

REGISTRAR OF COMPANIES

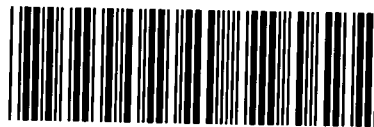
The Lubavitch Multi-Academy Trust

Annual Report and Financial Statements

Period from 16 February 2018 to 31 August 2018

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

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Reference and administrative information

Members	Yeremi Angyalfi David Arden Helena Cohen (resigned April 2018) Paul Efune Lord Stuart Polak
Directors	Fiona Bulmer Samantha Coleman Daniel Duboy Gary Inglis Lord Stuart Polak Lada Sullivan
Senior Management Team	
Interim CEO	Helena Cohen
Headteacher	Helen Freeman
Acting Head	Esther Kesselman
Interim Head	Robert Leach
Assistant Head	Meir Shelton
Registered address	107-115 Stamford Hill London N16 5RP
Company registration number	11211005
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Business 852-858 High Road Tottenham London N17 DEY
Solicitors	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR

Trustees' Report Period to 31 August 2018

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 period from 16 February 2018 to 31 August 2018. 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 38 to 42 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.

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.

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) 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 2018 and served throughout the accounting period except where shown.

Trustee	Appointed	Resigned	Appointing body
David Arden	16 February 2018	23 November 2018	Members
Fiona Bulmer	16 February 2018		Members
Samantha Coleman	16 February 2018		Members
Daniel Duboy	16 February 2018		Members
Gary Inglis	16 February 2018		Members
Lord Stuart Polak	16 February 2018		Members
Lada Sullivan	16 February 2018		Members

Method of recruitment and appointment or election of Trustees

Trustees were appointed by the Members.

One Trustee is a Member, three Trustees were selected for their skills by the DfE and appointed by the Members. One Trustee was appointed by the Members for the financial skills he could bring to the Trust.

Policies and procedures adopted for the induction and training of Trustees

All Trustees have access to training through Hackney Learning Trust and Pajes.

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

Organisational structure

Members

Trustees

Interim CEO and Interim Accounting Officer

Head Teacher of Secondary, Acting Head of Primary Girls', Interim Head of Primary Boys'

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Decisions reserved for Trustees:

- ◆ Adoption of all policies and monitoring of implementation
- ◆ Appointment of Key Leaderships roles
- ◆ Financial – restructuring process, budget monitoring and effectiveness of spending, salaries, contracts which impact across the MAT, monitoring of spending of additional funding – Pupil Premium, Special Educational Needs and Disabilities, grants
- ◆ Premises
- ◆ Approval of improvement plans based on analysis of school performance
- ◆ Safeguarding

Role of Interim CEO

The role is designed to fulfil the DfE requirement for the Trust to appoint a Chief Executive Officer who will be the lead Trust employee for matters regarding the efficient, effective and compliant management and operation of the Trust and the schools within the MAT.

The MAT is established on the principle that each individual school Headteacher will continue to fulfill statutory, regulatory and legal responsibilities for their individual school, whilst also recognising the overarching authority of a Trust Board. The role therefore is regarded as a 'first among equals' with specific responsibility to lead, co-ordinate and liaise as appropriate with the leadership group of individual school Headteachers.

Chair of the Leadership Group

As Chair of the Leadership Group, the role is to ensure that it is an effective body to:

- ◆ Develop and fulfil the Trust's vision, ethos and values;
- ◆ Develop, monitor and achieve the Trust's strategic objectives;
- ◆ Develop, set and monitor measures for the standard of educational provision in member schools including pupil progress and attainment;
- ◆ Ensure effective systems are in place in all schools to ensure all pupils are tracked and make good progress across the curriculum;
- ◆ Plan, implement and monitor effective Trust programmes to raise standards of school, pupil and staff performance;
- ◆ Plan and deliver effective Trust programmes for the professional development of staff in member schools;
- ◆ Identify and implement opportunities for the Trust and member schools to operate more effectively and efficiently for the benefit of pupils, staff and the wider Trust community;
- ◆ Co-ordinate the effective leadership of member schools in the absence of their Headteacher;
- ◆ Raise the profile of the Trust schools within and beyond the community;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Role of Interim CEO (continued)

Chair of the Leadership Group (continued)

- ◆ Ensure good effective communication within the Trust and beyond;
- ◆ Create opportunities for parents to be actively involved in a positive way in the Trust;
- ◆ Work effectively with relevant organisations; and
- ◆ Be an ambassador for the Trust schools.

Chief Professional Advisor

As Chief Professional Advisor to the Trust, the role is to:

- ◆ Ensure compliance with the Trust's Memorandum and Articles of Association and associated statutory, regulatory and legal requirements;
- ◆ Ensure compliance with the requirements of the Trust's Master and Supplementary Funding Agreements;
- ◆ Ensure compliance of the Trust Board, Committees and Local Governing Bodies with the Scheme of Delegation and Terms of Reference;
- ◆ Ensure the Trust and member schools have the appropriate statutory policies and oversee their implementation;
- ◆ Ensure the Trust responds effectively and appropriately to new legislation, policy and practice affecting multi-academy trusts and member schools;
- ◆ Present on behalf of the Leadership Group, proposals, plans and policies to enable the Trust to raise standards of academy, pupil and staff performance and to run effectively, efficiently and compliantly;
- ◆ Be the main point of contact for the DfE, ESFA, Local Authority and other key bodies; and
- ◆ Act as the Trust Child Welfare and Safeguarding lead.

Interim Accounting Officer

The Interim Accounting Officer is also the Head Teacher of the Senior Girls' School. The role is to:

- ◆ Fulfil the statutory and regulatory responsibilities as set out in the Academies Finance Handbook and direction provided by the Education Skills Funding Agency;
- ◆ Take personal responsibility for the propriety and regularity of public finances in the Trust's charge;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Role of Interim CEO (continued)

Interim Accounting Officer (continued)

- ◆ Plan, implement and monitor the Trust's internal and external financial reporting with the support of the Trust's financial management advisor;
- ◆ Report to the Trust Board on the Trust's financial governance, management and operation; and
- ◆ Oversee and manage the work of the Trust CFO.

Arrangements for setting pay and remuneration of key management personnel

All salaries for senior staff remained as prior to conversion on 1 April as a result of the TUPE process. In order to ensure some stability in the Primary Boys' school it was decided to retain the Interim Head Teacher on the salary negotiated with the IEB and HLT.

The newly formed MAT made it a priority to review salaries and to implement a new Pay Policy, Autumn 2018, with transparent pay scales.

All salary decisions for Senior Leaders made between April 2018 and August 2018 had to be approved by at least two Trustees. Salaries for teachers and support staff in all three schools had to be approved by the Interim CEO or Accounting Officer.

Connected organisations, including related party relationships

Two of the Members are Trustees of the Lubavitch Foundation, part of whose premises the MAT occupies and who the MAT reimburses for overheads and utility costs (note 17).

OBJECTIVES AND ACTIVITIES

Objects and aims

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

Its mission statement is to raise 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.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities

Objectives, strategies, activities 1 April to 31 August 2018

Objectives	Strategy	Activity	Success / update
Transition			
Due to the short timescale of becoming a MAT, to ensure stability and a smooth transition.	Keeping the school community, staff and parents informed of progress.	Emails, Letters to parents, staff briefings, New MAT Website, Meet the Trustees in the town hall. Communication ongoing.	School community regularly informed of MAT priorities, particularly leadership appointments.
Staffing			
Establish strong leadership throughout the newly formed MAT.	Appoint strong key leader for the Primary Phase and Jewish Studies in the Boys' School & appoint a CEO for the MAT.	Rigorous recruitment process underway.	Decided not to appoint Primary Head following interviews; advertising again in October 2018 for CEO and Primary Head. In October 2018, interim arrangements were put in place to support schools, particularly the Boys' School, with a focus on assessment, pupil progress and SENDs. Successful appointment of a strong leader of Jewish studies in the Boys' School achieved and impacting on performance from September 2018.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Staffing			
Share skills across the MAT resulting in raised standards for pupils, new opportunities for existing staff and greater efficiency across the MAT.	To introduce a Skills Matrix: identify the skills and strengths of current staff, highlighting the gaps where additional skills are needed.	Created opportunities for staff to work and plan together, EYFS, assessment, SENDs	Ongoing: positive feedback from staff and beginning to see positive impact on pupils, EYFS planning, SENCOs, working together to share practice and resources. First tracking meetings will be used to monitor impact.
Finance			
Balanced budget for 5 months, 3 years and 5 years.	Initial budget set based on previous budgets. Systems in place to review spending over time.	Reviewed all aspects of spending across the 3 schools to work towards reducing costs.	Rigorous monitoring of spending and introduction of new cost saving contracts ongoing including staffing costs.
Restructure the 3 schools so that the MAT can run efficiently with a staff with key skills for their role who can drive the MAT forward.	Reviewed present structure and skills set.	Staffing review across the MAT roles and responsibilities. Reviewed skills set. Working with HLT HR to draw up a new structure to meet the needs of the MAT. Working with HR to ensure a new structure is in place by April 2019.	Review anticipated to be completed by September 2018. Trustees approved approach to organizational change. To enter into consultation period in November 2018. Noting that restructuring may come at an initial cost to the MAT.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Finance			
Identify where short term savings can be made across the MAT.	Review of all main contracts and suppliers. Deploy staff across the primary schools.	Review quotes. Make informed decisions about new contracts. Review timetables of each member of support staff.	Reduced IT costs by renegotiating the contract from October 2018. A new phone system will be installed in November 2018 at a reduced cost. A new cleaning contract will be in place. The quality of cleaning will be monitored. The review of the deployment of support staff started in October 2018. Redeployment in place by November 2018.
Reduce the substantial costs of agency staff in the Boys' School.	Aim to employ quality, permanent members of staff, which will be less costly and provide continued stability for the students.	Carry out needs analysis to see who is needed and where.	Achieved by November 2018.
Address salary discrepancies across the MAT.	Address salary discrepancies as a result of TUPED staff.	Review payroll and check for any discrepancies. Make amendments as necessary.	Addressed. Review continues.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Finance			
New MAT pay policy approved by Trustees.	To ensure transparency and clarity for all in pay scales and how to progress.	Policy drawn up to take into account all staff groups in the MAT. Advice from HLT HR.	Shared with HR in September 2018. Trustees to approve by December 2018.
Bank accounts set up for MAT and each school.	Closed down all peripheral accounts.	Finance Trustees set up new accounts	Achieved in September 2018. New accounts set up and financial risk reduced.
Governance			
Trustees given specific areas of responsibility.	Trustees on committees and able to use their skills to develop the MAT.	Chair delegated roles to all Trustees.	Achieved in June 2018. Trustees using key skills to support and challenge professional leadership.
Appointed external corporate secretary /clerk with educational/MAT experience. Scheduled Board meetings in the calendar.	Reviewed options and made an appointment.	Meetings minutes and Clerk gives valuable input when necessary.	Achieved in July 2018. Ensuring key / statutory items on the agenda are covered and that meetings are scheduled in the calendar.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Achievements and Standards			
Raised standards and progress being made by pupils across the MAT, particularly in the primary phase.	Sustain good progress and standards in the secondary schools through effective teaching and learning and monitoring.	Secondary school to continue with systems to monitor and track progress.	Ongoing
	Raise standards across the primary phase through improving leadership, curriculum coverage, teaching and learning, assessment, moderation and rigorous monitoring at all levels.	<p>Increase capacity of the leadership in the primary school by supporting them with personnel with key skills to raise standards, with a focus on teaching and learning, pupil progress and assessment.</p> <p>Rigorous systems in place to focus on the progress of each child throughout the school.</p> <p>Develop the role of middle leaders with skills take greater ownership of pupil progress.</p>	October 2018 and ongoing

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Safeguarding			
Rigorous safeguarding procedures in place.	To ensure safeguarding is rigorous and effective to protect staff and pupils.	Carry out an audit of safeguarding by July 2018. Training for all starts at the start of the term. Online training. Training for all primary staff on 2 January. Safeguarding review of each school by the Trustee and Interim CEO.	Ongoing November 2018
SENds			
Pupils with SENDs making expected or greater progress due to effective deployment of resources, particularly in the primary phase.	Initially review present provision with a view to improving effectiveness of SENDs in primary schools.	Carry out SENDs review in both primary schools to cover needs, income, expenditure & impact by December 2018. Review provision map. Support for Inclusion Leads in the short term and address areas for development. Create opportunities for SENCOs to work together and to review resources.	By December 2018 From October 2018 From October 2018

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
SENds			
Support staff impacting positively on pupil progress.	Through monitoring of teaching and learning and pupil progress evaluate impact of support staff.	Lesson observations to focus on impact of support staff. Feedback to teachers. At Talk the Child / Pupil progress meetings, evaluate the impact of support.	From November 2018
Attitudes to learning			
Further develop attitudes to learning throughout the MAT.	Use the skills of two leading teachers in the secondary school to lead staff training on developing positive attitudes to learning and growth mind-sets in the schools. Carry out a review of the behaviour policy in the Boys' School.	Staff training Review of behaviour policy in Boys' School with whole school community.	Review of behaviour policy in the Boys' School started October 2018. Shared understanding and expectations already impacting on pupil behaviour. By January 2019, we expect to see an improvement in attitudes to learning when monitoring teaching and learning in lessons and in books.

Trustees' Report Period to 31 August 2018

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Pupil premium			
PP spent effectively to support pupils. Ensure pupils eligible for PP receive this funding.	Evaluate report on PP spending throughout the MAT.	Inclusion leads to produce a report on PP spending and its impact on pupil progress by December 2018. Head Teachers to review pupils in receipt of PP and to explore if other pupils may be eligible for it by December 2018.	Ongoing
Communication			
Effective communication throughout the MAT	Develop a communication policy for the MAT to ensure that all stakeholders are kept involved at all times, appropriate means of communication are used and that records are kept.	Develop a communication policy for the MAT by January 2019. Review communication at all levels: Members, Trustees, staff, parents, pupils.	Ongoing

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

Objectives, strategies, activities 1 April to 31 August 2018 (continued)

Objectives	Strategy	Activity	Success / update
Feedback from all stakeholders			
Use feedback for stakeholders to lead to improvement.	Carry out surveys of all stakeholders. Act on verbal feedback from parents at parent meetings.	Survey parents, staff and pupils.	The parent survey was completed in the Summer term of 2018. Feedback was analysed and suggestions are being implemented where possible and appropriate. Staff survey Spring term Pupil survey, informal feedback from pupils and feedback from school councils, at least termly.

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

In setting the Trust's objectives and planning its activities, the board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Lubavitch Multi Academy Trust aims to provide an education for pupils from nursery through to Year 13.

STRATEGIC REPORT

Achievements and performance

Review of activities

During the period 16 February 2018 to 31 August 2018 the Lubavitch Multi Academy Trust achieved the following:

- ◆ Transition from 3 separate schools to a MAT in a short time period;
- ◆ Identification of key areas of development in each school to be set a priority to lead to school improvement, with the Girls' Secondary and Girls' Primary remaining good schools and the Boys' Primary to become a good school;
- ◆ Evaluation of strengths in individual schools that could be shared across the MAT; and
- ◆ Initial review of all expenditure to enable Trustees to make informed decisions when making efficiencies.

Attendance		
Girls' Senior High School	April - July 2018	95.13%
	April - July 2017	96.59%
Boys' Primary School	April – July 2017	98.67%
	April – July 2018	97.04%
Girls' Primary School	April – July 2017	95.9%
	April – July 2018	95.7%

Attendance across the Lubavitch Multi-Academy Trust remained stable.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

The end of year results are a reflection of actions taken prior to the formation of the MAT. Priorities for future improvement were set after an evaluation of these results.

	UBS					Lubavitch Girls				
EYFS GLD	76%					72%				
EYFS ALL	76%					72%				
Phonics results 2018 for Year 1	75%					79%				
KS1 results Percentage working at expected standard	Reading 71%	Writing 65%	Maths 76%	Combined 59%	Science 76%	Reading 83%	Writing 87%	Maths 78%	Combined 70%	Science 87%
KS 2 Provisional data Working at expected standard	Reading 56% Spag 50%	Writing 50%	Maths 50%	Combined 39%	Science 83%	Reading 76% Spag 71%	Writing 76%	Maths 62%	Combined 57%	Science 86%

Key areas of strength

- ♦ GLD in EYFS

Key areas for development

- ♦ Phonics in Year 1
- ♦ KS1 Reading, writing and maths in the Boys' School
- ♦ Science in the Boys' School
- ♦ Reading, writing and maths at KS2 in the Boys' School
- ♦ Writing in KS2 in the Girls' School

<u>Year 7</u>	Pupils with SEND			Pupils with EAL			Pupils eligible for pupil premium		
	% Grade 1+	% Grade 2+	% Grade 3+	% Grade 1+	% Grade 2+	% Grade 3+	% Grade 1+	% Grade 2+	% Grade 3+
<u>English</u>	NA	NA	NA	NA	NA	NA	NA	NA	NA
<u>Maths</u>	NA	NA	NA	NA	NA	NA	NA	NA	NA
<u>Science</u>	NA	NA	NA	NA	NA	NA	NA	NA	NA

<u>Year 8</u>	Pupils with SEND (2 pupils)			Pupils with EAL (4 pupils)			Pupils eligible for pupil premium (3 pupils)		
	% Grade 2+	% Grade 3+	% Grade 4+	% Grade 2+	% Grade 3+	% Grade 4+	% Grade 2+	% Grade 3+	% Grade 4+
<u>English</u>	0	0	0	0	0	0	0	0	0
<u>Maths</u>	50	0	0	25	0	0	0	0	0
<u>Science</u>	50	50	0	75	25	0	33	0	0

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

Year 9	Pupils with SEND (6 pupils)			Pupils with EAL (6 pupils)			Pupils eligible for pupil premium (1 pupil)		
	% Grade 3+	% Grade 4+	% Grade 5+	% Grade 3+	% Grade 4+	% Grade 5+	% Grade 3+	% Grade 4+	% Grade 5+
English	0	0	0	20	0	0	0	0	0
Maths	0	0	0	67	17	0	0	0	0
Science	0	0	0	0	0	0	0	0	0

Year 10 took Biblical Hebrew GCSE in Summer 2018. From a cohort of 24, 19 of the girls took the GCSE of which 18 achieved A-C grades and 5 achieved either an A or A* grade.

Year 11 see the 4Matrix report below. We were very pleased with our positive progress 8 mark and also our attainment 8 mark. Our progress 8 and attainment 8 marks are a lot higher than usual due to the number of AS and A levels taken in Year 11. English and Maths performed very similar with the higher grades and both have an average of a grade 5+ and 5- respectively. The intervention placed into low performing English and maths was successful leading to an increase in Grade 4 and 5s. Grade 9s were achieved in photography, science and one English exam. 17.39% of all exams were grades 8 and 9 and 86.41% were grades 9-4 (A*-C). Our EBACC results were once again considerably higher than the national and Hackney.

Performance Measure 2017	LSGS 2017	England 2017	LSGS 2018 (unvalidated)	Hackney 2018 Provisional
Progress 8 score	0.14	-0.03	0.8	-
Attainment 8 score	45.3	46.3	52	-
Percentage of pupils achieving a pass (L4+) in English and Mathematics	73%	63.9%	68%	69%
Percentage of pupils achieving a good pass (L5+) in English and Mathematics	55%	39.6%	40%	47%
Percentage of pupils entered for the English Baccalaureate	82%	35%	88%	56%
Percentage of pupils achieving the English Baccalaureate at grade 5/C or above	55%	19.7%	32%	22.5%

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

At a first glance Maths and English appear to be lower than last year however, it must be taken into consideration that two girls in the class had statements. The cohort this year was also more than double that of the previous year, meaning each pupil represents a lower percentage.

AS Levels	A-E	A-D	A-C	A-B
Year 11 (7 entries)	100	100	86	86
Year 12 (14 entries)	86	64	57	36
Year 13 (6 entries)	83	83	83	50

A Levels	A-E	A-D	A-C	A-B
Year 11 (6 entries)	100	100	100	33
Year 12 (4 entries)	75	50	25	25
Year 13 (15 entries)	87	80	47	27

Key financial performance indicators

The Lubavitch Multi Academy Trust has had to look at ways to operate in a more efficient manner and cost savings are beginning to be made and are being incorporated into the Trust's recovery plan.

Financial review

Financial report for the period

The total income for the period was £1,354,000 of which £1,158,000 is General Annual Grant and £136,000 is other ESFA and Government Grants. Other income from the Academy Trust's educational operations was £43,000 and income from capital grants was £17,000.

The net transfer on conversion was a deficit of £440,000. The Trust incurred an operating deficit of £217,000 during the period. As a result, the Trust is carrying forward a deficit as at 31 August 2018 of £617,000. This is including a positive movement on the defined benefit pension scheme of £26,000.

At 31 August 2018, the balance of unrestricted funds and general restricted funds (excluding the pension reserve and fixed asset reserve) was a deficit of £367,000. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £267,000 at 31 August 2018.

The results for the period are shown on page 35.

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.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies

Reserves policy

Due to the short timescale in becoming a Multi-Academy Trust, the newly formed Trust does not have a formal reserves policy as yet. The Trust's immediate focus was to put into place 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.

Investment policy

The Academy Trust's policy will be to hold any surplus funds in appropriate bank accounts.

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, to continue in operational existence for the foreseeable future.

The unrestricted fund balance at 31 August 2018 stands at a deficit of £367,000 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 working to establish phase two of its recovery plan and is in regular dialogue with the ESFA. It is in the process of agreeing and implementing actions required as part of the plan going forward.

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

Funding

The current review of funding for schools by the government is posing uncertainty for the Academy Trust. In addition, the risk of falling numbers would impact on income and the standard of provision.

Ability to implement the recovery plan

There may be factors which impact on the implementation of the recovery plan.

Risk

The Trust may not be in a position to follow through the restructuring which forms part of the recovery plan.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Ability to implement the recovery plan (continued)

Mitigating actions

Professional team and Trustees will work closely with the Hackney Learning Trust HR to ensure the plan is implemented within an appropriate time scale.

Appointment of strong leaders with key skills

The Trust needs to appoint strong leaders, including a permanent CEO, strong Head Teachers and a highly skilled Business Manager who will work together to drive forward improvement across the MAT.

Risk

At present the MAT does not have a permanent CEO or Head Teachers in the Primary schools to drive forward the necessary improvements at the required pace. The lack of a skilled financial support will impact on the performance of the MAT and its ability to be financially stable.

Mitigating actions

- ◆ Trustees have made it a priority of advertise for key senior leaders posts.
- ◆ Appointed experienced financial support on a contract basis in the interim.
- ◆ Looking to appoint a strong, experienced MAT Business Manager from 1 January 2019

Ability to recruit permanent staff

The Academy Trust employs a significant number of agency staff. There are high costs incurred and this also impacts on the ability to drive forward improvement.

Mitigating actions

The professional staff and Trustees plan to

- ◆ Advertise to appoint permanent teachers and support staff.
- ◆ Implement strategies that will encourage teachers and support staff to want to work in the Trust, such as flexible working and opportunities for CPD.

FUNDRAISING

The Academy Trust carries out limited fundraising, mindful of the community within which it operates and its duties under the Charities (Protection and Social Investment) Act 2016. The Academy Trust does not use an outside agency for any form of fundraising. In undertaking fundraising activities, the Academy Trust is aware of its duty to protect the public from undue pressure to donate. The Academy Trust is not aware of any fundraising complaints for the period ended 31 August 2018.

Trustees' Report Period to 31 August 2018

PLANS FOR FUTURE PERIODS

Plans for future period are:

- ♦ to employ a highly skilled leadership team who can drive forward rapid improvement
- ♦ to implement the recovery plan, including the restructuring of the MAT, to ensure financial stability for the long term
- ♦ to put in place strategies to ensure improved outcomes for pupils in the primary schools at all key stage.

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 10. 3. 19 and signed on its behalf by:



Chair of Trustees

Date: 10. 3. 19

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The 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 board of Trustees have delegated the day-to-day responsibility to the Headteacher of the Senior Girls' School, 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 the Academy and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
David Arden	4	4
Fiona Bulmer	3	4
Samantha Coleman	3	4
Daniel Dubov	4	4
Gary Inglis	4	4
Lord Stuart Polak	3	4
Lada Sullivan	3	4

All Trustees were appointed from the inception of the MAT. There were no changes during the period.

Governance reviews

Upon becoming a multi-academy trust, the Trustees and senior management team carried out a general review of governance in each of the three schools and across the trust. The Trustees are supporting the Senior Management Team to implement new policies and controls and make decisions that will improve the governance of the trust.

Finance Committee

The finance committee is a sub-committee of the main board of Trustees. Its purpose is to oversee all financial functions of the MAT, such as:

1. To set the policy for generation of business income at each school.
2. To approve the generation of business income activity.
3. To agree each school's annual funding.

Finance Committee (continued)

4. To ensure compliance with the Academies Financial Handbook and to ensure the Trust is operating within its funding agreement.
5. To determine the cash-flow policy for the Trust.
6. To monitor income and expenditure for the Trust.
7. To set financial targets for each financial year.
8. The determination of any additional financial and reporting targets for the Trust and the schools.
9. To carry out performance management of all staff including the Heads of Schools.
10. To carry out the performance management of the Chief Executive.
11. Insuring of land and buildings.
12. The responsibility for buildings and facilities.
13. The maintenance and review of a fixed asset register.

During the period, Gary Inglis, Samantha Coleman, David Arden and Lada Sullivan were appointed onto the Finance Committee.

Attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
Gary Inglis	1	1
Samantha Coleman	1	1
David Arden	1	1
Lada Sullivan	1	1

Review of value for Money

The accounting officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- ◆ a system whereby all costs have been reviewed and approved as appropriate;
- ◆ reviews of contracts, such as telephone cleaning and IT; and
- ◆ a system of Trustee approval for the spending of larger sums.

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 the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Following conversion of Lubavitch House School (Senior Girls), Lubavitch Girls Primary School and Lubavitch Junior Boys School on 1 April 2018, the Academy Trust has been developing structures and controls within the individual schools and across the Trust that are appropriate as a multi-academy trust. Over the five months to the 31 August 2018, new processes, policies and financial controls were established, which have been evolving during this period. In addition, the Trust has been developing its financial reporting processes so that it can report both management information and external financial reporting information as a multi-academy trust. 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 2018/19 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 developing its processes, including its risk management processes during the period ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

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 board of Trustees;
- ◆ regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing guidelines;

The risk and control framework (continued)

- ◆ the delegation of authority and the segregation of duties; and
- ◆ the identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed Lada Sullivan a trustee/governor, as responsible officer (RO);

The internal RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a biannual basis, the RO reports to the board of Trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

Following the establishment of the Academy Trust, the Trustees have overseen the process of putting in place new controls, financial processes and systems. A formal review will be carried out by the RO in early 2019 and reported to the board of Trustees.

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;
- ◆ the work of the senior management team within the Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has advised the finance committee of the implications of her review of the system of internal control by the finance committee 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:



Lord Stuart Polak
Chair of Trustees

Approved on: 10. 3. 19



Helen Freeman
(Accounting Officer)

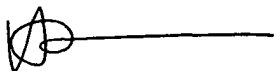
11. 03. 19

Statement on regularity, propriety and compliance 31 August 2018

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 2017.

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

The Academy Trust was developing its systems of internal controls, financial reporting and oversight during the period. Further details are provided on page 25. Other than the points highlighted on page 25, 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.



Helen Freeman
Accounting Officer

Date: 11.03.19

Statement of Trustees' responsibilities 31 August 2018

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 2015 and the Academies Accounts Direction 2017 to 2018;
- ◆ 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 10.3.19 and signed on its behalf by:

Lord Stuart Polak
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 16 February 2018 to 31 August 2018 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 2015) and the Academies Accounts Direction 2017 to 2018.

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 2018 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 2015 and Academies Accounts Direction 2017 to 2018.

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.

Independent auditor's report on the financial statements 31 August 2018

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 period ended 31 August 2018 have been prepared by the Trustees on the going concern basis. In light of the unrestricted fund balance of a deficit of £367,000 which existed at 31 August 2018, 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 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 20 of the Trustees' report, and as part of the principal accounting policies on pages 38 to 42. We bring these disclosures to the attention of the members in light of the balance sheet position as at 31 August 2018. Our opinion is not modified in respect of this matter.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our 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 including the strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report including 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 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.

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.

Buzzacott LLP

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

Date: 20 March 2019

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 2017 to 2018, 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 period from 16 February 2018 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 16 February 2018 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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 developing its systems of internal controls, financial reporting and oversight during the period. Further details are provided on page 25. In the course of our work, other than the points highlighted on page 25, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 16 February 2018 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

20 March 2019

Statement of financial activities (including income and expenditure account) Period to 31 August 2018

		Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	Period from 16 February 2018 to 31 August 2018 Total funds £'000
	Notes				
Income from:					
Donations and capital grants	1	—	—	17	17
Charitable activities					
Funding for the Academy Trust's educational operations	2	43	1,294	—	1,337
Total		43	1,294	17	1,354
Expenditure on:					
Charitable activities					
Academy Trust's educational operations	4	260	1,297	—	1,557
Transfer from local authority on conversion	14	150	290	—	440
Total		410	1,587	—	1,997
Net (expenditure) income		(367)	(293)	17	(643)
Other recognised gains and losses					
Actuarial gains (losses) on defined benefit pension scheme	17	—	26	—	26
Net movement in funds		(367)	(267)	17	(617)
Reconciliation of funds					
Total fund balances brought forward at 16 February 2018		—	—	—	—
Total fund balances carried forward at 31 August 2018		(367)	(267)	17	(617)

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

Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000
Current assets			
Debtors	9	151	
Cash at bank and in hand		63	
		<u>214</u>	
Liabilities			
Creditors: amounts falling due within one year	10	(564)	
Net current liabilities			<u>(350)</u>
Total assets less current liabilities			(350)
Pension scheme liability	16		(267)
Total net assets			<u>(617)</u>
Funds of the Academy Trust			
Restricted funds			
. Fixed assets fund	11		17
. Restricted income fund	11		—
. Pension reserve	11		(267)
			<u>(250)</u>
Unrestricted funds			
. General fund			(367)
Total funds			<u>(617)</u>

The financial statements on page 35 to 54 were approved by the Trustees, and authorised for issue on 10.3.19 and are signed on their behalf by:



Lord Stuart Polak
Chair of Trustees

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

Statement of cash flows 31 August 2018

	Note	2018 £'000
Net cash inflow from operating activities		
Net cash provided by operating activities	A	46
Cash flows from investing activities	B	17
Change in cash and cash equivalents in the period		63
Reconciliation of net cash flow to movement in net funds:		
Cash and cash equivalents brought forward		—
Cash and cash equivalents at 31 August 2018	C	63

A Reconciliation of (expenditure) to net cash provided by operating activities

	2018 £'000
Net income (expenditure) for the period (as per the statement of financial activities)	(643)
Adjusted for:	
Capital grants from DfE and other capital income	(17)
Defined benefit pension scheme obligation inherited (note 16)	290
Defined benefit pension scheme finance cost (note 16)	3
Increase in debtors	(151)
Increase in creditors	564
Net cash provided by operating activities	46

B Cash flows from investing activities

	2018 £'000
Capital grants from DfE/ESFA	17
Net cash provided by investing activities	17

C Analysis of cash and cash equivalents

	2018 £'000
Cash at bank and in hand	63
Total cash and cash equivalents	63

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 2017 to 2018 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.

As at 31 August 2018, the total revenue reserves carried forward were a deficit of £367,000, excluding the pension deficit. This is significantly lower than anticipated but a detailed plan has been put into place so as to minimise the impact of any funding cuts or unexpected spends and a deficit recovery plan is being established with the ESFA.

Having reviewed this plan, the Trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and, thus they continue to adopt the going concern basis of accounting 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.

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 assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 9. 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 10. 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 16, 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.

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.

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 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	Period to 31 August 2018 Total funds £'000
Capital grants	—	17	17
2018 Total funds	—	17	17

2 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Period to 31 August 2018 Total funds £'000
DfE / ESFA revenue grants			
General Annual Grant (GAG)	—	1,158	1,158
Other DfE / ESFA	—	78	78
	—	1,236	1,236
Other government grants			
Local authority grants	—	58	58
	—	58	58
Other income from the Trust's educational operations	43	—	43
2018 Total funds	43	1,294	1,337

3 Expenditure

	Staff costs £'000	Non pay expenditure Premises £'000	Other costs £'000	Period to 31 August 2018 Total funds £'000
Charitable activities				
Trust's educational operations				
Direct costs	1,043	—	70	1,113
Allocated support costs	139	84	221	444
2018 Total funds	1,182	84	291	1,557

3 Expenditure (continued)

	Period to 31 August 2018 Total funds £'000
Net income (expenditure) for the period includes:	
Fees payable to auditor	
. Statutory audit	10
. Other services	2

4 Charitable activities – Academy Trust's educational operations

	Period to 31 August 2018 Total funds £'000
Direct costs	1,113
Support costs	444
	1,557

	Period to 31 August 2018 Total funds £'000
Analysis of support costs	
Support staff costs	139
Technology costs	55
Premises costs	84
Other support costs	133
Governance costs	33
Total support costs	444

5 Staff

(a) Staff costs

Staff costs during the period were:

	Period to 31 August 2018 Total funds £'000
Wages and salaries	878
Social security costs	73
Pension costs	145
	<u>1,096</u>
Supply teacher costs	86
	<u>1,182</u>

(b) Staff numbers

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

Charitable activities	Period to 31 August 2018 No.
Teachers	62
Administration and support	51
Management	7
	<u>120</u>

(c) Higher paid staff

There were no employees whose employee benefits (excluding employer pension costs) exceeded £60,000 during the period.

(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) received by key management personnel for their services to the Academy Trust was £177,584.

6 Trustees' remuneration and expenses

During the period from 16 February 2018 to 31 August 2018, no travel and subsistence expenses were reimbursed to Trustees.

Other related party transactions involving the Trustees are set out in note 17.

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.

8 Central services

Central services including financial services were provided by the Academy Trust to its academies during the period and no central charges arose.

9 Debtors

	2018 £'000
Trade debtors	33
Prepayments and accrued income	8
VAT recoverable	57
Other debtors	53
	<u>151</u>

10 Creditors: amounts falling due within one year

	2018 £'000
Trade creditors	132
Taxation and social security	4
Other creditors	203
Amounts due to the ESFA	210
Accruals and deferred income	15
	<u>564</u>

11 Funds

	Balance at 16 February 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	1,158	(1,158)	—	—
Pupil Premium	—	19	(19)	—	—
Other DfE/EFSA grants	—	59	(59)	—	—
Local authority grants	—	58	(58)	—	—
Pension reserve	—	—	(293)	26	(267)
	—	1,294	(1,587)	26	(267)
Restricted fixed asset funds					
Capital grants	—	17	—	—	17
Total restricted funds	—	1,311	(1,587)	26	(250)
Unrestricted funds					
General funds	—	43	(260)	—	(217)
Transfer on conversion	—	—	(150)	—	(150)
	—	43	(410)	—	(367)
Total funds	—	1,354	(1,997)	26	(617)

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 2018.

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 £367,000 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 establishing a recovery plan with the ESFA and is working to improve its financial position.

11 Funds (continued)

Total funds analysis by academy:

Fund balances at 31 August 2018 were allocated as follows:

	2018 £'000
Lubavitch House School (Senior Girls)	37
Lubavitch Girls' Primary	(248)
Lubavitch Junior Boys	(81)
Central Trust	(75)
Total before fixed asset fund and pension reserve	(367)
Restricted fixed asset fund	17
Pension reserve	(267)
Total funds	(617)

Lubavitch Girls Primary School is carrying a net deficit of £248,000 on these funds due to the £203,000 budget deficit transferred from the Local Authority on conversion.

Lubavitch Junior Boys School is carrying a net deficit of £81,000 this is due to high staffing costs during the period. 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.

12 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 2018 £'000
Lubavitch House School (Senior Girls)	369	42	31	79	521
Lubavitch Girls' Primary	317	55	27	54	453
Lubavitch Junior Boys	272	129	16	88	505
Central services	—	—	—	78	78
Total carried forward	958	226	74	299	1,557

13 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Current assets	197	—	17	214
Current liabilities	(564)	—	—	(564)
Pension scheme liability	—	(267)	—	(267)
Total net assets	(367)	(267)	17	(617)

14 Conversion to an academy trust

On 1 April 2018, Lubavitch House School (Senior Girls), Lubavitch Girls Primary and Lubavitch Junior Boys converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Lubavitch Multi Academy Trust from Hackney Borough Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the statement of financial activities as transfer from local authority on conversion.

The following tables set out the fair values of the identifiable assets and liabilities transferred:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Combined position				
Budget deficit on LA funds	(150)	—	—	(150)
LGPS pension deficit	—	(290)	—	(290)
Net liabilities	(150)	(290)	—	(440)

Each school joined the Trust with a pension deficit in the Local Government Pension Scheme. This has not been disaggregated by school in the conversion balances below.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Lubavitch House School (Senior Girls)				
Budget surplus on LA funds	53	—	—	53
Net assets	53	—	—	53

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Lubavitch Girls Primary				
Budget deficit on LA funds	(203)	—	—	(203)
Net liabilities	(203)	—	—	(203)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Lubavitch Junior Boys				
Budget surplus on LA funds	—	—	—	—
Net assets	—	—	—	—

A £nil deficit on LA funds was transferred for Lubavitch Junior Boys School on conversion.

15 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

16 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 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

16 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £93,000.

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

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

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 period from 1 April 2018 to 31 August 2018 was £63,000, of which employer's contributions totalled £56,000 and employees' contributions totalled £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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

16 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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 2018
Principal Actuarial Assumptions	
Rate of increase in salaries	3.4%
Rate of increase for pensions in payment / inflation	2.3%
Discount rate for scheme liabilities	2.8%
Inflation assumption (CPI)	2.3%
Commutation of pensions to lump sums	50% – 75%

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 2018
<i>Retiring today</i>	
Males	22.2
Females	24.2
<i>Retiring in 20 years</i>	
Males	23.6
Females	25.7

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

	Fair value at 31 August 2018 £'000
Equities	177
Bonds	35
Property	24
Total market value of assets	236

16 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Sensitivity analysis	2018 £'000
Discount rate +0.1%	(16)
Discount rate -0.1%	16
Mortality assumption – 1 year increase	(20)
Mortality assumption – 1 year decrease	20
CPI rate +0.1%	14
CPI rate -0.1%	(14)

Amounts recognised in statement of financial activities	2018 £'000
Current service cost	(56)
Interest income	2
Interest cost	(5)
Total amount recognised in the SOFA	(59)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000
Brought forward	—
Transferred in on conversion	448
Current service cost	56
Interest cost	5
Employee contributions	9
Actuarial gain	(15)
At 31 August 2018	503

Changes in the fair value of the Trust's share of scheme assets:	2018 £'000
Brought forward	—
Upon conversion	158
Interest income	2
Actuarial gain	11
Employer contributions	56
Employee contributions	9
At 31 August 2018	236

17 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. During the 5 month period to 31 August 2018, the Trust was recharged £32,766 for its proportion of insurance, water rates and electricity. Included within the charge was the cost of S. Lipkin, who has worked for the Foundation for 2 months.

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 period was £3,202.