

Registered number: 07687235 (England and Wales)

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

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LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

Members

Janet Jones
Stephen Bettles
Richard Holding
Philippa Clare
Joanne Holyland

Trustees

Janet Jones (Chair of Trustees)
Philippa Clare (Vice-Chair)
Stephen Bettles
Julian Kirby (Headteacher & Accounting Officer)
Richard Holding
Penny Walker Barber
Joanne Holyland
Duncan Haworth
Carmella Hunt
Susan Campbell
Malcolm Maguire
Kay Cowling

Company Secretary

Shirley Thompson (Resigned 8 September 2020)
Helene Chadwick Replacement (Appointed 9 September 2020)

Senior Leadership Team

Headteacher	Julian Kirby
Deputy Headteacher	Amy Hunter
Assistant Headteacher	Richard Salter
Assistant Headteacher	Natalie Tebbatt
Assistant Headteacher	Kay Cowling
Chief Financial Controller	Helene Chadwick
Operations Manager	Shirley Thompson (Retired 8 September 2020)

Company Name

Lutterworth High School Academy Trust

Principal and Registered Office

Woodway Road
Lutterworth
Leicestershire
LE17 4QH

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Company Registered Number

07687235 (England and Wales)

Independent Auditor

MHA MacIntyre Hudson
11 Merus Court
Meridian Business Park
Leicester
LE19 1RJ

Bankers

Lloyds Banking Group
4 Bell Street
Lutterworth
Leicestershire
LE17 4DW

Solicitors

Browne Jacobson
Victoria Square House
Victoria Square
Birmingham
B2 4BU

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the year 1 September 2019 to 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates an Academy for pupils aged 11 to 16 serving a catchment area covering Lutterworth Town and the outlying villages, including borders of Warwickshire and Northamptonshire. It has a pupil capacity of 771 and had a roll of 833 in the school census on 1 October 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Lutterworth High School Academy Trust Limited are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Lutterworth High School.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £687 (2019: 715) and provides cover up to £3,000,000.

Method of Recruitment and Appointment or Election of Trustees

Members may agree unanimously to appoint additional members as they see fit and they may unanimously in writing agree to remove members other than a member appointed by the secretary of state. Recruitment of Trustees is outlined in the Memorandum of Articles. Members may appoint up to 6 Trustees. Trustees may Co-opt up to 3 Trustees. The appointment of staff Trustees is via a process of a staff ballot/election. Appointment of Parent Trustees is made via parent election.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction of Trustees will depend on the skills and experience of each individual Trustee. The Academy has a contract with the LA Governor Development Service, which provides Trustee training including induction training for new Trustees. Governor Development Service also offers bespoke onsite training to suit the needs of Trustees. Trustees also have access to an information resource – The Key, in addition to the weekly updates from GDS. The Academy has delegated the responsibility for Trustee training to a nominated Trustee (Janet Jones). A full log of Trustee training is maintained by the Clerk and feedback on training is shared with the Board of Trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Organisational Structure

The Board meet at least annually to appoint new Members and to receive the annual accounts. The Board of Trustees (FGB) meet at least 3 times per year and at each meeting they receive the minutes and reports of the following sub-committees:

1. Personnel and Finance Committee – which meets at least 3 times per year.
2. Health and Safety Committee – which meets at least 3 times per year.
3. Achievement and Attainment Committee – which meets 3 times per year.
4. Pay Committee – meets once per year to discuss Teachers' progression and Headteacher's pay.

The day-to day-management of the school is delegated to the Headteacher who has appointed a Senior Leadership Team (SLT) who meet weekly to discuss both strategic and day-to-day responsibilities.

The Senior Leadership Team comprises the Headteacher (Accounting Officer), Deputy Headteacher, 3 Assistant Headteachers and the Operations Manager. The Financial Controller works 2 days a week and supports the SLT, meeting both with the Headteacher and Deputy Headteacher on a monthly basis to discuss the financial affairs of the Academy. The Senior Leadership Team direct the Academy at an executive level implementing policies agreed by the Trustees and reporting back to them.

Heads of Department are responsible for the day-to-day operation of curriculum subject areas and organisation of their teaching staff, capitation resources, facilities and students.

All staff within the Senior Leadership Team have delegated responsibility for line managing budget holders and their area spending.

A scheme of delegation has been approved which provides a clear line of delegation at all levels.

Arrangements for setting pay and remuneration of Key Management Personnel

A Pay Committee, supported by an external School Improvement Partner, review the pay and remuneration of key personnel. This exercise is reviewed on an annual basis.

The school Pay policy sets a clear framework for pay and remuneration and is reviewed annually.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Trade union facility

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, Lutterworth High School Academy Trust has to report information included in Schedule 2 of the Regulations, as an employer with more than 49 full time employees.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	N/A
51%-99%	N/A
100%	N/A

Percentage of pay bill spent on facility time

Provide the total cost of facility time	N/A
Provide the total pay bill	N/A
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	N/A

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	N/A
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Related Parties and other Connected Charities and Organisations

The Academy Trust continues to operate as a standalone Academy but continues to work in partnership with other schools through the Rushey Mead and Griffin Teaching Alliances, Excellence Group and Learning South Leicestershire.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

The Academy mission statement "Where learning comes first" encapsulates the ethos of the school and they do everything in their power to ensure the best learning experience for all students, regardless of age, gender or ability, both inside and outside of the classroom

Objects and Aims

Objectives, Strategies and Activities

The key priorities for Lutterworth High School in 2019/2020 were:

- Lutterworth High School's curriculum intent is embedded securely and consistently across the school;
- Key Stage 3 curricula are coherently planned and sequenced so that students are ready for Key Stage 4;
- Talents are identified, nurtured and celebrated;
- The explicit teaching of inferential reading skills across the curriculum;
- Programme of coaching to develop 'secure' teachers' pedagogy and practice to be 'extending';
- All staff understand the features of effective teaching;
- Triads continue to develop best practice by increasing challenge through questioning;
- Rigorous summative assessment enhances the attainment and progress of students at all stages of their education;
- Disadvantaged students achieve outcomes, knowledge and cultural capital that prepares them for the next stage of their education, training or employment;
- Further embed 'D4L' to ensure low level behaviours are effectively managed;
- Students' character strengths are acknowledged, celebrated and developed;
- All students engage with views, beliefs and opinions that are different from their own and develop awareness;
- Launch 'The Emerald Way' to ensure students' broader achievements are recognised, developed and celebrated;
- Ensure students maintain an active lifestyle and keep physically and mentally healthy;
- The careers programme and support encourages high aspirations with excellent levels of support;
- The vision and values are embedded and made explicit to all stakeholders;
- Developing and extending consistent practice for all middle leaders through 'The Pillars of Leadership' model; and
- Long-term curriculum planning is used to support resource planning.

These priorities were achieved through a clear School Improvement Plan with carefully considered success criteria, monitoring and evaluation.

Public Benefit

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims in planning future activities for the year. The Trustees consider that the Academy's aims are demonstrably for the public benefit.

STRATEGIC REPORT

Achievements and Performance

Students at Lutterworth High School consistently develop knowledge and skills across the curriculum and in all years. This is reflected in outcomes at the end of KS4. Students at Lutterworth High School make positive progress compared with other similar schools. Attainment is consistently above the national average.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Key Stage 4 academic outcomes 2020

In 2020 students were awarded Centre Assessed Grades. There were no national performance or progress measures.

Overall Attainment 8	57.44%
English and math's grade 5 and above	63.95%
English and math's grade 4 and above	82.99%
Achieving the baccalaureate grade 5 and above	37.41%
Entries achieving grades 9-7	36.37%

Our own internal progress data shows that Pupil Premium students performed in line with their peers. SEND students did not perform in line with their peers.

Girls outperformed boys. Students with high prior attainment made excellent progress and achieved the highest grades.

Key Performance Indicators

Students have high attendance and are punctual. The whole school attendance for 2019/2020 to the point of the lockdown imposed in March 2020 was 95.5%.

Financial KPI's are as follows for 19/20

• Total Staff Costs (£)	£3,711,912
• Total Staff Costs to EFA Revenue Income (%)	93%
• Total Staff Costs to Total Income (%)	81%
• Total Staff Costs as Proportion of Total Expense (%)	80%
• FTE Teaching Staff	45.3
• FTE Support Staff	41.8
• Total FTE	87.1
• Total Pupil Numbers by Lagged Pupil Numbers	806
• Pupil Teacher Ratio as per Lagged Pupil Numbers	17.79
• Average Teacher Cost (£)	£55,308
• Proportion of budget spent on the Leadership team (%)	12%
• Spend per pupil for non-pay expenditure lines (£)	£1,124

Going Concern

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

Lutterworth High School Academy Trust has managed the costs associated with Covid-19 without additional financial support from the Government. This has included the loss of income from catering, the costs of modifying the school physical environment and the increased costs of implementing Covid-19 hygiene measures.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Due to the impact of lockdown and savings made as a result, the Lutterworth High School Academy Trust has not been financially disadvantaged by the impact of Covid-19.

FINANCIAL REVIEW

The majority of the Academy's income is obtained from the Department for Education (DfE) via the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the Statement of Financial Activities for the year ended 31 August 2020.

The Academy also receives grants for fixed assets from the DfE, and such grants when spent are shown in the Statement of Financial Activities in the restricted fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Management Manual which includes all financial policies and lays out the framework for financial management, including financial responsibilities of the Board of Trustees, the Headteacher, the Operations Manager, budget holders and staff, as well as delegated authority for spending.

Other policies include the Charges and Lettings, Asset Management, Whistle Blowing and Risk Management policies.

Trustees have adopted the Responsible Officer Check approach to internal scrutiny this year, which was carried out by MHA MacIntyre Hudson.

Due to Covid-19, this visit had to be postponed until September 2020 and the report was received in early October 2020. The report highlighted that the school had strong financial control and no items of significance were highlighted. The report is to be presented to the Personnel and Finance Committee in November 2020.

To acknowledge the revised FRC Ethical Standard for auditors, Lutterworth High School Academy Trust is reviewing its internal control scrutiny and a recommendation to employ an internal auditor is to be made at the next meeting of the Audit Committee in November 2020.

During the year to 31 August 2020, total GAG income amounted to £3,868,800. Expenditure during the year totalled £4,973,000 and was more than covered by grant funding, and additional income from other sources, together with reserves.

This set of accounts shows the financial performance of the Academy Trust for the year ended 31 August 2020.

The statement of financial activities shows the Academy made an in year deficit of £118,000 in this 12 month period after depreciation charges of £205,000 but before actuarial losses of £67,000.

The school was successful in its 2019/20 bid to secure CIF funding of £112,000 to upgrade the substation – this is a real success for the school as it allows for the school to grow naturally and offers the ability to increase power demands as the school develops.

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TRUSTEES' REPORT (continued)
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Reserves Policy

The Personnel and Finance Committee have established a reserves policy to consider the maintenance of a minimum working reserve in order to minimise any financial risks facing the Academy, such as delays between spending and receipt of grants or unexpected emergencies. It aims to regularly review the nature of income and expenditure streams and the need to match income with commitments, to have regard to the potential liabilities which may arise in the event of a school merger or closure, to identify and maintain an appropriate level of free reserves, and to consider and set aside funds for significant projects that cannot be met by future income alone.

Trustees have agreed that an appropriate reserves balance would equate to 4 weeks of expenditure, in terms of both salaries and invoices. In broad terms, this would equate to approximately £200,000. Free reserves at 31 August 2020 are reported at £480,000.

The deficit on the pension reserve relates to the non-teaching staff pension scheme, where, unlike the teacher's scheme, separate assets are held to fund future liabilities as discussed in note 26. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees, and represent 12 months' worth of Academy expenditure.

At 31 August 2020 the total funds comprised:

	£'000
Unrestricted	374
Restricted:	
Fixed asset funds	7,143
Pension reserve	(1,739)
Other	106
	<hr/>
	5,884

Investment Policy

The investment policy can be found in the Financial Management Manual and ensures that the Academy Trust monitors cash flow on a regular basis and ensures that surplus funds are deposited so as to maximise the interest, with a consideration to only invest in risk free and immediately accessible deposit accounts. Investments during 2019/2020 only affected movement into Lloyds Higher interest investment products.

Principal Risks and Uncertainties

A thorough Risk Management Assessment has been conducted using guidelines provided by the EFA and has been assessed and approved via the Personnel and Finance Committee along with the Statement of Internal Control. The assessment identifies the types of risk the Academy faces, prioritising them into operational and financial impacts, assessing the likelihood of the occurrence and the impact that the occurrence will have on the Academy, and putting in place controls to mitigate such risks. Whilst reviewed via the Personnel and Finance Committee on an annual basis, the Risk Register is a live document which is reviewed regularly with Trustees and Management. The risk register has been updated to include all risks associated with the impact of Covid-19.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

There are 4 key risks for the Academy:-

1. Reputational Risk;
2. Performance Risk;
3. Financial Risk – reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs; and
4. Risks associated with Personnel.

All risks have been identified within the risk register and action plans implemented to manage these risks. The Academy Trust practices, through its Board, namely the Board of Trustees and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Board of Trustees collectively, whilst more minor risks are dealt with by senior executive officers.

FUNDRAISING

The Academy does not raise funds without specific purposes. Sponsored events have been organised to raise cash to support the development of PE resources and are aimed, in the main, at parental contributions and local company donations. Other fundraising takes place for specific charities, such as Twin Your Toilet and Children in Need. Donations are banked and recorded clearly to demonstrate that all monies collected are paid over in their entirety to the designated charity. Activity is included in the monthly management accounts to reflect income and expenditure relating to specific fund-raising activities.

PLANS FOR FUTURE PERIODS

The Academy will strive to continue to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to retain a stable staff and attract high quality teachers and support staff as necessary in order to deliver its objectives.

High quality training for staff will remain a priority and the sharing of best practice internally will continue to be developed through our focused internal training opportunities and coaching.

The Academy will continue to work in partnership with local schools to encourage a smooth transition for students through the key stages and improve the educational opportunities for students in the wider community.

The Academy is a member of the SCITT in the Rushey Mead and Griffin Teaching Alliances. The school will continue to train teachers and provide high quality support and development to NQTs employed by the school.

Lutterworth High School will continue to work in partnership with other schools through The Griffin Teaching Alliance, Excellence Group and Learning South Leicestershire.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust is currently holding funds on behalf of Learning South Leicester to the value of £40,194. This balance is made of contributions from 8 Leicestershire secondary schools who pay on a per pupil basis to fund behaviour partnership costs across the group of schools.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

AUDITOR

The auditors, MHA Macintyre Hudson, has indicated a willingness to continue in office. The designated Trustees will propose a motion re appointing the auditors at its meeting of Trustees in December.

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company Directors, by email on Tuesday 27 October 2020 and will be ratified at the meeting of the Full Board of Trustees and signed on the Board's behalf by:


.....
Janet Jones
Chair of Trustee

Date: 8-12-2020

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

SCOPE OF RESPONSIBILITY

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 Lutterworth High School Academy Trust and the Secretary of State for Education. Trustees 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 year. Some of these meetings were conducted digitally in line with Covid-19 guidelines. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Janet Jones (Chair of Trustees)	4	4
Philippa Clare (Vice-Chair)	2	4
Stephen Bettles	4	4
Richard Holding	3	4
Penny Walker Barber	3	4
Joanne Holyland	4	4
Duncan Haworth	3	4
Carmella Hunt	3	4
Susan Campbell	3	4
Malcolm Maguire	3	4
Kay Cowling	3	4
Julian Kirby (Headteacher and Accounting Officer)	4	4

The Personnel and Finance Committee is a sub-committee of the main Board of Trustees. This Committee met 3 times during the 2019/20 financial year. The main purpose of this committee is delegated authority from the Board of Trustees to:

- Support, decide and determine all matters concerning budgeting, finance, personnel and premises, including grounds and security, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity; and
- To make appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

Major issues will be referred to the full Board of Trustees for ratification.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Janet Jones	2	3
Philippa Clare	0	3
Richard Holding	3	3
Julian Kirby (Headteacher and Accounting Officer)	3	3
Stephen Bettles	3	3
Joanne Holyland	3	3
Susan Campbell	2	3

The Audit Committee is a function within the terms of the Personnel and Finance Committee. Its purpose is:

1. To review the Academy's procedures for detecting fraud and whistle blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters;
2. To review management's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management;
3. To monitor the integrity of the Academy's internal financial control;
4. To monitor compliance with the Academy's financial policies, regulations and procedures;
5. To review the statement in the Annual Report and accounts on the Academy's internal controls and risk management framework; and
6. To assess the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks.

Attendance at this committee will be in line with attendance for the Personnel and Finance Committee above.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher 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:

- Continued replacement of school lighting to move to energy efficient LED lighting in further areas of the school. The upgrade has also included the addition of automatic sensors to turn lights off when not required;
- Purchase of laptops for all teachers to enable the school to move to a programme of live lessons during lockdown and to be prepared for the continuation of the pandemic if the school has to close or if bubbles of students are asked to self-isolate;

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

- Continued a programme of installing suspended ceilings within classrooms, in order to improve thermal efficiency; and
- Renewal of the gas contract to seek better value for money.

The school is actively looking at solar solutions to energy supplies and looking into the possibility of removing the need for gas heating in the future to heat and cool the rooms via air conditioning and not gas.

After careful consideration and research into the government guidance regarding staff not on the school payroll but contracted to work during the summer term, the Accounting Officer, in consultation with the Trustees, made the decision to pay invigilators 50% of the hours they would have worked during the summer term, based on a similar period the previous year. Invigilators do not have a formal contract, but they had, at the point of lockdown, received their training and made their commitment to work for the school during the summer term 2020. For this reason, and to minimise financial hardship on these staff, the decision was made to make the 50% payment.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lutterworth High School Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and Financial Statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and Financial Statements. The Board of Trustees regularly reviews this process.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA McIntyre Hudson, the external auditor, to perform additional interim checks for the financial year

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2020

MHA MacIntyre Hudson's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The period covered for the purpose of the report was 1 September 2019 to 31 August 2020. Due to Covid-19, the original scheduled visit in April 2020 was postponed until September 2020.

The checks carried out from this visit included:

- Grant and other income – coverage across the various income streams by testing differing types of income each visit. Recurring GAG income and income for school trips were tested;
- Expenditure - A sample of purchases was selected, and traced through the accounting system, with evidence of key control operation being checked;
- Credit card use – credit card use was reviewed and checked to review the use and regularity of transactions;
- Payroll – A sample of employees was selected, and their details agreed to signed contracts. Deductions and recalculations were performed, and payments agreed to the bank;
- Balance sheet control accounts – the bank, debtor control account and creditor control account reconciliations were reviewed to ensure these are being properly prepared and reviewed;
- Regularity – There were no tenders or leases during the period;
- Governance review – As the testing was done remotely, and at the request of the client, an extra governance review was performed, to ensure that governance requirements were being met during the period; and
- The internal scrutiny report was received on 1 October 2020 and will be shared with the members of the Finance and Premises Committee in November 2020. Only one minor issue was noted, and this related to the fact that the School still had retired governors showing on the website with a note to show they were retired from office. This has since been rectified.

To acknowledge the revised FRC Ethical Standard for auditors, Lutterworth High School Academy Trust is reviewing its internal control scrutiny and a recommendation to employ an internal auditor is to be made at the next meeting of the Audit Committee in November 2020.

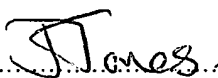
REVIEW OF EFFECTIVENESS

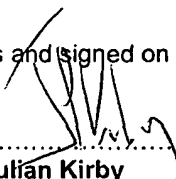
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor, acting as responsible officer; and
- the work of the Financial Controller within the Academy Trust who has 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 via the Financial Controller and Personnel and Finance Committee and there were no weaknesses identified to raise cause for concern.

Approved by order of the members of the Board of Trustees and signed on its behalf by:


.....
Janet Jones
Chair of Trustees


.....
Julian Kirby
Accounting Officer

Date: 8.12.2020

Date: 8.12.2020

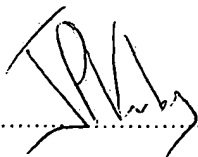
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

As Accounting Officer of Lutterworth High School Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of 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 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2019.

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.



.....
Julian Kirby
Accounting Officer

Date: 8.12.2020

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

Company law requires the 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 DfE/ESFA 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 and signed on its behalf by:


.....
Janet Jones
Chair of Trustees

Date: 8.12.2020

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST**

Opinion

We have audited the financial statements of Lutterworth High School Academy Trust (the 'Academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities incorporating Income and Expenditure, 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Report, other than the financial statements and our Auditor's Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report and the Directors' Report, and the Governance Statement, the Statement on Regularity, Propriety and Compliance, and the Trustees Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the Directors' 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.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Academy 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 Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy 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 Academy Trust's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST (CONTINUED)**

MHA MacIntyre Hudson

Helen Blundell LLB FCA FCIE DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

11 Merus Court
Meridian Business park
Leicester
LE19 1RJ

Date: 14 December 2020

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 24 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lutterworth High School Academy Trust during the year 1 September 2019 to 31 August 2020 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 Lutterworth High School Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lutterworth High School Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lutterworth High School Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lutterworth High School Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Lutterworth High School Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 year 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING
AGENCY (CONTINUED)**

The work undertaken to draw our conclusions includes:

- a review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- testing of a sample of grants received and other income streams;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of payroll payments to staff;
- evaluating the internal control procedures and reporting lines, and testing as appropriate;
- reviewing the Minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity; and
- considerations of governance issues.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditor

11 Merus Court
Meridian Business park
Leicester
LE19 1RJ

Date: 14 December 2020

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	-	-	132	132	(6)
Funding for the Academy Trust's educational operations	4	-	4,411	18	4,429	4,385
Other trading activities	5	289	-	-	289	335
Investments	6	5	-	-	5	3
Total income		294	4,411	150	4,855	4,717
Expenditure on:						
Raising funds	7	222	-	-	222	285
Academy Trust educational operations	8	-	4,546	205	4,751	4,608
Total expenditure	9	222	4,546	205	4,973	4,893
Net income/(expenditure)		72	(135)	(55)	(118)	(176)
Transfers between funds	20	-	(57)	57	-	-
Other recognised losses:						
Actuarial losses on defined benefit pension schemes	26	-	(67)	-	(67)	(453)
Net movement in funds		72	(259)	2	(185)	(629)
Reconciliation of funds:						
Total funds brought forward		302	(1,374)	7,141	6,069	6,698
Net movement in funds		72	(259)	2	(185)	(629)
Total funds carried forward		374	(1,633)	7,143	5,884	6,069

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 28 to 58 form part of these financial statements.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07687235

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	15	7,081	7,141
		<u>7,081</u>	<u>7,141</u>
Current assets			
Stocks	16	4	4
Debtors	17	296	122
Investments	18	500	300
Cash at bank and in hand	24	160	244
		<u>960</u>	<u>670</u>
Liabilities			
Creditors: amounts falling due within one year	19	(418)	(318)
		<u>542</u>	<u>352</u>
Net current assets			
		<u>7,623</u>	<u>7,493</u>
Net assets excluding pension liability			
Defined benefit pension scheme liability	26	(1,739)	(1,424)
		<u>5,884</u>	<u>6,069</u>
Total net assets		<u><u>5,884</u></u>	<u><u>6,069</u></u>
Funds of the Academy			
Restricted funds:			
Restricted fixed asset funds	20	7,143	7,141
Restricted income funds	20	106	50
		<u>7,249</u>	<u>7,191</u>
Restricted funds excluding pension asset	20	7,249	7,191
Pension reserve	20	(1,739)	(1,424)
		<u>5,510</u>	<u>5,767</u>
Total restricted funds	20	5,510	5,767
Unrestricted income funds	20	374	302
		<u>5,884</u>	<u>6,069</u>
Total funds		<u><u>5,884</u></u>	<u><u>6,069</u></u>

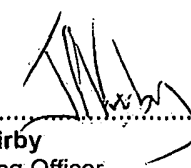
LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07687235

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 24 to 58 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


.....
Janet Jones
Chair of Trustees

Date: 8.12.2020


.....
Julian Kirby
Accounting Officer

Date: 8.12.2020

The notes on pages 28 to 58 form part of these financial statements.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	<i>Restated</i> 2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	106	113
Cash flows from investing activities	23	(190)	(119)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(84)	(6)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		244	250
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	24	<u>160</u>	<u>244</u>

The notes on pages 28 to 58 form part of these financial statements

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lutterworth High School Academy Trust meets the definition of a public benefit entity under FRS 102.

Lutterworth High School Academy Trust is a company limited by guarantee incorporated in England and Wales. The address of the registered office, principal place of operation and registered number are detailed on pages 1 and 2. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees' Report.

The Financial Statements are prepared in British Pound Sterling (£), the presentational and functional currency rounded to the nearest £1,000.

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 Academy 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.

This consideration has taken into account the expected impact of Covid-19 on the Academy Trust, as far as it can be determined, and the Trustees remain satisfied that the going concern principle remains appropriate.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship income**

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

- **Donations**

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

- **Other income**

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

1.4 Expenditure

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

- **Expenditure on raising funds**

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

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful 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 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.

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 each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold property	- 2% straight-line per annum
Long leasehold land	- Over the term of the lease
Long leasehold property improvements	- 2% straight-line per annum
Plant and machinery	- 10% straight line per annum
Computer equipment	- 33% straight line per annum

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

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.8 Investments

Investments include cash and mid to long term investments with a maturity of more than three months from the date of acquisition or opening of the deposit or similar account.

1.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

1.11 Liabilities

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

1.12 Provisions

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. Accounting policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases 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 17. 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 cost as detailed in note 19. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.15 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. See note 15 for the carrying amount of the tangible fixed assets, and note 1.6 for the useful economic lives for each class of assets.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The judgements that have had a significant effect on amounts recognised in the financial statements are those covering the choice of depreciation policies and asset lives.

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3. Donations and capital grants

	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Capital grants	112	112
Other capital grants - S106	20	20
Total 2020	<u>132</u>	<u>132</u>

	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Capital grants	(6)	(6)

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Academy Trust's educational operations

	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants		
General Annual Grant (GAG)	3,869	3,869
Pupil Premium	103	103
Capital grants	18	18
Other DfE/ESFA grants	244	244
	<hr/> 4,234	<hr/> 4,234
Other Government grants		
Local Authority grants	107	107
	<hr/> 107	<hr/> 107
Other funding		
School trip income	38	38
Insurance claim	50	50
	<hr/> 88	<hr/> 88
Total 2020	<hr/> <hr/> 4,429	<hr/> <hr/> 4,429

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Funding for the Academy Trust's educational operations (continued)

	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
DfE/ESFA grants		
General Annual Grant (GAG)	3,864	3,864
Pupil Premium	96	96
Capital grants	63	63
Other DfE/ESFA grants	67	67
	<u>4,090</u>	<u>4,090</u>
Other Government grants		
Local Authority grants	50	50
	<u>50</u>	<u>50</u>
Other funding		
School trip income	245	245
	<u>245</u>	<u>245</u>
Total 2019	<u><u>4,385</u></u>	<u><u>4,385</u></u>

There are no unfulfilled conditions or other contingencies attached to the Government grants above.

5. Other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000
Rental income	2	2
Catering income	211	211
Other income	76	76
Total 2020	<u><u>289</u></u>	<u><u>289</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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5. Other trading activities (continued)

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Rental income	7	7
Catering income	271	271
Other income	57	57
<i>Total 2019</i>	<u>335</u>	<u>335</u>

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000
Interest income	<u>5</u>	<u>5</u>

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Interest income	<u>3</u>	<u>3</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Expenditure on raising funds

	Unrestricted funds 2020 £000	Total funds 2020 £000
Catering expenditure	89	89
Fundraising	11	11
Catering staff wages and salaries	97	97
Catering staff national insurance	5	5
Catering staff pension costs	20	20
Total 2020	222	222

	<i>Unrestricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Catering expenditure	173	173
Fundraising	2	2
Catering staff wages and salaries	90	90
Catering staff national insurance	5	5
Catering staff pension costs	15	15
<i>Total 2019</i>	<i>285</i>	<i>285</i>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities

	Direct costs 2020 £000	Support costs 2020 £000	Total funds 2020 £000
Educational Operations	3,667	1,084	4,751

	<i>Direct costs 2019 £000</i>	<i>Support costs 2019 £000</i>	<i>Total funds 2019 £000</i>
Educational Operations	3,460	1,148	4,608

Analysis of direct costs

	Educational Operations 2020 £000	Total funds 2020 £000
Educational supplies	92	92
Travel and subsistence	2	2
Other direct costs	100	100
Staff costs	3,268	3,268
Depreciation	205	205
Total 2020	3,667	3,667

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	<i>Educational Operations 2019 £000</i>	<i>Total funds 2019 £000</i>
Educational supplies	132	132
Travel and subsistence	2	2
Other direct costs	240	240
Staff costs	2,882	2,882
Depreciation	204	204
Total 2019	3,460	3,460

Analysis of support costs

	<i>Educational Operations 2020 £000</i>	<i>Total funds 2020 £000</i>
Pension finance costs (note 14)	27	27
Staff training	12	12
Recruitment and support	4	4
Maintenance of premises and equipment	101	101
Cleaning	12	12
Rates and water	20	20
Energy costs	44	44
Insurance	29	29
Security and transport	13	13
Catering	48	48
Professional fees	37	37
Other support costs	197	197
Bank charges and interest	7	7
Governance costs	17	17
Staff costs	516	516
Total 2020	1,084	1,084

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	<i>Educational Operations 2019 £000</i>	<i>Total funds 2019 £000</i>
Pension finance costs (note 14)	24	24
Staff training	21	21
Recruitment and support	7	7
Maintenance of premises and equipment	119	119
Cleaning	5	5
Rates and water	29	29
Energy costs	49	49
Insurance	29	29
Security and transport	20	20
Catering	18	18
Professional fees	69	69
Other support costs	190	190
Bank charges and interest	6	6
Governance costs	18	18
Staff costs	544	544
Total 2019	1,148	1,148

9. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000
Expenditure on raising funds				
Direct costs	122	-	100	222
Academy Trust's Educational Operations:				
Direct costs	3,268	144	255	3,667
Allocated support costs	543	177	364	1,084
Total 2020	3,933	321	719	4,973

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**NOTES TO THE FINANCIAL STATEMENTS
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9. Expenditure (continued)

	<i>Staff Costs</i> 2019 £000	<i>Premises</i> 2019 £000	<i>Other</i> 2019 £000	<i>Total</i> 2019 £000
Expenditure on raising funds				
Direct costs	110	-	175	285
Academy Trust's Educational Operations:				
Direct costs	2,882	169	409	3,460
Allocated support costs	568	202	378	1,148
<i>Total 2019</i>	<u>3,560</u>	<u>371</u>	<u>962</u>	<u>4,893</u>

10. Net income/(expenditure)

This is stated after charging:

	2020 £000	2019 £000
Operating lease rentals	15	15
Depreciation of tangible fixed assets	205	204
Clerk to Governor	1	1
Fees paid to auditor for:		
- audit	13	13
- other services	3	4
	<u>237</u>	<u>237</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	2,789	2,671
Social security costs	259	242
Pension costs	853	611
	<u>3,901</u>	<u>3,524</u>
Agency staff costs	5	12
Pension finance cost (note 14)	27	24
	<u>3,933</u>	<u>3,560</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	47	48
Administration and support	60	53
Management	6	6
	<u>113</u>	<u>107</u>

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff (continued)

c. Higher paid staff (continued)

The above employees contributed to the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions for these employees amounted to £37,200 (2019: £14,816).

d. Key management personnel

The Key Management Personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by Key Management Personnel for their services to the Academy Trust was £480,745 (2019: £464,461).

12. Trustees' remuneration and expenses

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

The value of Trustees' remuneration and other benefits was as follows:

		2020 £000	2019 £000
Julian Kirby, (Headteacher and Accounting Officer)	Remuneration	90 - 95	85 - 90
	Pension contributions paid	20 - 25	10 - 15
Kay Cowling, (Staff Trustee)	Remuneration	50 - 55	45 - 50
	Pension contributions paid	10 - 15	5 - 10
Penny Walker-Barber, (Staff Trustee)	Remuneration	-	0 - 5
	Pension contributions paid	-	-

During the year ended 31 August 2020, no expenses were reimbursed or paid directly to Trustees (2019: 1 Trustee was reimbursed £507 of expenses incurred during Academy Trust business).

Other related party transactions involving the trustees are set out in note 28.

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2020 was £687 (2019: £715). The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Pension finance cost

	2020 £000	2019 £000
Expected return on pension scheme assets	38	50
Interest on pension scheme liabilities	(65)	(74)
	<u>(27)</u>	<u>(24)</u>

15. Tangible fixed assets

	Long leasehold property £000	Long leasehold property improvements £000	Plant and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2019	5,849	2,118	288	407	8,662
Additions	-	92	-	53	145
At 31 August 2020	<u>5,849</u>	<u>2,210</u>	<u>288</u>	<u>460</u>	<u>8,807</u>
Depreciation					
At 1 September 2019	821	193	154	353	1,521
Charge for the year	101	43	22	39	205
At 31 August 2020	<u>922</u>	<u>236</u>	<u>176</u>	<u>392</u>	<u>1,726</u>
Net book value					
At 31 August 2020	<u>4,927</u>	<u>1,974</u>	<u>112</u>	<u>68</u>	<u>7,081</u>
At 31 August 2019	<u>5,028</u>	<u>1,925</u>	<u>134</u>	<u>54</u>	<u>7,141</u>

Included in Long leasehold property is long leasehold land valued at £1,349,539 (2019 - £1,349,539) on conversion in 2012 by Drivers Jonas Deloitte using the depreciation replacement cost method. The Trustees consider that the valuation remains appropriate for the purpose of these financial statements.

The freehold of the land and buildings is owned by Leicestershire County Council. The Academy Trust holds a 125 year lease on a peppercorn rent from 2011.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Stocks

	2020	2019
	£000	£000
Catering stock	<u>4</u>	<u>4</u>

17. Debtors

	2020	2019
	£000	£000
Trade debtors	4	2
Prepayments and accrued income	269	95
VAT recoverable	23	25
	<u>296</u>	<u>122</u>

18. Current asset investments

	2020	2019
	£000	£000
Fixed term deposits	<u>500</u>	<u>300</u>

The market value of the listed investments at 31 August 2020 was £500,000 (2019: £300,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	36	18
Other taxation and social security	66	62
Other creditors	114	56
Accruals and deferred income	202	182
	<u>418</u>	<u>318</u>
	2020 £000	2019 £000
Deferred income		
Deferred income at 1 September 2019	116	47
Resources deferred during the year	42	116
Amounts released from previous periods	(116)	(47)
Deferred income at 31 August 2020	<u>42</u>	<u>116</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips, catering, grant income and other income for 2020/21 academic year.

LUTTERWORTH HIGH SCHOOL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General funds	302	294	(222)	-	-	374
Restricted general funds						
General Annual Grant (GAG)	50	3,869	(3,756)	(57)	-	106
Pupil Premium	-	103	(103)	-	-	-
Other DfE/ESFA grants	-	244	(244)	-	-	-
Local Authority grants	-	107	(107)	-	-	-
Other income	-	88	(88)	-	-	-
Pension reserve	(1,424)	-	(248)	-	(67)	(1,739)
	(1,374)	4,411	(4,546)	(57)	(67)	(1,633)
Restricted fixed asset funds						
Net book value of fixed assets	7,141	-	(205)	145	-	7,081
CIF grant	-	112	-	(50)	-	62
Devolved formula capital	-	18	-	(18)	-	-
S106 capital grant	-	20	-	(20)	-	-
	7,141	150	(205)	57	-	7,143
Total Restricted funds	5,767	4,561	(4,751)	-	(67)	5,510
Total funds	6,069	4,855	(4,973)	-	(67)	5,884

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

Unrestricted funds

Unrestricted funds are to be used towards meeting any of the charitable objectives of the Academy Trust at the discretion of the Trustees.

General Annual Grant (GAG)

Funds from the Education and Skills Funding Agency for the provision of education, in line with the funding agreement.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

20. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020. Transfers of £60,000 from restricted funds to the restricted fixed asset fund represents allocations from GAG towards computer equipment and property improvements. Transfers of £3,000 from the restricted fixed asset fund to restricted funds represents capital grants used against revenue expenditure.

Pupil Premium

Additional funds from the Education and Skills Funding Agency to support their disadvantaged pupils and close the attainment gap between them and their peers. This is allocated for every pupil who receives free school meals.

Other DfE/ESFA grants

Other funds provided by the DfE/ESFA for particular purposes within the Academy Trust's educational operations.

Government grants

These are funds and grants received from the Local Authority and other institutions for use on specific educational projects.

Other income

These consist of income from all other sources to be used primarily for the Academy Trust's educational operations.

Pension reserve

Being the fund in relation to the defined benefit pension scheme liability included in the Balance Sheet. The fund is in deficit given the nature of the liability, however, this is not payable immediately. Plans are in place to address the deficit.

Restricted fixed asset fund

The restricted fixed asset fund was funded predominately by the funds inherited on conversion to an Academy Trust from Local Authority following the transfer of assets. It included further amounts invested in fixed assets in property improvements, plant and equipment and computer equipment. Also included in the funds is depreciation charged on fixed assets held.

Capital grants

This consists of Devolved Formula Capital (DFC) and other capital funding from the Education and Skills Funding Agency. The DFC is to be used for ICT items, improvements to buildings and other facilities or capital repairs and refurbishments and minor works. Other capital grants are to be used as per the individual terms of the agreement and for the specific capital projects as applied for.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds						
General funds	249	338	(285)	-	-	302
Restricted general funds						
General Annual Grant (GAG)	19	3,864	(3,774)	(59)	-	50
Other DfE/ESFA grants	-	67	(67)	-	-	-
Pupil Premium	-	96	(96)	-	-	-
Other grants	-	47	(47)	-	-	-
Other income	-	248	(248)	-	-	-
Pension reserve	(799)	-	(172)	-	(453)	(1,424)
	(780)	4,322	(4,404)	(59)	(453)	(1,374)
Restricted fixed asset funds						
Net book value of fixed assets	7,216	-	(204)	129	-	7,141
CIF grant	6	(6)	-	-	-	-
Other capital grants	7	-	-	(7)	-	-
Devolved formula capital	-	63	-	(63)	-	-
	7,229	57	(204)	59	-	7,141
Total Restricted funds	6,449	4,379	(4,608)	-	(453)	5,767
Total funds	6,698	4,717	(4,893)	-	(453)	6,069

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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	7,081	7,081
Current assets	392	506	62	960
Current liabilities	(18)	(400)	-	(418)
Pension liability	-	(1,739)	-	(1,739)
	<u>374</u>	<u>(1,633)</u>	<u>7,143</u>	<u>5,884</u>

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	7,141	7,141
Current assets	302	368	-	670
Current liabilities	-	(318)	-	(318)
Pension liability	-	(1,424)	-	(1,424)
	<u>302</u>	<u>(1,374)</u>	<u>7,141</u>	<u>6,069</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £000	<i>Restated</i> 2019 £000
Net expenditure for the year (as per Statement of Financial Activities)	(118)	(176)
Adjustments for:		
Depreciation (note 15)	205	204
Capital grants from DfE and other capital income (note 3 and 4)	(150)	(57)
Interest receivable (note 6)	(5)	(3)
Defined benefit pension scheme cost less contributions payable (note 26)	221	148
Defined benefit pension scheme finance cost (note 14)	27	24
Decrease in stocks (note 16)	-	2
Decrease in debtors (note 17)	(174)	41
Increase/(decrease) in creditors (note 19)	100	(70)
Net cash provided by operating activities	106	113

23. Cash flows from investing activities

	2020 £000	<i>Restated</i> 2019 £000
Interest from investments (note 6)	5	3
Purchase of tangible fixed assets (note 15)	(145)	(129)
Purchase of investments (note 18)	(200)	(50)
Capital grants from DfE and other capital income (note 3 and 4)	150	57
Net cash used in investing activities	(190)	(119)

24. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	160	244
Total cash and cash equivalents	160	244

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25. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	244	(84)	160
Investments	300	200	500
	<u>544</u>	<u>116</u>	<u>660</u>

26. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £74,290 were payable to the schemes at 31 August 2020 (2019: £56,379) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £434,000 (2019: £291,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £246,000 (2019: £215,000), of which employer's contributions totalled £198,000 (2019: £172,000) and employees' contributions totalled £ 48,000 (2019: £43,000). The agreed contribution rates for future years are 24.4% for employers and 5.5% - 12.5% for employees.

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

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26. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.70	3.30
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.80
Inflation assumption (CPI)	2.20	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.5	21.2
Females	23.8	23.4
<i>Retiring in 20 years</i>		
Males	22.2	22.2
Females	25.2	24.7

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(97)	(90)
Discount rate -0.1%	97	90
Mortality assumption - 1 year increase	156	137
Mortality assumption - 1 year decrease	(156)	(137)
CPI rate +0.1%	89	77
CPI rate -0.1%	(89)	(77)

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26. Pension commitments (continued)

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

	2020 £000	2019 £000
Equities	1,277	1,156
Bonds	628	618
Property	173	159
Cash	87	60
Total market value of assets	2,165	1,993

The actual return on scheme assets was £38,000 (2019: £115,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £000	<i>Restated</i> 2019 £000
Current service cost	(409)	(279)
Past service cost	(10)	(41)
Interest income	38	50
Interest cost	(65)	(74)
Total amount recognised in the Statement of Financial Activities	(446)	(344)

The Academy Trust expects to contribute £201,000 to its defined benefit pension scheme in 2021.

Changes in the present value of the defined benefit obligations were as follows:

	2020 £000	<i>Restated</i> 2019 £000
At 1 September	3,417	2,488
Current service cost	409	279
Past service cost	10	41
Interest cost	65	74
Employee contributions	48	43
Actuarial (gains)/losses	(16)	518
Benefits paid	(29)	(26)
At 31 August	3,904	3,417

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26. Pension commitments (continued)

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2020 £000	2019 £000
At 1 September	1,993	1,689
Interest income	38	50
Actuarial (losses)/gains	(83)	65
Employer contributions	198	172
Employee contributions	48	43
Benefits paid	(29)	(26)
At 31 August	2,165	1,993

27. Operating lease commitments

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	11	15
Later than 1 year and not later than 5 years	6	17
	17	32

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28. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

S Clarkson, the partner of P Clare, a Trustee, is employed by the Academy Trust as a teacher. S Clarkson's appointment was made in open competition and P Clare was not involved in the decision making process regarding appointment. S Clarkson is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a Trustee. S Clarkson is also one of the Union representatives within the Trust. Procedures are in place to ensure that P Clare does not attend any meeting where there could be a perceived conflict arising from S Clarkson's role as a Union representative.

No other related party transactions took place in the year of account, other than certain Trustees' remuneration and expenses disclosed in note 12.

29. Company Limited by Guarantee

The Academy Trust is a Company limited by guarantee and does not have share capital.

30. 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.