

LEARNING COMMUNITY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2018



WR
Whittingham Riddell
chartered accountants

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

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LEARNING COMMUNITY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE PERIOD ENDED 31 AUGUST 2018

Members	Mr Paul Bishton (appointed 3 July 2017) Mr Malcolm Butler (appointed 3 July 2017) Mr Michael Briscoe (appointed 3 July 2017) Mr David James (appointed 3 July 2017) Mr Dennis Jones (appointed 3 July 2017)
Trustees	Mr Michael Briscoe, Chair and Member (appointed 3 July 2017) Mrs Christine Davies (appointed 3 July 2017) Dr Gill Eatough, Chief Executive and Accounting Officer (appointed 3 July 2017) Mr Andrew Harris (appointed 3 July 2017) Mr Graham Hutchinson (appointed 3 July 2017) Mr David James, Member (appointed 3 July 2017) Mrs Beverly Tyley (appointed 3 July 2017) Mr Nathan Wallis (appointed 3 July 2017) Dr David Woods (appointed 3 July 2017) Mr David Wootton (appointed 3 July 2017)
Company registered number	10846393
Company name	Learning Community Trust
Principal and registered office	C/O Hadley Learning Community Waterloo Road Hadley Telford TF1 5NU
Company secretary	Miss Veronica Croft
Chief executive officer	Dr Gill Eatough
Senior management team	Dr Gill Eatough, Chief Executive Officer Mr Paul Jones, Chief Operating Officer Mrs Tracey Williams, Head of Finance Mr Paul Roberts, HLC Principal Mrs Maddie Griffin, HLC Head of Primary Mr Nigel Griffiths, Queensway Head Teacher Mr Chay Davis, Ercall Wood Head Teacher Mr Andrew McNaughton, Charlton School, (sponsored school, conversion pending)
Independent auditors	Whittingham Riddell LLP Belmont House Shrewsbury Business Park Shrewsbury SY2 6LG
Bankers	Lloyds Bank Queens Square Wolverhampton West Midlands WV1 1RF

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors

Browne Jacobson
15th floor
6 Bevis Marks
London
EC3A 7BA

LEARNING COMMUNITY TRUST
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TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 3 July 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust commenced in operation from the 1 March 2018.

The Academy Trust operates 1 primary, 2 secondary and 1 special academies in North Telford. Its academies have a combined pupil capacity of 2844 and had a roll of 2318 across the academies on 31st August 2018.

The principal activity of the company is the operation of four academies as follows:

Hadley Learning Community Secondary Phase - NOR 914;
Hadley Learning Community Primary Phase - NOR 530
Ercall Wood Academy NOR - 760
Queensway NOR — 114

It should be noted that Academy Trust is also sponsor for Charlton School Telford, with conversion to Academy status pending.

Structure, governance and management

a. Constitution

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

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

The Trustees of Learning Community Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Learning Community Trust.

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

b. Members' liability

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

c. Trustees' indemnities

There are no disclosures with regard to qualifying third party indemnity provisions.

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TRUSTEES' REPORT (continued)
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d. Method of recruitment and appointment or election of Trustees

Our Trustees were all appointed as the Trust was set up and incorporated. The Trustees were approved as part of the application process with the Department of Education to ensure we had a strong board with a wide range of skills and expertise in education and school improvement but also in finance, HR and the business sector.

We are very fortunate in that all our original Trustees are still in place and we have not had to recruit new Trustees. Should this be necessary, the recruitment process will be managed by the Chair and Members and may include advertisement or direct approaches.

The Members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members.

When a vacancy arises, the Members and Trustees will seek to make an appointment that would maximise the relevant skills and experience on the Board as a whole and enable it to comprise appropriately qualified and experienced Trustees.

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

Following initial induction into the Trust, training and induction provided for new Trustees and Governors has depended on their existing experience and knowledge. The Trust has provided additional training and briefing for Trustees as part of our meeting structure on areas such as data analysis and school improvement strategies. All Trustees are supported and provided with the information needed (including reports, policies, minutes, budgets, etc.) to effectively undertake their role as Trustees. All papers for meetings are sent out well in advance of meetings so Trustees have time to review the documents and prepare for the meetings, Trustees have access to the Chair and Executive at any time.

We have held a joint visioning session with Members and Trustees to develop the vision and strategy for the Trust which is now part of our documentation.

As part of our wider commitment to open governance, we have held a joint meeting (February 2018) with all Governors from all our academies and sponsored school to share and understand, at an early stage schemes of delegation, terms of reference, code of conduct and ways of working but also to establish a joint vision and working practices for Governors from Local Governing Bodies (LGBs) across the Trust. This is an annual event.

The Chair of the Trust meets with the Chairs of our Local Governing Bodies termly to provide a forum for discussion and consultation, and the Executive or Trustees are able to attend LGB meetings as appropriate. There is a programme of training for Governors as part of the service the Trust buys from Telford and Wrekin and some of our Governors have attended a significant training course through our partnership with the Alliance of Learning.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

f. Organisational structure

The Board of Trustees comprise those persons appointed under the Articles of Association as described earlier herein. Trustees delegate specific responsibilities to the Business and Personnel Committee, Audit and Risk and Local Governing Bodies, the activities of which are reported to and discussed at the Board of Trustees' meetings.

Day to day management of the company is undertaken by the Chief Executive Officer (also referred to as Executive Principal) supported by the Chief Operating Officer. The day to day running of each Academy is undertaken by the Principal or Head Teacher supported by their Senior Leadership Team.

The Chief Executive Officer is the Accounting Officer and the Chief Operating Officer is the Chief Finance Officer.

g. Pay policy for key management personnel

The Trustees make determinations of pay in accordance with the Trust's Pay Policy. The Board of Trustees has fully delegated powers and is established in accordance with the appropriate school governance regulations.

The Trust Executive Team and our Academy Principals/Headteachers and their Senior Leadership Teams are the key management personnel of the Trust. Three Trustees are also Directors and therefore play a significant role in supporting the Trust. Trustees receive no pay or other remuneration in respect of their role as Trustees.

The Board of Trustees sets the pay of the Chief Executive Officer annually. The Chief Executive Officer must demonstrate sustained high quality of performance, with particular regard to leadership, management and school improvement across the Trust's schools. Pay of Trust Principals/Headteachers and Senior Leadership team members are also set by the Board of Trustees again having regard to performance against previously agreed objectives and recommendations made by the Chief Executive Officer.

h. Connected organisations, including related party relationships

The Trust is not part of any other networks, charities and organisations which impact on the Trust's operating policies.

LEARNING COMMUNITY TRUST
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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2018

Objectives and Activities

a. Objects and aims

Vision and aims

We have a single clear vision for our Trust which is "To provide an outstanding education for all of our children and young people that prepares them to be successful in all they do both now and in the future".

We keep our aims at the forefront of all we do, they represent our values as well as our intentions:

- To focus, across our schools, on excellence by achieving the best possible educational outcomes for our children and students by engaging and inspiring them, building their resilience and preparing them for work and adult life.
- To drive a collaborative culture across our schools which drives and supports improvement and develops all our staff as leading professionals
- To provide the highest levels of care and support for our children so they can succeed, including those that are the most disadvantaged, vulnerable or with special needs in our community
- To ensure our schools are at the heart of the community they serve and are truly inclusive organisations with equality for all across our community
- To engage positively with our families and wider community, building partnerships and programmes that develop opportunities beyond the school sector

Our Trust brings schools together into one organisation so that school leaders; teachers, learners and our community can work and thrive together, gaining from and supporting each other. As a local Multi Academy Trust operating from our school-based office in North Telford, the Learning Community Trust (LCT) was incorporated in June 2017 following approvals by the DfE, we are delighted to be an Academy sponsor.

Our approach is built around a clear vision of inclusive education and a relentless drive for raising standards - we keep our focus on our learners, ensuring they are supported by great teachers, outstanding leaders and excellent facilities.

We believe in strong local management and governance, our Trust is led by our Members, our outstanding Board of Trustees and each Academy has a Local Governing Board.

The Trust Executive Function is designed to be lean and focused, providing unwavering attention on getting the best outcomes for our learners, staff and community.

We focus on research and evidence-led school improvements strategies, we develop our leaders and staff and ensure we have excellent and leading practice in our teaching, support and management practices.

Our support and management functions are wholly focused on supporting our schools, with exemplary financial management, excellent human resource support and a continuous drive for value for money, efficiency and effectiveness.

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TRUSTEES' REPORT (continued)
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b. Objectives, strategies and activities

We have established four strategic objectives, with members and Trustees, for our Trust with linked KPIs:-

1. Our Learners are Engaged and Successful

- Progress and achievement improve annually to national measures and beyond
- Attendance rises well above national measures
- We have low exclusions
- All our learners experience and enjoy a rich and engaging curriculum
- Learners tell us they want to be at our Academies, our Academies are popular and often oversubscribed

2. We have High Quality Staff across our Trust

- Teaching in our Academies is good or better and always improving
- All staff have access to high quality professional development
- All our staff have opportunities to develop their careers and share their practise
- We retain the highest calibre staff and our recruitment levels are high
- We have a culture of shared mobility and high staff attendance

3. We have a Culture of Continuous Improvement

- We continuously review performance targets and areas for improvement
- All our Academies are supported and challenged to demonstrate excellence with clear areas of outstanding practice
- Any of our Academies with difficulties are supported to improve and sustain performance levels within two years
- We have a Trust-wide culture of collaboration focussed on improvement

4. Our Leadership and Governance is Exemplary

- Our Trust is sustainable and highly effective
- We develop, recruit and retain outstanding leaders and Governors
- Financial management is effective, innovative and adds value to outcomes
- Growth of the Trust is well planned, well led and well managed
- High quality Policies and Practises are firmly embedded across our Trust

Although it is necessary for us to have arrangements in place to run the Trust effectively, support and challenge schools and engage with our communities, our core purpose is to do the best for our learners. Alongside great teaching and pastoral care we have a commitment to:

- Raising the aspirations of all young people in our Trust to be the very best they can be
- Making our schools welcoming, inclusive and enjoyable for our students every day
- Providing world class opportunities for our learners that extends their learning and experiences within and beyond Telford
- Giving, encouraging and acting upon the voice of our learners, so they play a significant role in our Academies and Trust
- Promoting student leadership in our Academies and across our Trust so they are part of our vision and values
- Engaging learners in their own learning so they know how to succeed
- Developing confidence, resilience and determination in our young people, whatever their age
- Ensuring a safe, supportive and caring environment in our Academies so students are treated with kindness, respect and live safely in our community

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Why our Trust exists

Our Trust exists because we have a commitment and passion for providing great schools for our community. We consider that a locally-led and accountable Trust provides the best outcomes for learners and our communities, this includes supporting schools facing challenges and ensuring the best schools become even better.

Our aspirations are solely to support and improve our schools. Alongside those that become part of our Trust, we will consider associate arrangements for schools and other educational organisations that meet our aims and would benefit from such an arrangement and support for other forms of provision where there are clear benefits for all parties.

Across all our schools and community, we provide strategic direction; support; specialist expertise; shared development and services focused on local needs. This is increasingly important at a time when the traditional Local Authority role is diminishing, resources and funding are severely constrained and support services are hard to access

We are convinced of the importance of and value for local schools to work closely together and have designed our Trust to do just that.

We have a sound model in place and our schools are already benefiting from opportunities to have all phases of education -Secondary, Primary and Special – working and learning together with the expertise that brings into the Trust.

Our Trust also sponsors schools and has already demonstrated how effective leadership from the Trust has helped improve schools through direct challenge and support and by working closely with fellow schools.

We are proud of our early successes and the high level of interest from schools wishing to join us. As well as our support and services, we also look to bring in new developments and opportunities – we have already secured additional funding to advance our school improvement plans.

The scope of our Trust

Our involvement ranges from early years through to secondary provision where we deliver, influence and support provision at all stages.

We directly lead and support secondary schools, primary schools and SEND provision (we lead and support SEND provision through one merged school and partnership arrangements for specific provision). We have an interest in post-compulsory education and work closely with local providers while also considering the best provision for our learners post-16.

We support schools that are high performing, and those moving from (Ofsted) categories, therefore schools facing challenges and those looking for new arrangements to improve further are welcome to see what we offer and if we can help.

We work closely with a wide range of stakeholders at strategic and operational levels, this includes collaborative and formal partnership arrangements with key partners (e.g. RSC/DfE, other West Midlands MATs, HE, Teaching School Alliances, the Local Authority for SEND and Telford College for post 16 provision).

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Our Structure

We have in place a clear and accountable model for governance at all levels that meets all the legal and best practice expectations and demonstrates robust and transparent arrangements for leading our Trust and schools. Our model:

- Ensures we have strong capability and capacity within our Governance structures and staff appointed to the Trust
- Retains a clear model of accountability and delegated governance, holding the CEO and key operational officers to account so the Trust runs efficiently and effectively
- Maintains knowledge and expertise on system improvement and outcomes for learners of all ages and settings e.g. Special, EYFS, primary, secondary and applying sound Quality Assurance practices
- Demonstrates a clear understanding of Trust Budgets and meeting responsibilities for budget controls and accounting procedures across the Trust with sound risk assessment procedures in place
- Has a commitment to continuous and appropriate self-review and training of our Members and Trustees to ensure they fulfil their key functions
- Ensures LGBs and schools within the Trust are fit for purpose with essential skill sets of Governors, meet clear schemes of delegation and can focus on the core business of education
- Leads and develops the Trust so it grows and becomes sustainable, has due diligence processes that are effective and new schools joining the Trust are well supported and challenged
- Protects the integrity and future of the Trust including regular self-review, succession and business planning

c. Public benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

d. Trade union facility time

The Trust does not have any employees who undertake this role currently. It can be noted that the Trust maintains positive relationships with Trade unions and has established a local Trade Union Forum.

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Achievements and performance

Strategic report

a. Key performance indicators

The information below is an overview of our academies.

Hadley Learning Community Primary Phase (reception – Y6, with a 60 place nursery) – joined the Trust as a convertor Academy on the 1st March 2018 and is currently graded "Good" by Ofsted. Our primary phase is very popular and oversubscribed. There is planned growth over the next few years as we have increased the PAN to 90, from 60. New classrooms and a new dining hall have been added under basic need funding and we have three classes in Reception, Y1 and Y2, the growth will continue until we have 3 classes in all year groups. HLC primary has seen significant improvements in outcomes with Key Stage 2 results in 2018 at national.

Hadley Learning Community Secondary Phase (11-16) - joined the Trust as a convertor Academy on the 1st March 2018 and is currently graded "Good" by Ofsted. Our secondary phase is very popular and significantly oversubscribed each year. HLC Secondary has been in the top 100 schools nationally over the last three years based on Progress 8 and in 2018 GCSE results placed HLC as the top performing comprehensive in Telford.

HLC operates as an all-through school housed in a purpose built £70 million PFI campus which has significant community use. HLC is led by a Principal and a federated Governing Body, there is a Headteacher of the Primary Phase.

Ercall Wood Academy (11-16) - joined the Trust as a convertor Academy on the 1st July 2018 and currently is graded "Requires Improvement" but has "Good" judgements for Leadership and Management and Behaviour and Personal development. The Academy is housed in a superb new building built under BSF and has a rapidly rising roll and will reach its PAN of 900 by September 2019. The Trust is working with the Academy to ensure school improvement is rapid and sustained.

Queensway School (Y5-Y11) – joined the Trust as part convertor and part sponsored on the 1st March 2018. Queensway Special School is a merger of Mount Gilbert EBD School, which the Trust sponsors and Queensway which was an autistic unit attached to HLC Secondary. Following conversion, we have merged the two schools to create a brand new special school which operates on two sites with different specialisms, under the leadership of one Headteacher. Queensway North has 60 students aged from Y6 –Y11 with a significant diagnosis of autism and Queensway South has 54 students from Y5 – Y11 with a significant diagnosis of social and emotional behaviour. All students have an EHCP and places are commissioned by the local authority. Queensway had excellent GCSE results in 2018 and our students have transferred successfully intopost-16 education and training.

Charlton School – Sponsored School (11-16) - will join the Trust on conversion to Academy status during 2018/19. Further details can be found under future developments within this report.

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Key Performance Indicators

The Trust is committed to supporting and challenging our academies to build on their strengths and to address areas for improvement. We believe in collaboration across our family of schools and identifying great practice which can be shared and developed across the Trust but also to look beyond the Trust for innovation and creativity in the sector.

We have established clear key KPI's for our academies. Supported by the Trust Executive Team, each Academy leader is responsible for the delivery of these KPIs, held accountable locally by the LGB. At their scheduled meetings, Trustees and Members consider overall performance and strategic progress ensuring intervention and support as appropriate. For the 2018/2019 annual report, the Trust will be reporting on full year outcomes across these KPIs: -

1. Progress and attainment to be at a minimum of national averages in key measures or rapidly improving towards national.
2. Attendance to be at least at national averages but aiming for 95% as a minimum.
3. Low levels of fixed term exclusions, below the national average.
4. Student numbers are high with no significant surplus places demonstrating that our schools are popular, the first choice for parents in our community.
5. Staff attendance is high and staff turnover is relatively low because staff enjoy working in our academies.
6. Recruitment and retention ensures that we have a highly skilled workforce and that we do not have vacancies or have teachers teaching outside their specialist areas.
7. Ofsted inspections of our academies demonstrate our academies are at a minimum "Good" and identify significant areas of outstanding.
8. The Trust operates its budget efficiently ensuring we achieve economies of scale and value for money across all our schools.
9. Each Academy is financially viable and manages its agreed budget within the Trust's scheme of delegation and Financial Regulations.

b. Going concern

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

Financial review

a. Financial Objectives

The Trust has the following financial objectives:

1. To safeguard the overall financial health of the Trust so that it's strategic and business objectives can be met.
2. To support maximum delegation to academies and full accountability for managing their own financial affairs, whilst ensuring a clear and fair process is in place for allocating and managing resources across the Trust.
3. To establish transparent arrangements for setting budgets, monitoring financial performance and managing balances that focus on the needs of learners and maximising their outcomes.
4. To promote compliance with best practice, meeting ESFA requirements and the Articles and terms of the Trust.

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The Trust benchmarks academy finances within the organisation and with similar academies and Trusts when comparable data is available. For the Trust as a whole, initial full year targets will be

Financial Health	Annual operating surplus before depreciation, year end pension adjustments and tax as % of turnover	2%
	Cash days in hand	45 days
	Current ratio (current assets: liabilities)	2:1
	Capital investment as % of turnover	At least 2%
Efficiency	Employee costs as % of turnover	68%
	Teaching staff utilisation	Meet/exceed benchmarks
	Value for money	Planned reviews leading to savings
	Creditor payments	30 days
Risk	Financial risks	Mitigation actions fit for purpose and effective
	Audit recommendations	Implemented in full within 90 days

Financial Outturn 2017-18

The financial statements for the period ending 31 August 2018 include set up and conversion costs since the Trust was established on 3 July 2017 and income and expenditure relating to the full operation of the Trust, Hadley Learning Community and Queensway from 1 March 2018, and of Erccall Wood from 1 July 2018. As such, they cover a partial year and include the transfer in of opening balances. At 31 July 2018, unrestricted reserves were £278,547, which is equivalent to 1.8% of planned annual turnover. Cash balances were exceptionally high at £1,265,480 and will reduce as normal operations are fully established.

The external funding environment for the Trust and the sector is extremely challenging and will continue to be so. This will be partly addressed as the number of academies within the Trust expands and as pupil numbers within existing academies increase where there is secured funding and clear demand for additional places. The Trust continues to manage resources prudently and is actively working to reduce costs and improve value for money, particularly in central and support services and through sharing expertise.

Reserves and Balances Policy

The effective management of operating surpluses is key to the financial health and further development. The Trust will ensure that related decisions are fair and fully transparent and will determine the availability of surplus funds, the timing of release and percentage available to each academy. It is possible that major unforeseen events will have a material impact on the financial health and operation of the Trust as a whole. Whilst the Trust aims to minimise such risks and will insure against many of them, it will access and utilise reserves in the interests of the whole organisation and learners where necessary to do so.

Academies will be encouraged to spend available resources for the benefit of learners in the year in which they are received. However, academies are also responsible for their own financial risks, and so will need to budget prudently and establish their own contingencies. Where a planned surplus has been accumulated, the academy will produce a plan for the managed spend and investment of that surplus in the interests of the academy and the Trust as a whole.

The explicit aim is that no academy should be in deficit. In exceptional circumstances where an academy cannot set a balanced budget, or the situation worsens mid-year then the Trust may amend financial delegations, and will support the Local Governing Body to compile a clear financial recovery plan that will outline how the academy will move back into balance and how it will 'repay' accumulated deficits within two years.

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b. Material investments policy

The Trust does not hold any long term investments. All cash surpluses are held in instant access interest bearing accounts with the Trust's approved bankers.

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to Finance, Strategic, Operations and Compliance. A risk Management policy is in place that clearly details how risk should be categorised and the scored using a 3x3 matrix for the likelihood and impact which rates the risk high medium or low. The audit and risk committee meet termly and scrutinise the risk register and mitigation/movement log which is then reported back to the Board of Trustees.

The risk register identifies the following financial risks:

- Inaccurate income and expenditure reporting resulting in poor decision making
- Loss through fraud, error, theft or disaster giving rise to waste of public funds
- Financial Regulations and Financial Procedures are not updated or are not adhered to / understood resulting in breaches of regulations and legal compliance
- Non achievement of funding and other income targets, for example, through failure to achieve planned pupil retention could result with the funding allocation and success rate targets not met.
- Failure to comply to Funding Agreement leading to financial claw back
- Funding cuts in future periods (financial viability) resulting in the school having financial difficulties
- Insurance risk - Risk of financial loss/inability to replace items is insufficient
- Trust holding either insufficient or excessive reserves
- Supplier financial viability and ability to deliver product in the required timescales
- Financial systems are not robust to ensure financial services are controlled.
- Financial position when schools express an interest in joining the Trust.
- Risk that related party transactions are not transacted in accordance with the requirements of the Academies Financial Handbook

Fundraising

The Learning Community Trust supports academies to raise funds for their chosen charities. Organised events raise funds which is then collected through the school fund and banked in the private school fund account. A cheque is then raised and submitted to the charity collected for.

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Plans for future periods

a. Future developments

The Trust is sponsoring Charlton Secondary School, which is located within the North Telford community and will join the Trust in December. The school was placed in Special Measures in May 2015. The Chief Executive Officer has been working with the school for two years and we already work as if Charlton was in the Trust, there will be a seamless transition at conversion. The delay to the conversion has been caused by significant land issues. The school is close to its capacity of 1200 and is housed in a superb building, built under BSF. The school transferred to its new site in June 2016 with the appointment of a new Principal. Charlton is on a rapid improvement plan and outcomes for 2019 are extremely positive.

The Trust is working closely with Telford and Wrekin Council to manage the growth in the number of secondary students in Telford. There are current proposals to expand some of our secondary schools, the Trust is working with the Council and the RSC West Midlands to develop a business case which meets growth, but also ensures the Trust is not financially disadvantaged due to the impact of lag in funding in the sector. The expansions would be funded by the LA through Basic Need funding.

The main focus for our Trust over the next 12 months is to bring 2 or 3 primary schools into our Trust, from the area, to work alongside HLC Primary and to really develop the primary dimension of our Trust. The vision for the Trust is to develop an outstanding collaborative model of school improvement across primary, secondary and special supported by the central services of the Trust.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 10 December 2018 and signed on its behalf by:



Mr Michael Briscoe
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Learning Community 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 Trustees 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 Learning Community Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 4 times during the period. Attendance during the period at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Michael Briscoe, Chair and Member	4	4
Mrs Christine Davies	2	4
Dr Gill Eatough, Chief Executive and Accounting Officer	4	4
Mr Andrew Harris	3	4
Mr Graham Hutchinson	3	4
Mr David James, Member	3	4
Mrs Beverly Tyley	3	4
Mr Nathan Wallis	3	4
Dr David Woods	4	4
Mr David Wootton	2	4

In addition to the formal meetings, each Trustee has engaged directly with the Executive to provide extended support and guidance alongside governance including Committee attendance.

The Business and Personnel Committee is a sub-committee of the main board of Trustees. The powers and functions delegated by the Board to the Business & Personnel Committee are Funding, Budgeting, Financial Management and Expenditure, Review of monthly management accounts, financial procedures, Health & Safety, Asset Management and Property Management. The Business and Personnel Committee also have the powers and functions delegated by the Board in respect of Pay, Personnel and Performance/Appraisal Management across the Trust.

Bev Tyley, (Non-Executive Director (Finance)) is a qualified accountant, and member of the committee. Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr Michael Briscoe, Chair and Member	28	28
Mrs Beverly Tyley	28	28
Mr David James, Member	27	28
Dr Gill Eatough, Chief Executive and Accounting Officer	28	28

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GOVERNANCE STATEMENT (continued)

The Audit & Risk Committee is also a sub-committee of the main board of Trustees. The powers and functions delegated by the Board to the Audit & Risk Committee are: External Audit, Internal Audit, Financial Management & Policies, Risk Register and management of risk.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr Andrew Harris	1	1
Mr Nathan Wallis	1	1
Mr Graham Hutchinson	0	1
Dr Gill Eatough, Chief Executive and Accounting Officer	1	1
Mrs Beverly Tyley	1	1
Paul Jones (COO)*	1	1

*also attended the meeting held in the year.

Review of Value for Money

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

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

- **Raising student attainment**

The Trust regularly reviews its staffing structure in order to deploy staff efficiently to support an improved curriculum and target areas of the curriculum in need of development. The Trust uses the model, recommended by the DfE, of ICFP (Integrated Financial and Curriculum Planning) to model the cost of the curriculum in terms of staffing costs, deployment, class size etc. The administration and support staff is also reviewed to ensure appropriate staffing levels to support our academies.

Pupil progress is assessed and tracked rigorously throughout their education with appropriate and timely interventions to raise attainment. Free school meals children are supported through interventions funded from the Pupil Premium Grant aimed at narrowing the attainment gap.

The Trust collaborates with other educational providers and experts to share delivery or good practice including the Severn Teaching Alliance, the Salop Teaching Alliance, the Alliance for Learning, Telford College and other local Trusts.

- **Financial governance and oversight**

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 this includes:

- o Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- o Regular reviews by the Business and Personnel committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- o Setting targets to measure financial and other performance;
- o Clearly defined purchasing guidelines;
- o Delegation of authority and segregation of duties; and.
- o Identification and management of risks.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- **Better purchasing/procurement**

Trust contracts have been entered into to ensure reduced cost where it was felt that this would benefit the Trust. Some external services have been terminated as the expertise is now available within the Trust. Contractual costs are benchmarked across the schools in the Trust to compare best value. Economies of scale are achieved by the sharing of human and material resources across the Trust.

- **Better income generation**

The Trust explores every opportunity to generate income through the hire of our Academy facilities and through the provision of consultancy and services to other educational providers. Bids for external grants are applied for where relevant.

- **Reviewing controls and managing risks**

Monthly budget monitoring reports are produced and reviewed by the Chief Operating Officer and any necessary remedial action taken to address significant variances that may have an impact on the budget outcome discussed with the Accounting Officer and the Business and Personnel Committee.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Learning Community Trust for the period 3 July 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the period 3 July 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the Business and Personnel 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 Trustees has considered the need for a specific internal audit function and has decided to appoint Whittingham Riddell LLP, the external auditors, to perform additional checks.

The reviewer' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Reviewing and testing the operations of the systems of controls;
- Review of financial procedures in place;
- Detailed transactional testing; and
- Reporting on their findings.

On a termly basis, the external auditors report to the board of Trustees through the Audit & Risk Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

Review of Effectiveness

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

- the work of the external auditors;
- 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 & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 10 December 2018 and signed on their behalf, by:


Mr Michael Briscoe
Chair of Trustees


Dr Gill Eatough
Accounting Officer

LEARNING COMMUNITY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Dr Gill Eatough
Accounting Officer

Date: 10 December 2018

LEARNING COMMUNITY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 10 December 2018 and signed on its behalf by:



Mr Michael Briscoe
Chair of Trustees

LEARNING COMMUNITY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Trust 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST**


Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Trust'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 Trust's members those matters we are required to state to them in an Auditors' 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG
13 December 2018

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LEARNING
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Learning Community Trust during the period 3 July 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Learning Community Trust's funding agreement with the Secretary of State for Education dated 1 March 2018, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 3 July 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO LEARNING
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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



Andrew Malpass BA FCA

Whittingham Riddell LLP

Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

13 December 2018

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 Note	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
INCOME FROM:				
Donations & capital grants:				
Balances introduced on conversion	3	296,978	(6,978,000)	57,131,645
Other donations and capital grants	3	-	4,874	-
Charitable activities	4	-	6,466,431	6,466,431
Other trading activities	5	190,045	-	190,045
Investments	6	274	-	274
TOTAL INCOME		487,297	(506,695)	57,131,645
EXPENDITURE ON:				
Charitable activities		-	6,852,055	192,127
TOTAL EXPENDITURE	7	-	6,852,055	192,127
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		487,297	(7,358,750)	56,939,518
Transfers between Funds	18	(208,750)	208,750	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		278,547	(7,150,000)	56,939,518
Actuarial gains on defined benefit pension schemes	22	-	224,000	-
NET MOVEMENT IN FUNDS		278,547	(6,926,000)	56,939,518
RECONCILIATION OF FUNDS:				
Total funds brought forward		-	-	-
TOTAL FUNDS CARRIED FORWARD		278,547	(6,926,000)	56,939,518

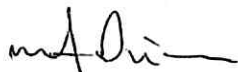
All of the Trust's activities derive from acquisitions in the current financial period.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10846393

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £
FIXED ASSETS			
Tangible assets	14		56,906,373
CURRENT ASSETS			
Debtors	15	928,429	
Cash at bank and in hand		1,265,480	
		<u>2,193,909</u>	
CREDITORS: amounts falling due within one year	16	<u>(1,752,708)</u>	
NET CURRENT ASSETS			<u>441,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>57,347,574</u>
CREDITORS: amounts falling due after more than one year	17		<u>(129,509)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>57,218,065</u>
Defined benefit pension scheme liability	22		<u>(6,926,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>50,292,065</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds excluding pension liability		56,939,518	
Pension reserve		<u>(6,926,000)</u>	
Total restricted income funds			50,013,518
Unrestricted income funds	18		<u>278,547</u>
TOTAL FUNDS			<u><u>50,292,065</u></u>

The financial statements on pages 26 to 50 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:



Mr Michael Briscoe
Chair of Trustees

LEARNING COMMUNITY TRUST
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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2018

	Note	2018 £
Cash flows from operating activities		
Net cash provided by operating activities	20	<u>1,265,206</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments		<u>274</u>
Net cash provided by investing activities		<u>274</u>
Change in cash and cash equivalents in the period		1,265,480
Cash and cash equivalents brought forward		<u>-</u>
Cash and cash equivalents carried forward	21	<u><u>1,265,480</u></u>

All of the cash flows are derived from acquisitions in the current financial period.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Learning Community Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Turnover

Turnover comprises revenue recognised by the Trust in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property - 125 years, straight line

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.11 Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

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

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

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Hadley Learning Community, Queensway School and Ercall Wood School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 2.

1.14 Fund accounting

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The land and buildings have been introduced at a value equal to the net book value held by the Local Authority at the time of conversion to Academy status.

2. CONVERSION TO AN ACADEMY TRUST

On 1 March 2018 Hadley Learning Community and Queensway School and on the 1 July 2018 Ercall Wood School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Learning Community Trust from Telford and Wrekin Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

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NOTES TO THE FINANCIAL STATEMENTS
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2. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	57,098,500	57,098,500
Budget surplus/(deficit) on LA funds	124,140	-	33,145	157,285
Budget surplus/(deficit) on other school funds	172,838	-	-	172,838
LGPS pension surplus/(deficit)	-	(6,978,000)	-	(6,978,000)
Net assets/(liabilities)	<u>296,978</u>	<u>(6,978,000)</u>	<u>57,131,645</u>	<u>50,450,623</u>

The above net assets include £318,404 that were transferred as cash.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
School fund surplus received on conversion	172,838	-	-	172,838
LA surplus/ deficit received on conversion	124,140	-	33,145	157,285
Pension liability received on conversion	-	(6,978,000)	-	(6,978,000)
Land and building received on conversion	-	-	57,098,500	57,098,500
Balances introduced on conversion	<u>296,978</u>	<u>(6,978,000)</u>	<u>57,131,645</u>	<u>50,450,623</u>
Donations	-	4,874	-	4,874
	<u>296,978</u>	<u>(6,973,126)</u>	<u>57,131,645</u>	<u>50,455,497</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,071,536	5,071,536
Universal Infant Free School Meals (UIFSM)	-	46,905	46,905
Pupil Premium	-	222,221	222,221
	<u>-</u>	<u>5,340,662</u>	<u>5,340,662</u>
Other government grants			
Other DfE Group Grants	-	94,527	94,527
Devolved Formula Capital (DFC)	-	244,237	244,237
	<u>-</u>	<u>338,764</u>	<u>338,764</u>
Other funding			
Local Authority Grants	-	778,447	778,447
Other Income	-	8,558	8,558
	<u>-</u>	<u>787,005</u>	<u>787,005</u>
	<u>-</u>	<u>6,466,431</u>	<u>6,466,431</u>

5. TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Charity trading income			
Other Trading Income	61,477	-	61,477
School Fund Income	128,568	-	128,568
	<u>190,045</u>	<u>-</u>	<u>190,045</u>
Net income from trading activities	<u>190,045</u>	<u>-</u>	<u>190,045</u>

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

6. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Investment income	274	-	274

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Educational Activities				
Direct costs	4,041,849	-	228,825	4,270,674
Support costs	379,062	1,417,191	977,255	2,773,508
	<u>4,420,911</u>	<u>1,417,191</u>	<u>1,206,080</u>	<u>7,044,182</u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £
Educational Activities	4,270,674	2,773,508	7,044,182

Analysis of direct costs

	Educational Activities £	Total 2018 £
Educational Materials	109,272	109,272
Educational Subscriptions	12,239	12,239
Educational Visits	2,681	2,681
Examination Fees	51,285	51,285
Professional Services	53,348	53,348
Wages and salaries	3,006,144	3,006,144
National insurance	286,886	286,886
Pension cost	748,819	748,819
	<u>4,270,674</u>	<u>4,270,674</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Educational Activities £	Total 2018 £
Staff costs	379,062	379,062
Depreciation	192,127	192,127
Transport	14,947	14,947
Postage and Stationery	15,144	15,144
Leases	4,478	4,478
Catering Costs	92,800	92,800
Hospitality	6,385	6,385
Bank charges	169	169
Audit fee	4,207	4,207
Professional Services	210,449	210,449
Rent and Rates	48,850	48,850
Insurance	22,494	22,494
PFI expenditure and premises repairs and maintenance	1,368,341	1,368,341
Telephone	3,404	3,404
Other Staff Costs	309,120	309,120
Cleaning Costs	12,674	12,674
School Fund Expenditure	88,857	88,857
	2,773,508	2,773,508

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £
Depreciation of tangible fixed assets: - owned by the charity	192,127
	192,127

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	3,283,875
Social security costs	321,454
Operating costs of defined benefit pension schemes	815,582
	<u>4,420,911</u>

b. Staff numbers

The average number of persons employed by the Trust during the period was as follows:

	2018 No.
Teachers	130
Administration and Support	126
Management	7
	<u>263</u>

No employee received remuneration amounting to more than £60,000 in either year.

c. Key management personnel

Remuneration and benefits received by key management personnel (who are detailed on page 1 of the financial statements as the Senior Management Team) in the period amounted to £262,745.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

11. CENTRAL SERVICES

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

- HLC Primary and Secondary
- Queensway
- Ercall Wood

The Trust charges for these services on the following basis:

A top slice percentage is applied of

- HLC Primary and Secondary 2.5%
- Ercall Wood 3%
- Queensway 4% (Greater support from LCT needed)

This includes:

- Central Finance
- HR
- Payroll
- Procurement
- Health & Safety
- GDPR
- School Improvement
- Sage
- Estates

The actual amounts charged during the year were as follows:

	2018
	£
HLC Primary and Secondary	100,058
Queensway	22,475
Ercall Wood	19,403
Total	<u>141,936</u>

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2018 £
Dr Gill Eatough, Chief Executive and Accounting Officer	Remuneration 50,000-55,000
	Pension contributions paid 5,000-10,000

During the period ended 31 August 2018, no Trustees received any reimbursement of expenses.

14. TANGIBLE FIXED ASSETS

	Property £
Cost	
Additions on conversion	57,098,500
At 31 August 2018	<u>57,098,500</u>
Depreciation	
At 3 July 2017	-
Charge for the period	192,127
At 31 August 2018	<u>192,127</u>
Net book value	
At 31 August 2018	<u><u>56,906,373</u></u>

Assets introduced on conversion related entirely to land and buildings.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

15. DEBTORS

	2018 £
Trade debtors	5,374
Other debtors	369,507
Prepayments and accrued income	553,548
	<hr/>
	928,429
	<hr/> <hr/>

16. CREDITORS: Amounts falling due within one year

	2018 £
Trade creditors	1,107,059
Other taxation and social security	210,603
Deficit repayment	64,755
Other creditors	168,813
Accruals and deferred income	201,478
	<hr/>
	1,752,708
	<hr/> <hr/>

17. CREDITORS: Amounts falling due after more than one year

	2018 £
Deficit repayment	129,509
	<hr/> <hr/>

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

18. STATEMENT OF FUNDS

	Balance at 3 July 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	-	681,561	-	(208,750)	-	472,811
Deficit on conversion	-	(194,264)	-	-	-	(194,264)
	<u>-</u>	<u>487,297</u>	<u>-</u>	<u>(208,750)</u>	<u>-</u>	<u>278,547</u>
Restricted funds						
Restricted Funds - all funds	-	6,471,305	(6,680,055)	208,750	-	-
Pension reserve	-	(6,978,000)	(172,000)	-	224,000	(6,926,000)
	<u>-</u>	<u>(506,695)</u>	<u>(6,852,055)</u>	<u>208,750</u>	<u>224,000</u>	<u>(6,926,000)</u>
Restricted fixed asset funds						
Fixed Assets on conversion	-	57,098,500	(192,127)	-	-	56,906,373
Capital money transferred on conversion	-	33,145	-	-	-	33,145
	<u>-</u>	<u>57,131,645</u>	<u>(192,127)</u>	<u>-</u>	<u>-</u>	<u>56,939,518</u>
Total restricted funds	<u>-</u>	<u>56,624,950</u>	<u>(7,044,182)</u>	<u>208,750</u>	<u>224,000</u>	<u>50,013,518</u>
Total of funds	<u>-</u>	<u>57,112,247</u>	<u>(7,044,182)</u>	<u>-</u>	<u>224,000</u>	<u>50,292,065</u>

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department of Education

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018**

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £
Hadley Learning Community	280,376
Queensway	67,031
Ercall Wood	(134,023)
Trust	65,163
	278,547
Total before fixed asset fund and pension reserve	278,547
Restricted fixed asset fund	56,939,518
Pension reserve	(6,926,000)
	50,292,065
	50,292,065

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

Name of academy	Amount of deficit £
Ercall Wood	134,023

The reason for the above being reported is the deficit inherited upon conversion, excluding this the academy has made a surplus in the year.

The Trust is taking the following action to return the academies to surplus:

Payment plan put in place to repay the deficit.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £
Hadley Learning Community	2,784,338	141,648	136,412	1,515,506	4,577,904
Queensway	859,064	42,576	28,185	228,318	1,158,143
Ercall Wood	564,115	17,975	21,720	60,364	664,174
	4,207,517	202,199	186,317	1,804,188	6,400,221
	4,207,517	202,199	186,317	1,804,188	6,400,221

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2018

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	56,906,373	56,906,373
Current assets	408,056	1,752,708	33,145	2,193,909
Creditors due within one year	-	(1,752,708)	-	(1,752,708)
Creditors due in more than one year	(129,509)	-	-	(129,509)
Provisions for liabilities and charges	-	(6,926,000)	-	(6,926,000)
	<u>278,547</u>	<u>(6,926,000)</u>	<u>56,939,518</u>	<u>50,292,065</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £
Net income for the year (as per Statement of Financial Activities)	50,068,065
Adjustment for:	
Depreciation charges	192,127
Dividends, interest and rents from investments	(274)
Increase in debtors	(928,429)
Increase in creditors	1,882,217
Defined benefit pension scheme obligation inherited	6,978,000
Assets received on conversion	(57,098,500)
FRS102 Pension Cost	172,000
Net cash provided by operating activities	<u>1,265,206</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £
Cash in hand and at bank	1,265,480
Total	<u>1,265,480</u>

2018

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	2018
Retiring today	
Males	23.1
Females	26.3
Retiring in 20 years	
Males	25.3
Females	28.6

	At 31 August 2018 £'000
Sensitivity analysis	
Discount rate +0.1%	6,695
Mortality assumption - 1 year increase	7,094
CPI rate +0.1%	7,164
Pay growth + 0.1%	6,989

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

	Fair value at 31 August 2018 £'000
Equities	1,404
Corporate bonds	616
Property	138
Cash and other liquid assets	66
Other assets	539
Total market value of assets	2,763

The actual return on scheme assets was £104,000.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £
Current service cost	(285,000)
Administration expenses	(6,000)
Net interest cost	(78,000)
Total	(369,000)

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22. PENSION COMMITMENTS (continued)

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

	2018 £
Upon conversion	9,390,000
Current service cost	285,000
Interest cost	105,000
Employee contributions	56,000
Actuarial gains	(147,000)
	<hr/>
Closing defined benefit obligation	9,689,000
	<hr/> <hr/>

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

	2018 £
Upon conversion	2,412,000
Interest income	27,000
Actuarial gains	77,000
Employer contributions	197,000
Employee contributions	56,000
Administration expenses	(6,000)
	<hr/>
Closing fair value of scheme assets	2,763,000
	<hr/> <hr/>

23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £
Amounts payable:	
Within 1 year	31,566
Between 1 and 5 years	93,360
	<hr/>
Total	124,926
	<hr/> <hr/>

24. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS
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25. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.