669	46	6,464	6,805
Support costs	8	113	4,154	156	4,423	3,240
Governance	9	-	37	-	37	32
Total resources expended	7	881	9,860	202	10,943	10,095
Net incoming/ (outgoing) resources before transfers						
		(811)	(296)	56	(1,051)	(132)
Transfers between funds						
		159	(159)	-	-	-
Net incoming/ (outgoing) resources before other recognised gains and losses						
		(652)	(455)	56	(1,051)	(132)
Actuarial gain/ (loss) on defined benefit pension scheme	28	-	(67)	-	(67)	471
Revaluation gain/ (loss) on fixed asset investment	15	(15)	-	-	(15)	84
Net movement in funds		(667)	(522)	56	(1,133)	423
Funds brought forward at 1 September 2014		22,980	(10)	536	23,506	23,083
Funds carried forward at 31 August 2015		22,313	(532)	592	22,373	23,506

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

LEAF ACADEMY TRUST
CONSOLIDATED BALANCE SHEET
Year ended 31 August 2015

	Notes	Total Funds 2015 £'000	Total Funds 2014 £'000
Fixed assets	14	21,015	21,684
Investment assets	15	1,281	1,281
Debtors	16	307	515
Vat: Amounts due from HMRC		-	85
Cash at bank		2,029	2,172
		<u>2,336</u>	<u>2,772</u>
Creditors: Amounts falling due with one year	17	(964)	(1,079)
Vat: Amounts owed to HMRC		(1)	-
		<u>1,371</u>	<u>1,693</u>
Net current assets			
Total assets less current liabilities		23,667	24,658
Pension scheme liability	25	(1,294)	(1,152)
Net Assets	18	<u>22,373</u>	<u>23,506</u>
Funds of the Academy			
Restricted reserve excluding pension liability		23,075	24,122
Pension Reserve		(1,294)	(1,152)
Restricted Reserve including pension liability	19	21,781	22,970
Unrestricted		592	536
TOTAL Funds	19	<u><u>22,373</u></u>	<u><u>23,506</u></u>

These financial statements were authorised for issue and approved by the Directors on 14 December 2015 and signed on their behalf by:



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

LEAF ACADEMY TRUST
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 August 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operation activities (see note below)		(67)	651
Returns on investments and servicing of finance			
Dividend & interest received	4	132	73
Capital expenditure			
Payments to acquire tangible fixed assets	14	(195)	(402)
Payments to acquire fixed investment assets	15	(15)	(19)
Acquisitions and disposals	15	2	-
Cash transferred on conversion	29	-	18
		<u>(143)</u>	<u>321</u>

Notes to the Cash Flow Statement

Reconciliation of excess of income over expenditure to net cash inflow from operating activities:

		2015 £'000	2014 £'000
Net incoming/ (outgoing) resources before transfers		(1,051)	(132)
Voluntary income - Transferred on Academy conversion	29		(393)
Depreciation	14	862	910
Interest and dividend received	4	(132)	(73)
Decrease in stock			-
(Increase)/decrease in VAT due from HMRC		87	(4)
(Increase)/decrease in debtors	16	208	(224)
Increase/ (decrease) in creditors	17	(114)	422
FRS17 - Difference between pension charge and cash contributions	25	155	164
FRS17 - Finance income	27	(80)	(19)
Fixed asset disposal		(2)	-
Net cash inflow from operating services		<u>(67)</u>	<u>651</u>

Analysis of changes in cash

	Cash flows	
	2014 £'000	2015 £'000
Net cash:		
Cash in hand and at the bank	2,172	(143)
	<u>2,172</u>	<u>(143)</u>
	<u>2,172</u>	<u>2,029</u>

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

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Group Financial Statements

These financial statements consolidate on a line-by-line basis the results of the Academy Trust and its wholly owned subsidiary, DYCA Trading Limited. A separate statement of financial activities (incorporating an income and expenditure account) for the Company itself is not presented because the Company has taken advantage of the exemptions afforded by section 230 of the Companies Act 2006 and paragraph 397 of SORP 2005. The Academy Trust's deficit income over expenditure for the year was £1,051,000

Going concern

The financial position of LEAF Academy Trust, its cash flows, liquidity and reserves positions are described in the Financial Review on pages 10. In addition, the Directors' Annual Report includes the Academy's objectives, policies and processes for managing risk, its financial resources and the control procedures which exist.

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

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

Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

Sponsorship Income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations

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

Other Income

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

Donated Services and Gifts in Kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

Assets and liabilities on conversion to an Academy Trust

The conversion of Rothwell C of E Primary from a state maintained school to an Academy involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Rothwell Church of England Primary School to an Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for LEAF Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income and transfers from the Local Authority in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in notes 2&29.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of Generating Funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable Activities

These are costs incurred on the Academy Trust's educational operations.

LEAF ACADEMY TRUST
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Year ended 31 August 2015

Governance Costs

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

Tangible Fixed Assets

Assets costing £500.00 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation

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

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

Depreciation is not charged on land.

Leased Assets

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

Taxation

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

Investments

Wholly Owned Subsidiary

The Academy Trust's shareholding in the wholly owned subsidiary, DYCA Trading Limited, is included in the balance sheet at the cost of the share capital owned (£1.00). There is no readily available market value and the cost of valuation exceeds the benefit derived.

Investment portfolio

Quoted investments are included at market value at the balance sheet date. The resulting movements on the unrealised valuation supplies/deficit are included as a movement of funds in the Statements of Financial Activities.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Non-teaching members of staff were offered membership of either of two defined benefit final salary schemes during the year ended 31 August 2015. It is not possible to identify the Academy Trust's share of the underlying assets and liabilities for one of the schemes, the Church of England Funded Scheme, and accordingly the Academy Trust has taken advantage of the exceptions in FRS17 and accounted for its contributions to the scheme as if it were a defined contribution scheme.

The second of the defined benefit pension schemes is the Local Government Pension Scheme. This scheme is accounted for in accordance with FRS17 and further details can be found in Note 22-28. A triennial valuation of the scheme was carried out in March 2013 which is used to determine the Employer's Contribution Rate. This valuation determines the direct impact upon the Academy Trust cash flow.

Fund Accounting

Funds held by the Academy Trust are either:

Unrestricted General Funds

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

Restricted Funds

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

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

Agency Arrangements

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

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
2. VOLUNTARY INCOME					
Donations	-	27	-	27	32
Gift in Kind; Transfer from diocese	-	-	-	-	350
Transfer from local authority on conversion	-	-	-	-	41
Transfers on conversion	-	-	-	-	2
	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>	<u>425</u>
	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>	<u>425</u>
3. GENERATING INCOME					
Facilities Hire	-	-	28	28	23
	<u>-</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>23</u>
	<u>-</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>23</u>
4. INVESTMENT INCOME					
Fixed Asset Investments	34	-	-	34	37
Short Term Deposits	-	80	18	98	36
	<u>34</u>	<u>80</u>	<u>18</u>	<u>132</u>	<u>73</u>
	<u>34</u>	<u>80</u>	<u>18</u>	<u>132</u>	<u>73</u>
5. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS					
	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
EFA grants:					
General Annual Grant (GAG)	-	8,218	-	8,218	8,139
Capital Grants	36	-	-	36	54
Other EFA Grants	-	865	-	865	770
	<u>36</u>	<u>9,083</u>	<u>-</u>	<u>9,119</u>	<u>8,963</u>
Other Government Grants:					
Local Authority capital grants	-	-	-	-	111
Local Authority grants	-	317	-	317	103
Government grants	-	-	-	-	-
	<u>-</u>	<u>317</u>	<u>-</u>	<u>317</u>	<u>214</u>
Funding for the academies' Educational Operations	<u>36</u>	<u>9,400</u>	<u>-</u>	<u>9,436</u>	<u>9,177</u>

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

6. OTHER INCOME

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Catering Income	-	-	148	148	135
School Excursions and shows	-	-	50	50	32
Consultancy income	-	13	-	13	55
Other Income	-	44	14	58	43
	<u>-</u>	<u>57</u>	<u>212</u>	<u>269</u>	<u>265</u>
Other Income	-	57	212	269	265

7. TOTAL RESOURCES EXPENDED

	Non Pay Expenditure			Total 2015 £'000	Total 2014 £'000
	Staff Costs £'000	Premises £'000	Other £'000		
Costs of generating voluntary income	-	-	19	19	18
Costs of activities for generating funds					-
Academy's educational operations:					
Direct costs	4,965	749	750	6,464	6,805
Allocated support costs	2,759	512	1,151	4,423	3,240
Governance costs	-	-	37	37	32
	<u>7,724</u>	<u>1,261</u>	<u>1,957</u>	<u>10,943</u>	<u>10,095</u>
Total	7,724	1,261	1,957	10,943	10,095

NET INCOME/ (EXPENDITURE) FOR THE PERIOD INCLUDES:

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
- Operating leases	43	36
- Depreciation	862	910
- Actuarial fees in respect of external scrutiny	3	4
- Auditor's fees	27	24
- Governor's liability insurance	3	2
- Loss on disposal of fixed asset	1	-

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

8. CHARITABLE ACTIVITIES

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Direct Educational Costs					
Teaching and educational support staff	-	4,965	-	4,965	5,432
Depreciation	749	-	-	749	792
Books, apparatus and stationary	-	99	-	99	195
Examination fees	-	90	-	90	88
Staff Development	-	52	-	52	21
Technology	-	9	-	9	16
Educational Consultancy	-	350	-	350	39
Travel and subsistence	-	36	46	82	31
Other direct costs	-	68	-	68	191
	<u>749</u>	<u>5,669</u>	<u>46</u>	<u>6,464</u>	<u>6,805</u>
Allocated support costs					
Support staff costs	-	2,758	1	2,759	1,594
Depreciation	113	-	-	113	118
Heat and light	-	204	1	205	177
Security and fire	-	154	-	154	155
Insurance	-	62	-	62	68
Cleaning	-	37	-	37	15
Maintenance of equipment & premises	-	120	1	121	158
Rates	-	87	-	87	65
Catering	-	227	148	375	333
Technology costs	-	231	4	235	161
Advertising, printing and stationery	-	90	-	90	102
Other support costs	-	184	1	185	294
	<u>113</u>	<u>4,154</u>	<u>156</u>	<u>4,423</u>	<u>3,240</u>
	<u>862</u>	<u>9,823</u>	<u>202</u>	<u>10,887</u>	<u>10,045</u>

LEAF ACADEMY TRUST
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Year ended 31 August 2015

9. GOVERNANCE

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Internal Audit fees	-	12	-	12	-
External Audit Fees	-	21	-	21	25
Legal and statutory fees	-	-	-	-	3
Governors meeting costs	-	4	-	4	4
	-	37	-	37	32

10. STAFF COSTS

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Educational Operations	-	5,669	-	5,669	5,432
Educational Support Costs	-	1,405	-	1,405	978
Estates and Facilities Costs	-	650	-	650	617
	-	7,724	-	7,724	7,027

a. The aggregate payroll costs were

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Wages and salaries	-	6,215	-	6,215	5,737
Social security costs	-	439	-	439	420
Other pensions costs	-	920	-	920	870
	-	7,574	-	7,574	7,027
Staff restructuring costs	-	150	-	150	-
	-	7,724	-	7,724	7,027

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £150,166. (2014: £8,287) Individually, the payments were £1,461, £2,103, £4,432, £8,059, £14,516, £15,915, £17,401, £19,809 and £66,470.

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

c. Particulars of Employees:

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

	2015	2014
Teaching and teaching support staff	167	165
Management and administration staff	20	17
ICT	8	7
Estates and Facilities	41	32
	<u>236</u>	<u>221</u>

d. Higher Paid Staff

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

£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
	<u>-</u>	<u>-</u>

Pension contributions of £40,441 were made to the above higher paid employees during the year ended 31 August 2015 (2014: £65,533 for higher paid employees).

11. DIRECTORS AND GOVERNORS' REMUNERATION AND REIMBURSED EXPENSES

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

	2015	2014
LEAF Academy Trust		
CEO	140,001 - 150,000	140,001 -150,000
Staff Director	55,001 - 60,000	60,001 - 65,000
Staff Director	30,001 - 35,000	

During the year ended 31 August 2015, travel and subsistence expenses totalling £1,068. (2014: £4,231) were reimbursed to five trustees (2014: five trustees).

Other related party transactions involving the trustees are set out in note 30.

12. DIRECTORS, GOVERNORS AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £3,202. (2014: £2,226).

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

13. CENTRAL SERVICES

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

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

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

	%	£'000
DYCA	72%	537
Manston St James	19%	132
Rothwell C of E	9%	66
	-----	-----
Total	100%	735
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LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

14. TANGIBLE FIXED ASSETS – GROUP AND COMPANY

	Land £'000	Leasehold buildings £'000	Motor vehicles £'000	Fixtures & fittings £'000	ICT £'000	Total £'000
Cost						
At 1 September 2014	122	23,687	70	2,015	2,314	28,208
Additions	-	97	7	41	50	195
Disposals			(4)	(2)	(47)	(53)
At 31 August 2015	122	23,784	73	2,054	2,317	28,350
Depreciation						
At 1 September 2014	-	3,308	55	1,162	1,999	6,524
Charge for the year	-	495	6	206	155	862
Disposals	-	-	(2)	(2)	(47)	(51)
At 31 August 2015	-	3,803	59	1,366	2,107	7,335
Net book values						
At 31 August 2014	122	20,379	15	853	315	21,684
At 31 August 2015	122	19,981	14	688	212	21,015

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

15. INVESTMENT ASSETS

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

MOVEMENT IN INVESTMENT ASSET VALUE FOR THE YEAR	Total Funds 2015 £'000	Total Funds 2014 £'000
Balance Brought Forward at 1 September	1,281	1,178
Additions:		
Dividend/Interest income	34	37
Disposals:		
Investment management charges	(19)	(18)
Gains/ (losses) on revaluation	(15)	84
	<u>1,281</u>	<u>1,281</u>

GAINS/LOSSES ON REVALUATION OF INVESTMENT ASSETS	Total Funds 2015 £'000	Total Funds 2014 £'000
Realised gains/ (losses)	101	15
Unrealised gains	(116)	69
	<u>(15)</u>	<u>84</u>

INVESTMENT CATEGORIES	Cost value of investment assets £'000	Market value of investment assets £'000	Split of assets between investment categories %
UK fixed interest	146	148	12%
Overseas fixed interest	73	67	5%
UK Equities	459	458	36%
European Equities	109	121	9%
North American Equities	103	126	10%
Japanese Equities	67	65	5%
Far East & Australasian Equities	42	46	4%
International Equities	53	43	3%
Emerging Economies	70	74	6%
Property	105	107	8%
Alternative Assets	26	26	2%
Cash			
	<u>1,253</u>	<u>1,281</u>	<u>100%</u>

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

16. DEBTORS – GROUP AND COMPANY

	Total Funds 2015 £'000	Total Funds 2014 £'000
Trade Debtors	35	178
Prepayments and Accrued Income	272	337
	<u>307</u>	<u>515</u>

**17. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR
GROUP AND COMPANY**

	Total Funds 2015 £'000	Total Funds 2014 £'000
Bank Overdraft	6	4
Trade Creditors	284	392
Accruals and deferred income	421	459
Amounts owed to EFA	33	
Other taxes and social security costs	124	126
Pensions	97	99
Salaries	-	(1)
	<u>965</u>	<u>1,079</u>

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
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DEFERRED INCOME

	Total Funds 2015 £'000	Total Funds 2014 £'000
Deferred income at 01 September 2014	167	79
Resources deferred in the year	91	166
Amounts released from previous years	(104)	(79)
Deferred income at 31 August 2015	<u>154</u>	<u>166</u>

As at 31 August 2015 the Academy Trust was holding funds received in advanced for the following curriculum and student engagement and support programmes as well as academy running costs:

	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000
Pupil Premium YR7 Grant	72	-	72
School Excursions	-	2	2
Turnaround Grant	2	-	2
Sponsorship & Donations	2	-	2
Rates	-	17	17
UIFSM	59	-	59
	<u>135</u>	<u>19</u>	<u>154</u>

18. ANALYSIS OF NET ASSETS

	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2015 £'000	Total Funds 2014 £'000
Fixed assets	21,015	-	21,015	21,684
Investment assets	1,281	-	1,281	1,281
Net current assets	1,744	592	2,336	2,772
Net current liabilities	(965)	-	(965)	(1,079)
Pension scheme liability	(1,294)	-	(1,294)	(1,152)
	<u>21,781</u>	<u>592</u>	<u>22,373</u>	<u>23,506</u>

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

19. FUNDS: MOVEMENTS IN THE YEAR

	Balance at 1 September 2014 £'000	Incoming Funds £'000	Outgoing Funds £'000	Transfers Between Funds £'000	Balance at 31 August 2015 £'000
Capital Grant	15,407	-	(592)	159	14,974
Capital Asset Investment Fund	1,281	134	(134)	-	1,281
Donated Assets	1,670	-	(97)	-	1,573
Devolved Formula Capital	370	36	-	-	406
CofE Capital Grant	1,219	-	(25)	-	1,194
Co-Location Fund	3,033	-	(148)	-	2,885
Operational grants and Sponsorship	1,142	9,742	(9,963)	(159)	762
Pension reserve	(1,152)	76	(218)	-	(1,294)
Unrestricted	536	258	(202)	-	592
	<u>23,506</u>	<u>10,246</u>	<u>(11,379)</u>	<u>-</u>	<u>22,373</u>

Under the funding agreement with the secretary of state, the Academy Trust was not subject to a limit on the amount of General Annual Grant that it could carry forward at 31 August 2015.

Capital Grant

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

Capital Assets Investment Funds

This fund represents restricted funds which have been investment over the medium to long term to provide for large scale asset reinvestment. The fund is based upon a total return policy and is formally valued and reviewed bi-annually.

Donated Assets

The donated assets represent the remaining proportion of the original in kind donation of Manston St James' fixed assets plus the transfer of assets from Rothwell C of E Primary School. The restricted fund is subject to an annual depreciation charge based upon the Useful Economic Life (UEL) of the academy assets. The restricted fund and capital asset (excluding Investment Fund) are depreciated at the same rate to reflect the consumption of economic benefit.

Devolved Formula Capital

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

Church of England Capital Grant

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

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

LEAF ACADEMY TRUST
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Co-Location Fund

The Co-Location Fund represents the remaining balance of a capital grant issued by the DfE and other government departments to develop innovative ways to co-locate and integrate service delivery within challenging communities. The capital grant was used to construct the Moyes Centre, an explanation of the work undertaken by the centre can be found on page 10.

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

Operational Grants and Sponsorship

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

Unrestricted Funds

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

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

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total Funds 2015 £'000
David Young Community Academy	1,381
Manston St James Primary Academy	(20)
Rothwell C of E Primary Academy	(8)
Total before fixed assets and pension reserve	1,353
Restricted fixed asset fund	22,314
Pension reserve	(1,294)
Total	22,373

LEAF ACADEMY TRUST
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Analysis of academies by cost

Expenditure by each academy during the year was as follows:

	Teaching and educational support staff £'000	Other support staff £'000	Educational supplies £'000	Other costs £'000	Depreciation £'000	Total costs £'000
David Young Community Academy	3,733	1,481	520	1,233	764	7,731
Manston St James Primary Academy	800	372	143	405	77	1,797
Rothwell C of E Primary Academy	432	171	88	224	21	936
Central Services	-	735	-	-	-	735
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy Trust	4,965	2,759	751	1,862	862	11,199
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

20. FINANCIAL COMMITMENTS

Operating Leases

At 31 August 2015 the Academy Trust had annual commitments under an operating lease as follows:

	Total Funds 2015 £'000	Total Funds 2014 £'000
Land and Buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	45	32
Expiring over five years	-	-
	<hr/>	<hr/>
	45	32
	<hr/>	<hr/>

21. PENSIONS AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund and the Church of England Pension Scheme, are all defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

As described in Note 25, the LGPS obligation relates to employees of the Academy Trust who were the employees transferred as part of the sponsorship from the maintained school and the employees who were eligible to and did join the scheme in the year ended 31 August 2015. The obligation in respect of employees who transferred on sponsorship represents their cumulative service at both the predecessor school and the academy trust as at the balance sheet date.

TEACHERS' PENSION

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £873,137 (2014: £777,872).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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.

LEAF ACADEMY TRUST
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22. LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £0.356m of which employer's contributions totalled £0.243m and employees' contributions totalled £0.113m.

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.

ACTUARIAL ASSUMPTIONS

	2015	2014
Rate of inflation (RPI)	3.2%	3.1%
Rate of inflation (CPI)	2.1%	2.1%
Rate of increase in salaries	3.6%	3.6%
Rate of increase in pensions	2.1%	2.1%
Rate of revaluation of pensions	2.8%	2.1%
Rate of increase of deferred pensions	2.1%	2.1%
Discount rate for liabilities	3.8%	3.7%

INVESTMENT CATEGORIES

	Expected rate of return 2015	Split of assets between investment categories	Expected rate of return 2014	Split of assets between investment categories
Equities	7.0%	75.9%	7.5%	75.1%
Government Bonds	2.5%	10.4%	2.9%	10.3%
Corporate Bonds	3.2%	4.6%	3.3%	5.2%
Property	6.2%	4.5%	6.8%	3.3%
Cash/liquidity	1.0%	1.5%	1.1%	3.9%
Other	7.0%	3.1%	7.5%	2.2%

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
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23. LOCAL GOVERNMENT PENSION SCHEME

PRESENT VALUE OF SCHEME

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	3,559	3,322	783	709	510	453	4,852	4,484
Present value of benefit obligations	(4,555)	(4,178)	(951)	(880)	(640)	(578)	(6,146)	(5,636)
Net pension liability	(996)	(856)	(168)	(171)	(130)	(125)	(1,294)	(1,152)

CHANGE IN PLAN ASSETS DURING THE YEAR

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening fair value of assets	3,322	2,909	709	607	453	416	4,484	3,932
Expected return on assets	219	204	48	42	31	11	298	257
Actuarial gains/(losses) on assets	(174)	(8)	(38)	28	(25)	12	(237)	32
Contributions by the employer	161	152	55	59	27	11	243	222
Contributions by the participants	89	75	16	15	8	3	113	93
Net benefits paid out	(58)	(10)	(7)	(42)	16	-	(49)	(52)
Closing fair value of assets	3,559	3,322	783	709	510	453	4,852	4,484

LEAF ACADEMY TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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24. LOCAL GOVERNMENT PENSION SCHEME

CHANGE IN BENEFIT OBLIGATION DURING THE YEAR

	David Young		Manston		Rothwell		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Opening present value of liabilities	4,178	4,081	880	818	578	511	5,636	5,410
Current service cost	298	315	62	58	38	13	398	386
Interest cost	161	192	34	37	23	9	218	238
Contributions by participants	89	75	16	15	8	3	113	93
Actuarial (gains)/losses on liabilities	(113)	(475)	(34)	(6)	(23)	42	(170)	(439)
Net benefits paid out	(58)	(10)	(7)	(42)	16	-	(49)	(52)
Closing present value of liabilities	4,555	4,178	951	880	640	578	6,146	5,636

ANNUAL RETURN ON ASSETS

	David Young		Manston		Rothwell		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Expected return in plan assets	219	204	48	42	31	11	298	257
Actuarial gain/(losses) on assets	(174)	(8)	(38)	28	(25)	12	(237)	32
Actual return on assets	45	196	10	70	6	23	61	289

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 August 2015

25. LOCAL GOVERNMENT PENSION SCHEME

MOVEMENT IN PENSION DEFICIT FOR THE YEAR

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deficit in scheme at 01 September 2014	(856)	(1,172)	(171)	(211)	(125)	-	(1,152)	(1,383)
Movement in year:								
Pension liability transfer on conversion	(298)	(315)	(62)	(58)	(38)	(95)	(398)	(95)
Current service cost	161	152	55	59	27	11	243	(386)
Employer contributions	(161)	(192)	(34)	(37)	(23)	(9)	(218)	222
Interest on pension liabilities	219	204	48	42	31	11	298	(238)
Expected return on plan assets	(61)	467	(4)	34	(2)	(30)	(67)	257
Actuarial gain/(loss)								471
Deficit in scheme at 31 August 2015	(996)	(856)	(168)	(171)	(130)	(125)	(1,294)	(1,152)

26. ANALYSIS OF OTHER PENSION COSTS CHARGED IN ARRIVING AT SCHEME DEFICIT

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current service cost (net of contributions)	(137)	(163)	(7)	1	(11)	(2)	(146)	(164)
	(137)	(163)	(7)	1	(11)	(2)	(146)	(164)

LEAF ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
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27. ANALYSIS OF AMOUNTS INCLUDED IN OTHER INCOME (INTEREST)

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expected return on employers share plan assets	219	204	48	42	31	11	298	257
Interest on pension liabilities	(161)	(192)	(34)	(37)	(23)	(9)	(218)	(238)
	58	12	14	5	8	2	(80)	19

28. AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

	David Young		Manston		Rothwell		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Actuarial gains/(losses) on assets	(174)	(8)	(38)	28	(25)	12	(237)	32
Actuarial gains/(losses) on liabilities	113	475	34	6	23	(42)	170	439
	(61)	467	(4)	34	(2)	(30)	(67)	471

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

Retiring today:	2015	2014
Male	22.6	22.5
Female	25.5	25.4
Retiring in 20 years:		
Male	24.8	24.7
Female	27.8	27.7

LEAF ACADEMY TRUST
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AMOUNT RECOGNISED IN THE STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

	2015	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Five-year history of experience adjustments						
Benefit Obligation	(6,146)	(5,636)	(4,899)	(3,566)	(2,847)	(2,695)
Fair value of share scheme assets	4,852	4,484	3,516	2,406	2,218	1,929
(Deficit)/surplus in scheme	(1,294)	(1,152)	(1,383)	(1,160)	(629)	(766)
Actuarial gains/(loss)	(67)	471	70	(440)	223	66

The figure provided in notes 25 – 31 inclusive are consolidated values for the LEAF Academy Trust. The pension schemes for David Young Community Academy and Manston St James Primary Academy form part of the same Local Government Pension Scheme and are subject to the same assumptions and method of calculation therefore the LEAF Academy Trust has exercised its discretion to consolidate the values.

As described in note 25 the LGPS obligation relates to the employees of the Academy Trust, some of whom 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 year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The estimated value of employer contributions for the year ended 31 August 2015 is £0.825m.

LEAF ACADEMY TRUST
 NOTES TO THE FINANCIAL STATEMENTS
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29. CONVERSION TO AN ACADEMY TRUST

On 1 April 2014 Rothwell C of E Primary School converted to academy status under the Academies Act 2010; all the operations and assets and liabilities were transferred to the LEAF Academy Trust from Leeds Local Authority and the Diocese of West Yorkshire and the Dales for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income and an inherited pension liability.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Restricted Fixed Asset Funds £'000	Other Restricted Funds £'000	Unrestricted Funds £'000	Total Funds 2014 £'000
Transferred from the Diocese of West Yorkshire and the Dales:				
Tangible fixed assets				
Leasehold land and buildings	350	-	-	350
Other tangible fixed assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus on devolved formula capital	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	350	-	-	350
	<hr/>	<hr/>	<hr/>	<hr/>
Transferred from the Local Authority:				
Leasehold land and buildings	120	-	-	120
Budget surplus on LA funds	-	16	-	16
	<hr/>	<hr/>	<hr/>	<hr/>
	120	16	-	136
	<hr/>	<hr/>	<hr/>	<hr/>
Transferred from other sources:				
Budget Surplus on other school funds	-	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
Total Voluntary Income	470	16	2	488
LGPS pension deficit	-	(95)	-	(95)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/ (liabilities)	470	(79)	2	393
	<hr/>	<hr/>	<hr/>	<hr/>

The above net assets include £17, 852 that was transferred as cash.

30. RELATED PARTY TRANSACTIONS

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

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

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

The Academy Trust was charged a total of £22 (2014:£16,295) during the year ended 31 August 2015 for the provision of advice and professional services by Wrigley's Solicitors LLP, a member of which serves on the Board of Directors.

The Academy Trust was charged a total of £450 (2014: £nil) during the year ended 31 August 2015 for the provision of employee CPD by Manor Church of England Academy, a governor of which served on the Local Governing Body. The Trust charged a total of £300 (2014:£nil) to Manor Church of England Academy for the EALP Facilitation Bursary.

These interests have been recorded by the company secretary.

31. INVESTMENT IN SUBSIDIARY UNDERTAKING

The Academy Trust holds the whole of the issued share capital of DYCA Trading Limited comprising of 1 share of £1. The company has ceased trading and all activities were transferred to the LEAF Academy Trust. Principal activities included the sales of school clothing and the hire of facilities to the local community.

During the year ended 31 August 2015, DYCA Trading Limited had generated a turnover of nil (2014: nil) and nil (2014: nil) operating profit.

32. AGENCY ARRANGEMENTS

The Academy Trust acts as administrators for the disbursement of the new discretionary support for learners 16-19 Bursary funds, on behalf of the EFA. In the year it received £27,708 (2014 £27,081) and disbursed £15,942 (2014 £27,081), with therefore an amount of £11,766 (2014 £nil) repayable by the Academy Trust at 31 August 2015 included within creditors.