

The Lubavitch Multi-Academy Trust

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
11211005 (England and Wales)

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Reference and administrative information

Members	Yeremyia Angyalfi Pesach Efune Bill Holledge (from 13 January 2020) Jan Tallis (from 13 January 2020)
Directors	Fiona Bulmer (Chair) Samantha Coleman (1 April 2018 to 2 December 2019) Daniel Duboy Kevin Hogarth (from 29 April 2020) Bill Holledge (from 13 January 2020) Gary Inglis (1 April 2018 to 2 November 2019) Devorie Jacobs (13 January 2020 to 20 May 2020) Hadasa Korner (from 29 April 2020) Stuart Polak (1 April 2018 to 2 December 2019) Ashley Reid (13 January 2020 to 17 February 2020) Sholom Ber Sudak (from 2 December 2019) Lada Sullivan (1 April 2018 to 6 November 2019) Jan Tallis (from 13 January 2020) Deborah Unsderfer (from 1 September 2020 to 6 November 2020) Michael Wemms (from 13 January 2020)
Senior Management Team	
Interim CEO	Helena Cohen (to 31 August 2020) Geoff Hadlow (from 1 September 2020)
Chief Financial Officer	Ava Jacobs (from 1 April 2020) Jacob Adeshina (to March 2020)
Headteacher of Girls Senior School	Helen Freeman
Interim Head of School Junior Boys and Primary Girls	Steven Isaacs
Accounting Officer	Helen Freeman (to 31 August 2020) Geoff Hadlow (from 1 September 2020)
Registered address	107-115 Stamford Hill London N16 5RP
Company registration number	11211005
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Barclays Business
852-858 High Road
Tottenham
London
N17 DEY

Solicitors Stone King
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Greenwoods GRM LLP
30 City Road
Peterborough
PE1 1JE

Trustees' Report Year to 31 August 2020

The Trustees of The Lubavitch Multi-Academy Trust ('the Academy Trust') present their annual report together with the financial statements and the auditor's reports 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 financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 37 of the attached financial statements and comply with the Academy Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

The Lubavitch Multi-Academy Trust incorporated on 16 February 2018 and on 1 April 2018 Lubavitch House School (Senior Girls), Lubavitch Girls Primary School and Lubavitch Junior Boys School converted to Academy status. These three Academies in the London Borough of Hackney form the Lubavitch Multi-Academy Trust. Its schools have a combined pupil capacity of 585 and had a roll of 363 in the school census on the 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 The Lubavitch Multi-Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Lubavitch Multi-Academy Trust.

Details of the Trustees who served during the period and the date these accounts are approved are included in the Reference and Administrative Details on page 12.

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

Governors' Indemnity Insurance (including Professional Liability) is procured via the Department for Education's Risk Protection Arrangement (RPA) which provides cover up to £10,000,000.

Principal activities

As stated in the Articles of Association, the Trust's objects ("the objects") are specifically restricted to the following:

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities (continued)

The charitable company was created with the objective to advance for the public benefit of education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools with a designated Jewish religious character offering a broad and balanced curriculum conducted as Orthodox Jewish schools under the religious authority of Chabad Lubavitch UK as supervised by Agudas Chasidei Chabad of United States both generally and in particular in relation to arranging for religious education and daily acts of worship.

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2020 and served throughout the accounting period except where shown.

Trustee	Appointed	Resigned	Appointing body
Fiona Bulmer			Members
Samantha Coleman		2 December 2019	Members
Daniel Duboy			Members
Kevin Hogarth	29 April 2020		Members
Bill Holledge	13 January 2020		Members
Gary Inglis		2 November 2019	Members
Devorie Jacobs	13 January 2020	20 May 2020	Members
Hadasa Korner	29 April 2020		Members
Lord Stuart Polak		2 December 2019	Members
Ashley Reid	13 January 2020	17 February 2020	Members
Sholom Ber Sudak	2 December 2019		Members
Lada Sullivan		6 November 2019	Members
Jan Tallis	13 January 2020		Members
Michael Wemms	13 January 2020		Members

Method of recruitment and appointment or election of Trustees

The Trust Board shall comprise of Trustees or Directors of the Trust. The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. All Trustees on their appointment or election give a written undertaking to the Trustees to uphold the object of the Trust.

The company shall have the following Trustees:

- ♦ up to 9 Trustees
- ♦ the Chief Executive Officer

The Members make any appointment of Trustees.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters. Trustees have access to training through Hackney Learning Trust and other external training providers.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

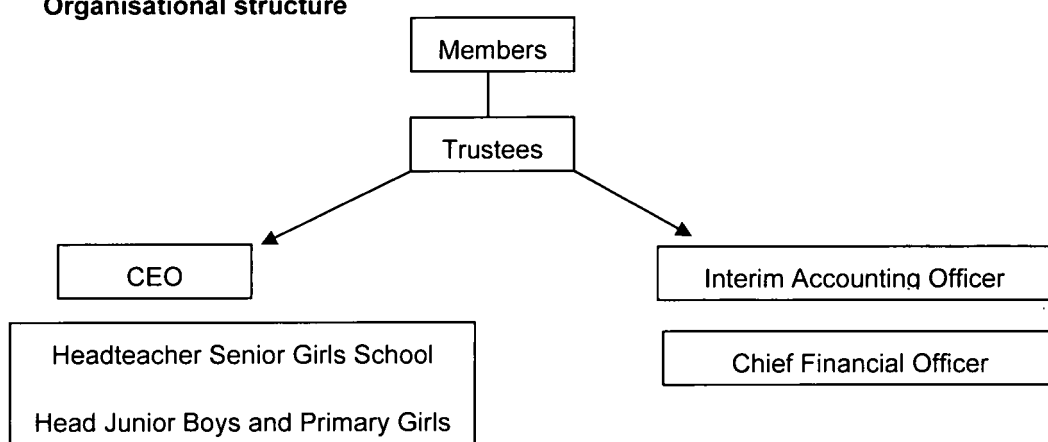
Policies and procedures adopted for the induction and training of Trustees

(continued)

As part of induction new Trustees were given an induction to the ethos and aims of the Lubavitch Schools.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction is tailored specifically to the individual.

Organisational structure



Lubavitch Multi Academy Trust consisting of three constituent schools from 1st September 2019, namely:

- ◆ Lubavitch Junior Boys School
- ◆ Lubavitch Primary Girls School
- ◆ Lubavitch Senior Girls School

Each of these schools before conversion to Academy status was a local authority school.

The scheme of delegation adopted by the Trust retains the responsibility for 100% of the budget allocation for each member school. The budget plan for each school is approved by the Trust Board and the monitoring of this and other financial management matters are retained by the Trust Board.

The Trust Board is made up of Trustees, including the Chief Executive Officer and the Chair of Board. The Trust Board meets ten times a year to monitor the finances and educational progress of the pupils within each constituent school. The Trust Board has two sub-committees: the Audit and Finance and Risk. The Finance and Risk Committee meets ten times a year to review in detail the financial affairs of each constituent school. The role of the committee is to maintain an oversight of the Trust's finances, governance, risk management, internal control and value for money framework. It reports its findings at each meeting of the Trust Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

All salary decisions for Senior Leaders made between 1 September 2019 and 31 August 2020 had been approved by at least two Trustees.

Salaries for teachers and support staff in all three schools had to be approved by the CEO or Accounting Officer. Guidance was sought from Trustees in some cases.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	nil
1% - 50%	nil
51% - 99%	nil
100%	nil

Percentage of pay bill spent on facility time

Total cost of facility time	nil
Total pay bill	
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

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	nil
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships

The Trust is connected to one other charities:

Chabad Lubavitch UK (227638)

Related party transactions have taken place in the Trust with the following individuals and companies:

Lubavitch UK Limited (02932344)

Lubavitch Kodesh Club (12494315 from 1/9/20)

Two of the Members are Trustees of the Lubavitch Foundation, part of whose premises the MAT occupies and who the MAT reimburses for overheads, utility costs and services such as meals (note 19)

The Interim Accounting Officer's (to 31 August) daughter is employed at the Senior Girls School.

One daughter of a Trustee is a member of staff in the secondary school.

OBJECTIVES AND ACTIVITIES

Objects and aims

Lubavitch Multi Academy Trust was established on the 1st of April 2018, set up as three founding schools, all within the London Borough of Hackney.

The MAT exists to provide an excellent all round education permeated with the ethos of the Lubavitch Rebbe (Rabbi).

Its mission statement is to raise the students with fine character traits and intelligence, imbued with the love of G-d, Torah and one's fellow person, who will grow and make a great contribution to society.

Schools are led by their Headteacher, driving opportunity and school improvement. We recognise the vast array of positive qualities and strengths within each of our schools. Working together and drawing upon this wealth of talent ensures that we provide the best learning opportunities and enrichment for our pupils.

The Rationale

Lubavitch Multi Academy Trust is currently set up with two Primary schools and secondary school, comprising approximately 350 pupils across the Trust.

OBJECTIVES AND ACTIVITIES (continued)

Trust strategic objectives 2019-2021

Lubavitch Multi Academy Trust has the following strategic goals for this period:

- ◆ Restructure leadership, finance and administrative support to enable the MAT to run efficiently and effectively.
- ◆ Work towards the MAT being financially stable and viable by developing and implementing a financial plan including recovery actions and rigorous internal financial procedures.
- ◆ Centralising core business functions, giving the Trust the ability to establish better buying capacity, contract negotiation, shared resources, educational expertise, process and best practice. The ultimate ambition being to transfer these savings into front line, quality-first teaching. A robust evidence-based strategic cost reduction plan will to be created to support our business plan.
- ◆ With ever decreasing budgets and increasing costs, the Trust has to focus on achieving value for money, efficiency savings and building a robust business model for the future.
- ◆ Ensure strong leadership is in place across the primary phase leading to rapid change and improved outcomes for pupils.
- ◆ Sustained good provision in the Senior Girls secondary School.
- ◆ Ensure the highest standards of teaching and learning across the schools within a culture of excellence.
- ◆ Develop the role of Trustees through ongoing support and training.
- ◆ Share opportunities for staff to share skills across the MAT.
- ◆ Encourage parents to become more involved in the schools.

Public benefit

The Trustees confirm that they have complied with the duty to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

The Trust's public benefit is incorporated in its objectives, which are detailed on the Principal Activities section of this accounts report. The Trust considers that the Trust's aims are demonstrably to the public benefit. The Trust's aim is to advance, for the public benefit, the education of pupils in the London Borough of Hackney and surrounding areas, in particular, but without prejudice to, the generality of the foregoing, by estimating, maintaining, carrying on, managing and developing schools, offering a broad curriculum, to provide education from nursery through to Year 13.

STRATEGIC REPORT

Achievements and performance

The schools have performed well over the past 12 months with some notable improvements.

Restructured support staffing across the MAT

Restructured teaching staff pay so that this aligns with the pay and grading set down through the School Teachers Pay and Conditions Document 2019. Decisions about teachers' pay progression will be linked to the Performance Management Policy and are based on criteria set out in the School's Pay Policy 2019. The Pay Body will operate the Pay Policy as the 'relevant body', as defined in the STPC Document, and for the pay arrangements agreed for all the support staff which will:

- ♦ grade posts appropriately within the conditions of employment identified in the current STPC Document and the conditions of service for support staff employed by the Pay Body.
- ♦ take into account pay relativities between posts within the teachers of the Pay Body and support staff of the Pay Body.
- ♦ ensured that the annual appraisal of all teacher staff, including those absent from duty for any reason, was fairly and properly conducted in accordance with the School's Appraisal Policy as soon as possible, by 31 October 2019 at the latest; 31 December 2019 for the Headteachers.

Reviewed large contracts to ensure best value and retendered where applicable.

Reviewed financial plans and processes to ensure procedures are robust with the support of advisors.

KS4 Overall Outcomes 2020 – 18 pupils

	Attainment 8	Progress 8	EBacc Entered	English & Maths 4/+	English & Maths 5/+
All	5.86	1.08	83.3	94	61
number			15	17	11

	English & Maths		English		Maths	
	4/+	5/+	4/+	5/+	4/+	5/+
All	94	61	94	83	94	67
London Borough of Hackney	75	54	86	71	74	58

STRATEGIC REPORT (continued)

KS5 Overall Outcomes 2020

Post -16	Achieved 2020		
	A*B	A*C	A*E
A Level %	77.8%	77.8%	100%
Number of entries 9	7	7	9
AS Level	66.7%	92.6%	100%
Number of entries 27	18	25	27

Key performance indicators

The Trust regularly monitors the performance of all Trust schools. The key performance indicators regularly reviewed by Trustees are:

- ◆ Financial stability, through a budget setting strategy.
- ◆ Cost savings, through efficiencies incorporated in the recovery plans.
- ◆ Pupils on roll.
- ◆ Year on year improvement of Junior Boys school, ensuring improved Ofsted outcome.
- ◆ All schools successful Ofsted visits achieved.
- ◆ Year on year improvement of individual school performance.

Impact of COVID-19 on the Academy Trust

- ◆ From the moment school closed systems were set up for the staff to keep in contact with pupils. Vulnerable pupils and pupils with EHCPs, and their parents were contacted regularly.
- ◆ Arrangements for pupils entitled to FSMs to access food at Koshers stores were made.
- ◆ The schools liaised with outside agencies where appropriate.
- ◆ Therapies for pupils continued where possible online. This included speech and language therapy and counselling for emotional support.
- ◆ Provision was offered for vulnerable pupils and pupils of key workers on site for primary pupils and some secondary SEND pupils throughout main school closure, with exception of days when schools had to be closed due to confirmed cases and insufficient cover available from staff.
- ◆ Towards the end of term we offered primary provision for Reception, Year 1 and Year 6 on-site. Secondary provision has been off-site via online learning. All children not on-site have had remote learning via Zoom. In addition, extra-curricular activities have been offered off site via online platforms.

STRATEGIC REPORT (continued)

Impact of COVID-19 on the Academy Trust (continued)

- ♦ The main challenge the primary schools had when opening was to ensure there were sufficient staff available at all times, including first aiders and safeguarding leads as primary is over 2 sites, boys' and girls'. This was challenging when staff had to isolate.
- ♦ The schools have had to purchase additional resources to ensure safety of staff and pupils.
- ♦ Risk Assessments were carried out by Headteachers and senior leaders and shared with CEO, Trustees and Hackney Learning Trust for onsite provision, for all groups and pupils, vulnerable pupils and those with SENDs.

Primary Schools

Work packs were sent home with pupils when the school closed because of lockdown last spring. These were refreshed throughout the closure period. Leaders emailed these to families and dropped off packs at pupils' homes. This is because of many members of the school's community choose to have limited access to the internet in accordance with their religious way of life. Members of the administration team helped ensure that pupils attended zoom lesson where children were allowed to have access. Since the return to school after lockdown, daily zoom lessons were given by class teachers for pupils who had not yet returned to school. Teachers who were not on-site provided two daily hour-long zoom lessons covering mathematics, English and other topics, including a weekly family quiz led by the Head Teacher; PE sessions and a cookery session. Leaders are to introduce Google Classrooms for children who might have to self-isolate going forward and who are allowed to have access.

Secondary Schools

Curriculum delivery, professional development and planning were promptly moved online. All students were offered live lessons through zoom shortly after lockdown, with devices being supplied to those who did not have access. It was highly successful, with the large majority of girls continuing with their learning throughout. Levels of participation were high and families were contacted when engagement dropped. The SENCO and her team were in phone contact with vulnerable children, and they too had specific online or phone support. The Headteacher was in touch with vulnerable families. The informal education lead provided fun, online evening activities for all ages.

Risks

The Trust maintains and regularly reviews the risk register. This is reviewed and monitored at the Audit, Finance and Risk Committee and annually at Board.

STRATEGIC REPORT (continued)

Financial review

Financial report for the period

The total income for the period was £4,149,000 (2019 – £3,433,000) of which £3,163,000 (2019 – £2,737,000) is General Annual Grant and £343,000 (2019 – £144,000) is other ESFA and Government Grants. Other income from the Academy Trust's educational operations was £81,000 (2019 – £233,000) and income from capital grants was £215,000 (2019 – £66,000).

The net transfer on conversion at 1 April 2018 was a deficit of £440,000. The Trust incurred an operating deficit of £119,000 (2019 – £775,000) during the period. As a result, the Trust is carrying forward a deficit as at 31 August 2020 of £1,358,000 (2019 – £1,489,000). This is including an actuarial gain on the defined benefit pension scheme of £99,000 (2019 – actuarial loss of £145,000).

At 31 August 2020, the balance of unrestricted funds and general restricted funds (excluding the pension reserve and fixed asset reserve) was a deficit of £1,261,000 (2019 – £1,142,000). The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £395,000 (2019 – £430,000) at 31 August 2020.

The results for the period are shown on page 29.

The Trust is operating with cash advances with the ESFA. The Trust is reliant on these cash advances to support its cash flow and liquidity until the revised recovery plan is implemented.

The trust was in an exceptionally vulnerable position before the COVID-19 outbreak. The Trust's financial model relied on a significant amount of monthly donation from the parents to meet cost of Kodesh studies. However, the trust did not receive the expected level of parental donations, and eventually when this income completely ceased, the trust suffered a significant loss of income. Finances had been impacted before Covid but this compounded the issues faced by the Trust as the community began to suffer. Finally Covid has hindered restructure plans delaying the planned timeline, creating additional cost to the trust which has been met by the ESFA.

Costs are being recovered by the COVID Grant. These cover the additional cleaning of the building, fogging and cost of Free School Meals.

The community had suffered from the impact of Covid and as a result parents were not able to provide any donations and Trustees have felt that it would be inappropriate to ask for any further financial support, with the community in need.

There have been some savings made through a reduction in utility costs and printing costs, but due to the tradition of the Jewish religion the schools could not be mixed and all children taught on one site.

The trust have made an application against the COVID grant as above.

STRATEGIC REPORT (continued)

Financial and risk management objectives and policies

Reserves policy

The trust does not have a formal reserves policy as yet. The Trust's immediate focus is to continue to implement a recovery plan with the ESFA. The Trust will work in line with this recovery plan and the ESFA to eliminate the current deficit and build reserves over time.

Investment policy

The Trust aims to spend public monies with which it has been entrusted for the direct educational benefit of pupils as soon as is prudent.

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The Trust will prepare such budgets and cash flow forecasts as are required to ensure viability and sustainability for the activities of each school.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources, supported by the ESFA, and after the implementation of a revised recovery plan, to continue in operational existence for the foreseeable future.

The unrestricted fund balance at 31 August 2020 stands at a deficit of £1,261,000 (2019 – £1,142,000) and an action plan has been put into place to ensure that the Academy Trust can build its reserves going forward. The Academy Trust is in regular dialogue with the ESFA and is in the process of agreeing and implementing actions required as part of the plan going forward. The Academy Trust is dependent upon the support of the ESFA and the agreement of the recovery plan in order to continue.

For this reason, the Academy Trust continues to adopt the going concern basis in preparing the financial statements. Further details regarding adoption of the going concern basis can be found in the principal accounting policies.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees of Lubavitch Multi Academy Trust have overall responsibility and ultimate decision-making authority for all the work of the Company, including the establishing and running of schools. This is largely exercised through strategic planning and the setting of policy. It is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes. The Trustees have the power to direct change where required.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Trustees have authority for the running of each of constituent its schools, who in turn delegating authority to a Headteacher and senior management team who are responsible for the internal organisation, management and control of the school on a day to day basis.

Based on the above process, the Audit and Finance and Risk committees undertakes a comprehensive review of the risks to which the Trust is exposed by regularly reviewing the risk management policy and risk register. The committee identifies systems and procedures, including specific preventable actions, which should mitigate any potential negative impact on any of the individual schools.

The internal controls for managing risks deemed as medium and high are incorporated into an annual risk management action plan. The effectiveness of the Trust's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in the year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Audit and Finance and Risk committees will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Trust.

A risk register, covering low, medium and high-level risks, is maintained at Trust level. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

The Trust's approach to risk management raises awareness of risk throughout the whole of the Trust. In addition, Head Teachers incorporate risk management in their reports and school improvement plans.

Outlined below is a description of the principal risk factors that may affect the Trust. However, not all factors are within the Trust's control and other factors besides those listed below may also adversely affect the Trust.

Government funding

The Trust has considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- ◆ Funding is derived through a number of indirect arrangements;
- ◆ Considerable focus and investment are placed on maintaining and managing key relationships with the various funding bodies;
- ◆ Ensuring the school is focused on those priority sectors which will continue to benefit from public funding;
- ◆ Contingency planning embedded into the school budget process.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Maintain adequate funding of pension liabilities

The financial statements report the share of the local government pension scheme deficit on the Trusts' balance sheet in line with the requirements of FRS 102.

The Trust takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable.

Pupil Strategy

The Trust seeks to maintain its popularity, within each school, with current and prospective pupils by:

- ◆ ensuring the school delivers high quality education and training;
- ◆ maintaining outstanding success rates and good inspection outcomes; and
- ◆ investing in its teaching staff and resources.

With ongoing commitment to quality, the Trust provides up to date and well-resourced learning environments including resources that support and enrich a broad curriculum, technology and mobile technology resources are deployed widely ensuring good pupil access.

This places the Trust in an excellent position to attract new pupils into its schools.

FUNDRAISING

The Trust is compliant with the recognised standards of fundraising set out in the Code of Fundraising Practice. Lubavitch Multi Academy Trust does not use professional fundraisers and there have been no complaints received by the Trust about fund raising activities carried out by the Trust in the year. All schools raise funds for a number of registered charities. These funds are raised through sponsorship and donations; there is no obligation for any child/parent to donate. All funds/donations collected are given to the relevant charity in a timely manner.

PLANS FOR FUTURE PERIODS

The Trust is seeking to exploit the opportunities afforded by conversion to academy status. This is achieved by utilising increased financial resources and governance freedoms to improve further the standard of teaching and learning but also, importantly, to improve the Trust estate. The lack of clarity on future funding arrangements for schools places a degree of uncertainty around the education sector and makes medium to long term planning difficult. The DfE and ESFA have now implemented a national funding formula.

Pupil and sport premium has enabled each school to continue to work towards closing the achievement gap for disadvantaged pupils, with focused activity planned in each constituent school.

PLANS FOR FUTURE PERIODS (continued)

Schools across the Trust employ professional support in the development of plans for submission to the Condition Improvement Fund (CIF) for the improvement of buildings where conditions are substandard.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

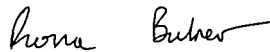
There are no funds held as Custodian Trustee on behalf of others.

AUDITOR

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.

Trustees' report, incorporating a strategic report, approved by order of the members of the board of Trustees on _____ and signed on its behalf by:



Fiona Bulmer
Chair of Trustees

Date: 16th December 2020

Scope of responsibility

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

The Trust Board has delegated the day-to-day responsibility to Mrs Freeman, 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 Lubavitch Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board 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 11 times during the year. Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Fiona Bulmer	11	11
Samantha Coleman	2	3
Daniel Dubov	10	11
Kevin Hogarth	4	4
Bill Holledge	6	6
Gary Inglis	3	3
Devorie Jacobs	2	2
Hadasa Korner	4	4
Stuart Polak	1	2
Ashely Reid	1	1
Sholem Sudak	9	11
Lada Sullivan	1	1
Jan Tallis	6	6
Michael Wemms	6	6

The Trust budget is approved by the Trust Board annually with the management and review of this being delegated to a subcommittee with responsibility for financial matters.

Audit and Finance and Risk Committees

The Audit and Finance and Risk committees are sub-committees of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's finances, governance, risk management, internal control and value for money framework.

Audit and Finance and Risk Committees (continued)

The Audit and Finance and Risk Committees have formally met 5 times during the period. Attendance during the period at meetings of the Audit, Finance and Risk Committee was as follows:

	Meetings attended	Out of a possible
Fiona Bulmer	4	5
Bill Holledge	5	5
Sholem Sudak	4	5
Michael Wemms	4	5

Finance was a focus of a majority of Trustee meetings. See attendance on page 15.

Review of value for Money

The Accounting Officer has responsibility for ensuring that the 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 available. The Accounting Officer for the academy Trust has delivered improved value for money during the year by:

- ♦ identifying cost savings when purchasing resources
- ♦ identified savings that could be made by purchasing as a Trust
- ♦ review of all contracts across the whole Trust
- ♦ re-tendering for the Trust longer term and high value contracts

Following the Government's guidance (PPN 02/20 and PPN 04/20) on how publicly funded bodies should support suppliers through the coronavirus (COVID-19) the academy Trust continued to make the contractual payments and procure the services of its security and cleaning suppliers.

The purpose of the system of internal control

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

The purpose of the system of internal control (continued)

The Trust is continuing to develop its governance, financial reporting and internal control environment. During 2019/20, there were a range of changes in the Trust's Board, leadership and finance team. New processes and controls continue to be introduced and, as a result, financial controls and oversight of financial information across the Trust are expected to improve further to meet the requirements of the Academies Financial Handbook over the 2020/21 academic year.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. As detailed above, the Trust was continuing to develop its processes, including its risk management processes during the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. Financial risk is a particular area of focus for the Trust currently, and is an area that the trustees are seeking to develop the ways in which the risk is managed.

The risk and control framework

The 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 Trust Board;
- ◆ regular reviews by the Audit, Finance and Risk 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 and capital investment guidelines.
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

The Trustees have appointed PF Consultancy Plus Ltd to perform additional checks. PF Consultancy Plus Ltd were appointed to carry out the function of internal scrutiny whose role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

The risk and control framework (continued)

PF Consultancy Plus Ltd reported to the Board of Trustees in the year on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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

- ♦ testing of income received;
- ♦ testing of purchase systems;
- ♦ testing expenses claims and gifts;
- ♦ testing of control account/ bank reconciliations;
- ♦ reviewing for fraud;
- ♦ payroll; and
- ♦ bank reconciliation.

As the Trust uses different firms for internal and external audit services, these arrangements are not affected by the newly revised ethical standard.

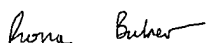
Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Headteachers of the individual constituent schools through their termly report to the Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of Trustees and signed on their behalf by:



Fiona Bulmer
Chair of Trustees



Geoff Hadlow
Accounting Officer (from 1 September 2020)

Approved on: 17/12/20

17.12.2020

Statement on regularity, propriety and compliance 31 August 2020

As accounting officer of The Lubavitch Multi-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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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 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.

The Academy Trust was continue to develop its systems of internal controls, financial reporting and oversight during the period. Further details are provided on page 19. Other than the points highlighted on page 19, 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.



Geoff Hadlow
Accounting Officer (from 1 September 2020)

Date: 17/12/20

17.12.2020

Statement of Trustees' responsibilities 31 August 2020

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Academy Trust 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:

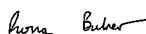
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP FRS 102 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Academy Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 Academy Trust 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 Academy Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy Trust website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Trustees on 16 December 2020 and signed on its behalf by:



Fiona Bulmer
Chair of Trustees

Independent auditor's report to the members of The Lubavitch Multi-Academy Trust

Opinion

We have audited the financial statements of The Lubavitch Multi-Academy Trust (the 'charitable company') for the period from 1 September 2019 to 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2019 to 2020.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Material uncertainty related to going concern

There is a material uncertainty relating to going concern for The Lubavitch Multi-Academy Trust. The financial statements for the year ended 31 August 2020 have been prepared by the Trustees on the going concern basis. In light of the unrestricted fund balance of a deficit of £1,261,000 which existed at 31 August 2020, we have considered the adequacy of the disclosures made by the Trustees pertaining to the application of the going concern assumption in the preparation of these financial statements and their assessment of the associated uncertainties.

The Trust is operating with cash advances from the ESFA. The Trust is reliant on these cash advances as well as the ongoing support of the ESFA, to support its cash flow and liquidity. Details of the circumstances relating to the Trustees' assessment of the going concern position is disclosed on page 12 of the Trustees' report, and as part of the principal accounting policies on pages 33 to 37. We bring these disclosures to the attention of the members in light of the balance sheet position as at 31 August 2020. Our opinion is not modified in respect of this matter.

Other information (covers the reference and administrative details, the report of the Trustees and strategic report and the governance statement)

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

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.

Opinions 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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees, who are also the directors 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 charitable company'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 charitable company 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.

Independent auditor's report on the financial statements 31 August 2020

Use of our report

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



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 18.12.2020

Independent reporting accountant's assurance report on regularity to The Lubavitch Multi-Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 October 2018 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 The Lubavitch Multi-Academy Trust during the year 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 The Lubavitch Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Lubavitch Multi-Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Lubavitch Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Lubavitch Multi-Academy Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Lubavitch Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 23 March 2018 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 period from 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

Approach (continued)

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.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

The Academy Trust was continuing to develop its systems of internal controls, financial reporting and oversight during the period. Further details are provided on page 19. In the course of our work, other than the points highlighted on page 19, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 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.



18.12.2020
Hugh Swainson

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account) Year ended 31 August 2020

	Notes	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2020 Total funds £'000	2019 Total funds £'000
Income from:						
Donations and capital grants	1	90	—	215	305	125
Charitable activities						
. Funding for the Academy Trust's educational operations	2	81	3,763	—	3,844	3,308
Total		171	3,763	215	4,149	3,433
Expenditure on:						
Charitable activities						
. Academy Trust's educational operations	4	290	3,827	—	4,117	4,160
Total		290	3,827	—	4,117	4,160
Net (expenditure) income		(119)	(64)	215	32	(727)
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	18	—	99	—	99	(145)
Net movement in funds		(119)	35	215	131	(872)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		(1,142)	(430)	83	(1,489)	(617)
Total fund balances carried forward at 31 August 2020		(1,261)	(395)	298	(1,358)	(1,489)

All of the Academy Trust's activities derived from continuing operations during the above financial period.

Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	9		167		—
Current assets					
Debtors	10	280		155	
Cash at bank and in hand		170		178	
		<u>450</u>		<u>333</u>	
Liabilities					
Creditors: amounts falling due within one year	11	(447)		(1,392)	
Net current assets (liabilities)			<u>3</u>		<u>(1,059)</u>
Total assets less current liabilities			170		(1,059)
Creditors: amounts falling due after more than one year			<u>(1,133)</u>		<u>—</u>
Net assets excluding pension scheme liability			(963)		(1,059)
Pension scheme liability	18		(395)		(430)
Total net liabilities			<u>(1,358)</u>		<u>(1,489)</u>
Funds of the Academy Trust					
Restricted funds					
Fixed assets fund	13		298		83
Restricted income fund	13		—		—
Pension reserve	13		(395)		(430)
			<u>(97)</u>		<u>(347)</u>
Unrestricted funds					
General fund			(1,261)		(1,142)
Total funds			<u>(1,358)</u>		<u>(1,489)</u>

The financial statements on page 29 to 52 were approved by the Trustees, and authorised for issue on 16 December 2020 and are signed on their behalf by:

Fiona Bulmer

Fiona Bulmer
Chair of Trustees

The Lubavitch Multi-Academy Trust
Company Limited by Guarantee
Registration Number: 11211005 (England and Wales)

Statement of cash flows 31 August 2020

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(25)	49
Cash flows from investing activities	B	17	66
Change in cash and cash equivalents in the period		(8)	115
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents brought forward		178	63
Cash and cash equivalents at 31 August 2020	C	170	178
A Reconciliation of net (expenditure) to net cash (used in) provided by operating activities			
		2020 £'000	2019 £'000
Net income (expenditure) for the period (as per the statement of financial activities)		32	(727)
Adjusted for:			
Capital grants from DfE and other capital income		(17)	(66)
Defined benefit pension scheme obligation inherited (note 18)		55	11
Defined benefit pension scheme finance cost (note 18)		9	7
Increase in debtors		(125)	(4)
Increase in creditors		21	828
Net cash provided by operating activities		(25)	49
B Cash flows from investing activities			
		2020 £'000	2019 £'000
Capital grants from DfE/ESFA		17	66
Net cash provided by investing activities		17	66
C Analysis of cash and cash equivalents			
		2020 £'000	2019 £'000
Cash at bank and in hand		170	178
Total cash and cash equivalents		170	178

Statement of cash flows 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash	178	(8)	170
	178	(8)	170
Loans	(1,133)	(100)	(1,233)
Total	(955)	(108)	(1,063)

Statement of 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.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Going concern

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

The unrestricted fund balance at 31 August 2019 stands at a deficit of £1,261,000 (2019 – £1,142,000) and an action plan has been put into place to ensure that the Academy Trust can build its reserves going forward. The Academy Trust is in regular dialogue with the ESFA and is in the process of agreeing and implementing actions required as part of the plan going forward. The Academy Trust is dependent upon the support of the ESFA and the agreement of the recovery plan in order to continue.

For this reason, the Academy Trust continues to adopt the going concern basis in preparing the financial statements.

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.

Income (continued)

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.

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

Donations

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

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.

Transfer on conversion

Where assets or liabilities are received by the Trust on conversion to an academy, the transferred assets or liabilities are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income or expenditure is recognised as transfer on conversion.

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.

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 expenditure is stated net of recoverable VAT.

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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Leased assets

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

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 basis are as follows:

Financial Instruments (continued)

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10. 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 11. 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.

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

Pensions benefits

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

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 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

Fund accounting

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

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

Restricted income funds comprise all other grants received from the Education and Skills Funding Agency/Department for Education.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Hackney London Borough Council.

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.

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2019 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.

Notes to the Financial Statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	215	215	66
Other donations	90	—	90	59
2020 Total funds	90	215	305	125

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	66	66
Other donations	59	—	59
2019 Total funds	59	66	125

2 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	—	3,163	3,163	2,737
Other DfE / ESFA	—	343	343	144
	—	3,506	3,506	2,881
Other government grants				
Local authority grants	—	251	251	194
	—	251	251	194
Exceptional government funding				
Coronavirus exceptional support	—	6	6	—
	—	6	6	—
Other income from the Trust's educational operations	81	—	81	233
2020 Total funds	81	3,763	3,844	3,308

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- ♦ The funding received for coronavirus exceptional support covers £6,000 of cleaning and other costs. These costs are included in notes 3 and 4 below as appropriate.

Notes to the Financial Statements Year to 31 August 2020

2 Funding for the Trust's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	31 August 2019 Total funds £'000
<i>DfE / ESFA revenue grants</i>			
General Annual Grant (GAG)	—	2,737	2,737
Other DfE / ESFA	—	144	144
	—	2,881	2,881
<i>Other government grants</i>			
Local authority grants	—	194	194
	—	194	194
<i>Other income from the Trust's educational operations</i>	233	—	233
2019 Total funds	233	3,075	3,308

3 Expenditure

	Non pay expenditure			2020 Total funds £'000	2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Charitable activities					
Trust's educational operations					
. Direct costs	2,799	—	206	3,005	3,058
. Allocated support costs	461	256	395	1,112	1,102
2020 Total funds	3,260	256	601	4,117	4,160

	Non pay expenditure			2019 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000	
Charitable activities				
Trust's educational operations				
. Direct costs	2,888	—	170	3,058
. Allocated support costs	330	349	423	1,102
2019 Total funds	3,218	349	593	4,160

	2020 Total funds £'000	2019 Total funds £'000
Net income (expenditure) for the period includes:		
Fees payable to auditor		
. Statutory audit	16	13
. Other services	12	13

4 Charitable activities – Academy Trust's educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	3,005	3,058
Support costs	1,112	1,102
	4,117	4,160

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	461	330
Technology costs	130	71
Premises costs	256	349
Legal costs	13	5
Other support costs	214	298
Governance costs	38	49
Total support costs	1,112	1,102

5 Staff

(a) Staff costs

Staff costs during the period were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	2,290	2,255
Social security costs	181	171
Pension costs	510	363
	2,981	2,789
Supply teacher costs	240	382
Staff restructuring costs	39	47
	3,260	3,218

	2020 Total funds £'000	2019 Total funds £'000
Staff restructuring costs comprise:		
Redundancy payments	19	39
Severance payments	20	8
	39	47

5 Staff (continued)

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy Trust during the period was as follows:

	2020 Total £'000	2019 Total £'000
Charitable activities		
Teachers	67	64
Administration and support	54	50
Management	3	3
	124	117

(c) Higher paid staff

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

	2020 Total £'000	2019 Total £'000
£60,001 - £70,000	1	—
£70,001 - £80,000	2	1
£80,001 - £90,000	—	1
£90,001 - £100,000	—	2
£100,001 - £110,000	1	—

(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 employee pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £205,017 (2019 – £180,124).

6 Trustees' remuneration and expenses

During the period from 1 September 2019 to 31 August 2020, no travel and subsistence expenses were reimbursed to Trustees (2019 - £182).

Other related party transactions involving the Trustees are set out in note 18.

7 Trustees' and Officers' insurance

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

Notes to the Financial Statements Year to 31 August 2020

8 Central services

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

- ♦ Human resources;
- ♦ Financial services;
- ♦ Legal services; and
- ♦ Administrative services.

The actual amounts charged during the year were as follows:

	2020 £'000	2019 £'000
Lubavitch House School (Senior Girls)	42	—
Lubavitch Girls' Primary	35	—
Lubavitch Junior Boys	31	—
	108	—

9 Tangible fixed assets

	Assets under construction £'000	2020 £'000
Cost/valuation		
At 1 September 2019	—	—
Additions	167	167
At 31 August 2020	167	167
Depreciation		
At 1 September 2019	—	—
Charge in year	—	—
At 31 August 2020	—	—
Net book value		
At 31 August 2020	167	167
At 31 August 2019	—	—

10 Debtors

	2020 £'000	2019 £'000
Trade debtors	17	3
Prepayments and accrued income	248	72
VAT recoverable	15	80
	280	155

Notes to the Financial Statements Year to 31 August 2020

11 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	82	193
Amounts due to the ESFA	100	1,133
Accruals and deferred income	265	66
	447	1,392

12 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Amounts due to the ESFA	1,133	—

Amounts due to the ESFA included within short and long-term creditors comprise the following:

- ♦ £1,223,403 advance of GAG from the ESFA, the loan will be repaid by 2025/2026 and is interest free.

13 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	—	3,163	(3,163)	—	—
Pupil Premium	—	57	(57)	—	—
Other grants	—	543	(543)	—	—
Pension reserve	(430)	—	(64)	99	(395)
	<u>(430)</u>	<u>3,763</u>	<u>(3,827)</u>	<u>99</u>	<u>(395)</u>
Restricted fixed asset funds					
Capital grants	83	215	—	—	298
Total restricted funds	<u>(347)</u>	<u>3,978</u>	<u>(3,827)</u>	<u>99</u>	<u>(97)</u>
Unrestricted funds					
General funds	(1,142)	171	(290)	—	(1,261)
	<u>(1,142)</u>	<u>171</u>	<u>(290)</u>	<u>—</u>	<u>(1,261)</u>
Total funds	<u>(1,489)</u>	<u>4,149</u>	<u>(4,117)</u>	<u>99</u>	<u>(1,358)</u>

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

ESFA revenue grant fund and other restricted funds***General Annual Grant (GAG)***

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.

Fixed asset fund

These funds relate to unspent capital grants from the ESFA.

Pension reserve

The pension reserve relates to the Academy Trust's share of the Hackney Borough Council Local Government Pension Scheme.

The Academy Trust is carrying a net deficit of £1,261,000 (2019 - net deficit of £1,142,000) on restricted general funds (excluding pension reserve) plus unrestricted funds due to the net deficit balance transferred on conversion to an Academy Trust. The Trust is operating under a recovery plan with the ESFA and is working to improve its financial position.

Notes to the Financial Statements Year to 31 August 2020

13 Funds (continued)

Comparative information

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	—	2,737	(2,737)	—	—
Pupil Premium	—	48	(48)	—	—
Other DfE/EFSA grants	—	290	(290)	—	—
Local authority grants	—	—	—	—	—
Pension reserve	(267)	—	(18)	(145)	(430)
	<u>(267)</u>	<u>3,075</u>	<u>(3,093)</u>	<u>(145)</u>	<u>(430)</u>
Restricted fixed asset funds					
Capital grants	17	66	—	—	83
Total restricted funds	<u>(250)</u>	<u>3,141</u>	<u>(3,093)</u>	<u>(145)</u>	<u>(347)</u>
Unrestricted funds					
General funds	(367)	292	(1,067)	—	(1,142)
	<u>(367)</u>	<u>292</u>	<u>(1,067)</u>	<u>—</u>	<u>(1,142)</u>
Total funds	<u>(617)</u>	<u>3,433</u>	<u>(4,160)</u>	<u>(145)</u>	<u>(1,489)</u>

Total funds analysis by academy:

Fund balances at 31 August 2020 were allocated as follows:

	2020 £'000	2019 £'000
Lubavitch House School (Senior Girls)	109	(90)
Lubavitch Girls' Primary	(523)	(457)
Lubavitch Junior Boys	(689)	(393)
Central Trust	(158)	(202)
Total before fixed asset fund and pension reserve	<u>(1,261)</u>	<u>(1,142)</u>
Restricted fixed asset fund	298	83
Pension reserve	(395)	(430)
Total funds	<u>(1,358)</u>	<u>(1,489)</u>

Each of the schools and the central trust are carrying a net deficit. The Academy Trust's net deficit at 31 August 2020 was £1,358,000. The deficit is due to budget deficit transferred from the local authority on conversion and high staffing costs. The Trust is establishing a recovery plan with the ESFA which includes a review of staffing requirements and is working to improve its financial position.

Notes to the Financial Statements Year to 31 August 2020

14 Analysis of expenditure by academy

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

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2020 £'000
Lubavitch House School (Senior Girls)	970	133	41	83	1,227
Lubavitch Girls' Primary	736	165	43	162	1,106
Lubavitch Junior Boys	754	276	65	145	1,240
Central services	117	109	60	366	652
Total carried forward	2,577	683	209	756	4,225

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2019 £'000
Lubavitch House School (Senior Girls)	997	85	37	131	1,250
Lubavitch Girls' Primary	839	163	53	230	1,285
Lubavitch Junior Boys	676	438	77	151	1,342
Central services	—	20	7	256	283
Total carried forward	2,512	706	174	768	4,160

15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2020 £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	—	—	167	167
Current assets	—	319	131	450
Current liabilities	(1,261)	814	—	(447)
Non-current liabilities	—	(1,133)	—	(1,133)
Pension scheme liability	—	(395)	—	(395)
Total net assets	(1,261)	(395)	298	(1,358)

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Current assets	(75)	325	83	333
Current liabilities	—	(1,392)	—	(1,392)
Pension scheme liability	—	(430)	—	(430)
Total net assets	(75)	(1,497)	83	(1,489)

16 Capital commitments

At 31 August 2020, the Trust had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted for but not provided in these financial statements	30	—
	30	—

17 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

18 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Hackney. 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 2019.

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

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 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.

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);

18 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ♦ 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; and
- ♦ 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. The 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 £350,000 (2019 – £229,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year from 1 September 2019 to 31 August 2020 was £134,000 (2019 – £144,000), of which employer's contributions totalled £111,000 (2019 – £122,000) and employees' contributions totalled £23,000 (2019 – £9,000). The agreed contribution rates for future years are 32% for employers.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the Trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

	At 31 August 2020	At 31 August 2019
Principal Actuarial Assumptions		
Rate of increase in salaries	2.5%	3.4%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.3%

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.2	21.3
Females	23.4	23.3
<i>Retiring in 20 years</i>		
Males	22.4	21.9
Females	25.1	24.3

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	365	267
Bonds	98	72
Property	55	40
Cash	27	20
Total market value of assets	545	399

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities		
Current service cost	(166)	(120)
Past service cost	—	(13)
Interest income	9	9
Interest cost	(18)	(16)
Total amount recognised in the SOFA	(175)	(140)

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
Brought forward	829	503
Current service cost	166	120
Past service cost	—	13
Interest cost	18	16
Employee contributions	23	22
Actuarial loss (gain)	(95)	155
Benefits paid	(1)	—
At 31 August 2020	940	829

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Trust's share of scheme assets:	2020 £'000	2019 £'000
Brought forward	399	236
Interest income	9	9
Actuarial gain	4	10
Employer contributions	111	122
Employee contributions	23	22
Benefits paid	(1)	—
At 31 August 2020	545	399

19 Related party transactions

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

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

The Trust is recharged at cost for a proportion of its fair share usage for utilities and insurance based on the size of occupation by the Lubavitch Foundation, which provides the use of its premises at no cost to all the schools within the Academy Trust. The Trust is also recharged for its use of the swimming pool and catering facilities run by the Lubavitch Foundation. During the year, the Trust was recharged £87,472 for its proportion of the above costs (2019 - £117,047).

C Duboy, daughter of D Duboy, a Trustee, is employed by the Academy Trust. C Duboy is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee. The total amount of employee benefits (including employee pension contributions) received during the year was £6,445 (2019 - £5,961.)

The academy trust conducted the above related party transactions 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 their financial regulations and procurements procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

20 Comparative statement of financial activities 31 August 2019

	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	Year ended 31 August 2019 Total funds £'000
Income from:				
Donations and capital grants	59	—	66	125
Charitable activities				
· Funding for the Academy Trust's educational operations	233	3,075	—	3,308
Total	292	3,075	66	3,433
Expenditure on:				
Charitable activities				
· Academy Trust's educational operations	1,067	3,093	—	4,160
· Transfer from local authority on conversion	—	—	—	—
Total	1,067	3,093	—	4,160
Net (expenditure) income	(775)	(18)	66	(727)
Other recognised gains and losses				
Actuarial gains (losses) on defined benefit pension scheme	—	(145)	—	(145)
Net movement in funds	(775)	(163)	66	(872)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2019	(367)	(267)	17	(617)
Total fund balances carried forward at 31 August 2019	(1,142)	(430)	83	(1,489)