

Companies House



**The Lubavitch Multi-Academy Trust**

**Annual Report and Financial Statements**

31 August 2023

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

THURSDAY



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COMPANIES HOUSE

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## Reference and administrative information

**Members** Yeremyia Angyalfi  
Pesach Efune  
Bill Holledge  
Jan Tallis

**Directors** Hadasa Korner (Chair)  
Joel Berman  
Daniel Duboy  
Jo Franklin  
Kevin Hogarth  
Matthew Nyman  
Sholom Ber Sudak  
Jan Tallis (resigned 9 January 2023)

<b>Senior Management Team</b>	
Executive Headteacher and Accounting Officer	Judith Nemeth
Chief Financial Officer	Sophie Macadar
Headteacher of Senior Girls' School	Helen Freeman
Headteacher of Primary Girls' School	Judith Nemeth
Headteacher of Primary Boys' School	Rabbi Y. Kohn (from 1 September 2022)

**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** Veale Wasbrough Vizards LLP  
24 King William Street  
London  
EC4R 9AT

## **Trustees' Report Year to 31 August 2023**

The Trustees of The Lubavitch Multi-Academy Trust ('the Academy Trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year 1 September 2022 to 31 August 2023. 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 32 to 36 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).

The Lubavitch Multi-Academy Trust incorporated on 16 February 2018 and on 1 April 2018 Lubavitch House School (Senior Girls), Lubavitch Girls Primary School and Lubavitch Junior Boys School converted to Academy status. These three Academies in the London Borough of Hackney form the Lubavitch Multi-Academy Trust. Its schools had a combined pupil capacity of 585 and had a roll of 329 in the school census on the 1 October 2023.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of The Lubavitch Multi-Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Lubavitch Multi-Academy Trust.

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

#### **Members' liability**

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

#### **Trustees' indemnities**

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

#### **Principal activities**

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

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Principal activities (continued)

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

### Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2023 and served throughout the accounting period except where shown.

Trustee	Appointed	Resigned	Appointing body
Daniel Duboy			Members
Kevin Hogarth			Members
Hadasa Korner			Members
Sholom Ber Sudak			Members
Jan Tallis		9 January 2023	Members
Matthew Nyman			Members
Joel Berman			Members
Jo Franklin			Members

### Method of recruitment and appointment or election of Trustees

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

The Members make any appointment of Trustees.

### Policies and procedures adopted for the induction and training of Trustees

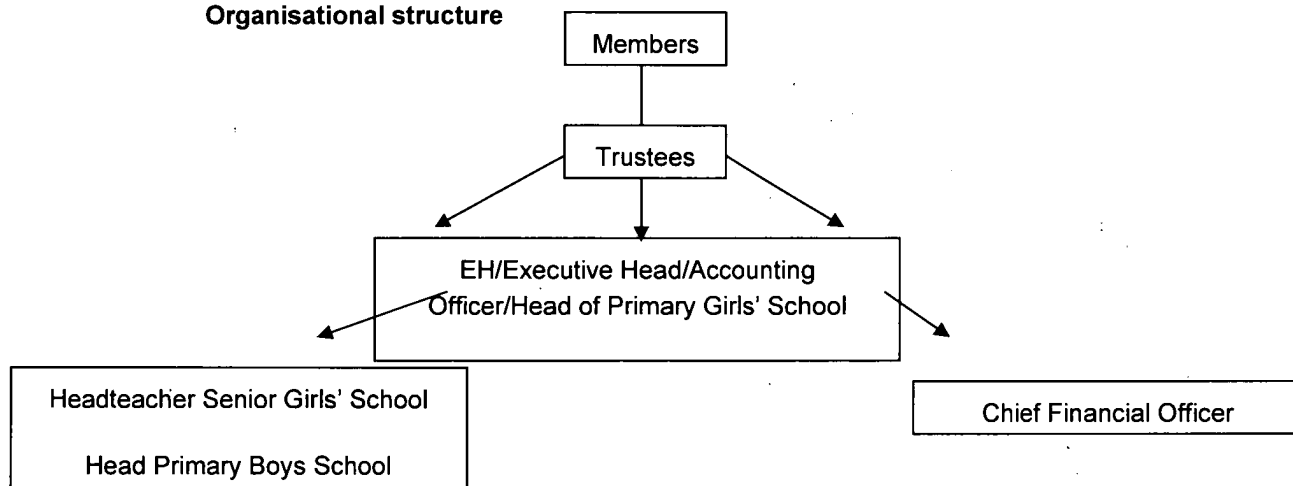
The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters, Safeguarding (KCSIE). Trustees have access to training through Hackney Learning Trust and other external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

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

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

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Organisational structure



Lubavitch Multi Academy Trust consisting of three constituent schools, namely:

- ♦ Lubavitch Primary Boys School
- ♦ Lubavitch Primary Girls School
- ♦ Lubavitch Senior Girls School

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

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

The Trust Board is made up of Trustees, including the Executive Headteacher and the Chair of the Board. The Trust Board meets 4 times a year to monitor the finances and educational progress of the pupils within each constituent school. The Trust Board has a single sub-committee the Finance and Audit committee. The Committee meets 9 times a year to review in detail the financial affairs of each constituent school. The role of the committee is to maintain an oversight of the Trust's finances, governance and value for money framework in addition to risk management and internal controls. The committee reports findings at each meeting of the Trust Board.

There is also an Education Committee that meets termly with the Executive Head and Heads of School which advises the Board of Trustees, and there is a local school board for each school to provide a forum for parents to discuss the operation of the schools and to provide advice to the Board on relevant matters. It enables the Board to secure parental input and to support the schools' work to raise achievement and uphold the Lubavitch vision and values. The parental ambassadors also work to communicate the work of the schools to the wider community as part of efforts to attract new parents. These local school boards each meet termly.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Arrangements for setting pay and remuneration of key management personnel**

All salary decisions for Senior Leaders made between 1 September 2022 and 31 August 2023 have been approved by at least two Trustees. Moving forward, future decisions surrounding Executive pay will be assessed in line with the Executive Pay Policy and any changes to salary or benefits will be proposed by the Pay Committee and approved by the Trust Board.

Salaries for teachers and support staff in all three schools were approved by the Executive Head/Accounting Officer. Guidance was sought from Trustees in some cases.

### **Trade union facility time**

None of the Academy Trust's employees were union officials and there were no other costs incurred by the Academy Trust in relation to Trade Union Facility Time during 2022/23.

### **Connected organisations, including related party relationships**

The Trust is connected to the following organisations:

Lubavitch Kodesh Club (12494315):

The Lubavitch Kodesh Club provide Jewish studies for the Academies within LMAT. The service is covered by a Contract of Service.

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

Lubavitch UK Limited (02932344) / Chabad Lubavitch UK (227638):

Two of the Members of LMAT are Trustees of the Lubavitch UK Limited, part of whose premises the MAT occupies and who the MAT reimburses for overheads, utility costs and services such as meals (note 19). Chabad Lubavitch UK is the charitable arm of Lubavitch UK Limited, where Lubavitch UK Limited is the sole listed trustee of Chabad Lubavitch UK.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

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

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

## **OBJECTIVES AND ACTIVITIES (continued)**

### **The Rationale**

Lubavitch Multi Academy Trust is currently set up with two Primary schools and secondary school, comprising 329 pupils across the Trust.

### **Trust strategic objectives 2022-2023**

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

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

### **Public benefit**

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

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



## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Finance***

The Trust posted an in-year operating surplus of £30k which is a slightly favourable position compared to the forecast outturn presented in the management accounts and recovery plan approved by the ESFA.

The Trust recruited a substantive CFO on one day a week from July 2022 and then entered a transitional phase to hand over the financial accountability for LMAT from the interim consultant previously in role. A substantive Finance Manager was recruited and started in January 2023 and many of the financial management processes were brought back in house. Improvements to the financial management processes have continued to be made throughout the year as evidenced by the lifting of the FNI in February 2023 and progress on points raised by internal and external auditors.

An HR consultant was contracted in May 2022, which has enabled the Trust to improve HR processes, including access to contractual documentation.

The Trust has met its obligations to repay the ESFA loan. A repayment of £225k was made during 2022/23. Due to various pressures such as the cost of living crisis as well as under recruitment of pupils, future repayment of the loan at the current rate would lead to cash flow challenges and therefore a request to extend the loan repayment term has been put forward to the ESFA.

#### **Educational Outcomes**

All primary pupils are being closely tracked in order to increase the number of pupils reaching "Expected" within each academic year.

In the primary schools, curriculum has been aligned and is constantly tracked with regular reporting and recording as well as lesson observations, book scrutiny and learning walks.

The primary schools are going through a process of integrating Jewish studies and secular studies in order to evidence both a broad and balanced curriculum as well as a holistic approach to teaching and learning.

All learning support has been centralised to the MAT and is being tracked and evaluated by senior leaders.

Jewish Studies is in the process of evaluation subject by subject looking at the MAT's provision and also best practice. Jewish Studies will also be evaluated in terms of how this contributes to providing a broad and balanced curriculum at least as good as the National Curriculum.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Secondary Achievement Data**

GCSE		School 2023	School 2022	National 2023	National 2022
English	4+	80	100	75	77
	5+	85	57.1	60	65
Mathematics	4+	80	85.7	70	75
	5+	65	64.3	51	55

Post-16				
A Level	School 2023	School 2022	National 2023	National 2022
A*-B (%)	66.7	95	53	62
A*-C (%)	87.9	100	75	82
A*-E (%)	100	100	97	98

**Key Performance Indicators**

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

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

**Risks**

Each school maintains and regularly review its risk registers which feed into the Trust risk register. This is reviewed and monitored at the Finance and Audit Committee and annually at Board.

**Financial Performance**

The total income for the period was £3,171,000 (2022 – £4,836,000) of which £2,591,000 (2022 – £2,710,000) is General Annual Grant and £332,000 (2022 – £233,000) is other ESFA and Government Grants including COVID funding. Other income from the Academy Trust's educational operations was £18,000 (2022 – £52,000) and income from capital grants was £143,000 (2022 – £1,664,000).

## **STRATEGIC REPORT** (continued)

### **Financial Performance** (continued)

The net transfer on conversion at 1 April 2018 was a deficit of £440,000. The Trust incurred an operating surplus of £30,000 during the period. The Trust is carrying forward a surplus as at 31 August 2023 of £1,399,000 (2022 – surplus of £1,228,000). However, this is including an actuarial gain on the defined benefit pension scheme of £25,000 (2022 – actuarial gain of £787,000).

At 31 August 2023, the balance of unrestricted funds and general restricted funds (excluding the pension reserve and fixed asset reserve) was a deficit of £678,000 (2022 – £708,000). The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was £0 at 31 August 2023 (2022 – (£25,000)).

The results for the period are shown on page 28.

### ***Financial report for the period***

The Trust posted in-year surplus during 22/23 for the third year in succession.

Following the intervention and subsequent financial support from the ESFA, a further £225k of the loan funding provided in 2020 was repaid in the period.

The Trust ended the period with the unrestricted fund posting a cumulative deficit of £678,000 (£708,000 in 2022). The Trust is continuing to work towards eliminating the deficit, however due to cost pressures and pupil recruitment challenges, this is an ongoing process.

### **Financial Risks**

Current uncertainty around future funding levels, inflation, rising staff costs and pupil recruitment pose an ongoing risk. These risks are mitigated by improvements made within the day to day financial management function and accuracy of the reports presented to Trustees.

The Trust has submitted a surplus budget for 23/24. 24/25 onwards shows an incrementally increasing deficit with will need to be tackled through pupil recruitment or further cost-saving measures.

A significant risk facing the Trust is the continued repayment of the historic loan, which is the main driver behind future cashflow challenges. So far, repayments have been made of totalling £550,000. At the balance sheet date, there still remained £683,000 to be repaid. The current annual repayment profile of £250,000 represents 8.3% of total income which poses a significant challenge.

To mitigate some of these pressures, the Trustees again elected not to implement the recommended national pay awards for both Teachers and Support staff. However, the Trust continues to comply with the national minimum wage and the School Teachers Pay and Conditions Document.

## **STRATEGIC REPORT (continued)**

### **Financial Notice to Improve**

LMAT was issued with a Financial Notice to Improve (FNtI) in August 2019 followed by a further and final FNtI in February 2021, which was lifted in February 2023. A copy of the FNtI can be accessed here:

[Financial notice to improve Lubavitch Multi-Academy Trust February 2021.pdf \(publishing.service.gov.uk\)](#)

The FNtI was lifted in February 2023 due to the following actions being successfully implemented –

- ◆ Submitted the Budget Forecast Returns on time
- ◆ Made repayments of the GAG advance per the agreed repayment plan
- ◆ Achieved a surplus budget in 2021/22
- ◆ Continued to improve financial systems and controls
- ◆ Developed action plans against the recommendations made by Internal and External Audit
- ◆ Increased financial oversight by the Trust Board
- ◆ Maintained a three-year rolling financial plan
- ◆ Set a robust reserves policy

### **Financial and risk management objectives and policies**

#### ***Reserves policy***

The Trustees have determined that the appropriate level of general reserves to be held for non-earmarked expenditure must equate to a minimum of one month's expenditure and should not exceed two months expenditure to provide sufficient working capital; contribution to capital and premises works and to provide a cushion for unexpected emergencies. Although an in-year underspend has been recorded this year, due to the historic financial challenges faced as well as the current economic factors impacting the Trust, the level of free reserves as defined by this policy will likely not be achieved for at least a few years once the ESFA loan repayment has been satisfied.

#### ***Investment policy***

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

## **STRATEGIC REPORT (continued)**

### **Financial and risk management objectives and policies (continued)**

#### ***Investment policy (continued)***

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

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

#### **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

The unrestricted fund balance at 31 August 2023 stands at a deficit of £678,000 (2022 – £708,000) which is in line with the Trust's financial recovery plan. The Academy Trust is in regular dialogue with the ESFA and is continuously reviewing progress against eliminating the historical deficit. While continued support from the ESFA is required in the form of the outstanding loan, there is nothing to suggest this facility will be withdrawn and the Trust has a robust financial plan to ensure it can meet this commitment going forward.

The Academy Trust monitors its cash flow projections and in December 2023 the ESFA agreed a pause on loan repayments from January 2024 to August 2024. The Academy Trust therefore remains on track with the repayment of the loan facility provided by the ESFA and is satisfied that with its financial viability and liquidity for at least 12 months from approving these financial statements.

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

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

The Trustees have authority for the running of each of its constituent schools, who in turn delegate authority to the Executive Headteacher, managing the Head of Schools, who are responsible for the internal organisation, management and control of the school on a day to day basis.

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

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

Overall responsibility for the fabric of the buildings belongs to the Lubavitch Foundation. The Trust works with the foundation to identify capital priorities and maintains a programme of ongoing maintenance. The Trust employs a Site Manager across all schools in the Trust who has day-to-day accountability for the general upkeep for the proportion of the premises that the schools occupy. In 22/23, there were three ongoing Capital Improvement Fund projects which have resulted in new windows throughout two of the schools in the MAT as well as a brand new heating system with three boilers, replacing the faulty old underfloor heating system, and a brand new water distribution system.

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

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

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

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

**Government funding**

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

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

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

## **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

### **Pupil Strategy**

One of the other significant risks to the Trust is the trend in declining pupils on roll. This has been a significant challenge over the past few years and presents an even greater challenge in light of the current financial position. During 2022/23 the Trust developed a robust marketing strategy to improve the image of the academies within the community. Championing the improvements made to the quality of education should have the desired effect of turning around the declining roll in.

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

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

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

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

### **FUNDRAISING**

The Trust is compliant with the recognised standards of fundraising set out in the Code of Fundraising Practice. Lubavitch Multi Academy Trust does not use professional fundraisers and there have been no complaints received by the Trust about fund raising activities carried out by the Trust in the year.

In 2022/23, a fundraising campaign was undertaken in partnership with the Lubavitch Educational Trust (LET) to raise funds for the Trust and the provision of Kodesh classes, provided by the LET. A total of circa £530,000 was raised of which £86,687 was transferred from the LET to the Trust. This funding was used for the purpose of contributing to the Capital Improvement Fund (CIF) projects.

All schools raise funds for a number of registered charities. These funds are raised through sponsorship and donations; there is no obligation for any child/parent to donate. All funds/donations collected are given to the relevant charity in a timely manner.

### **PLANS FOR FUTURE PERIODS**

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

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

## Trustees' Report Year to 31 August 2023

### PLANS FOR FUTURE PERIODS (continued)

Schools across the Trust employ professional support in the development of plans for submission to the Condition Improvement Fund (CIF) for the improvement of buildings where conditions are substandard. In 2023/24, the Trust is exploring new CIF applications as follows:

School	Project
Lubavitch Girls Primary School	Fire Safety
Lubavitch Girls Primary School	Electrical Safety
Lubavitch Junior Boys	Electrical Safety
Lubavitch Junior Boys	Flat and Pitched Roof

### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

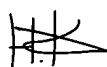
There are no funds held as Custodian Trustee on behalf of others.

### AUDITOR

In so far as the Trustees are aware:

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

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



Hadasa Korner

Chair of Trustees

Date: 22-12-2023



### **Scope of responsibility**

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

The Trust Board has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lubavitch Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

### **Governance**

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Daniel Dubov	3	4
Kevin Hogarth	4	4
Hadasa Korner	4	4
Sholem Sudak	4	4
Jan Tallis	2	3
Matthew Nyman	4	4
Joel Berman	4	4
Joanna Franklin	4	4

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

### **Conflicts of interest**

All trustees and staff who are involved in the procurement process must complete a pecuniary interest form. For staff these are filed and for trustees posted on the trust website.

All trustee meetings commence with a declaration of interest in any agenda items. Dependant on the nature of the item they may be excluded from the discussion.

### **Governance reviews**

No external review of governance was undertaken. However, the board has benefited greatly from having a National Leader of Governance as a board member. The capacity of the membership of the board remains strong is benefiting from broadening of the membership skills set as advised by a skills audit. Meetings display a high level of challenge and support based around a clear understanding of the role of trustees and a sound risk assessment register.

### Finance and Audit Committee

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

The Finance and Audit Committee has formally met 9 times during the period. Attendance during the period at meetings of the Finance and Audit Committee was as follows:

	Meetings attended	Out of a possible
Joel Berman (Chair)	9	9
Hadasa Korner	9	9
Sholem Sudak	6	9
Kevin Hogarth	7	9

### Review of value for Money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Lubavitch Multi Academy Trust for the period ended 31 August 2023 and up to the date of approval of the annual report and financial statements.

**The purpose of the system of internal control (continued)**

The Trust is continuing to develop its governance, financial reporting and internal control environment. New processes and controls continue to be introduced and, as a result, financial controls and oversight across the Trust continue to meet the requirements of the Academies Trust Handbook and resulted in the FNTI being lifted in the 2022/23 academic year.

The progress achieved in-year towards satisfying the conditions set out in the FNTI demonstrate the improvements made to date. The culture of the Trust is evolving to ensure that Governance and Financial Management are at the forefront of developing LMAT as a successful and sustainable Multi-Academy Trust.

**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. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period to 31 August 2023 and up to the date of approval of the annual report and financial statements.

**The risk and control framework**

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

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

**The risk and control framework (continued)**

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

To appoint an Internal Auditor, TIAA for a programme of internal audit during 2022/23. A full financial Internal Audit was carried out in summer 2023.

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

**Governance statement 31 August 2023**

As a beneficiary of the Capital Improvement Fund, in 2022/23 the Trust also benefitted from a School Resource Management Advisor visit. The resulting report provided the Trust with a series of recommendations in the area of financial management which the Trust has reviewed and will take forward in 2023/24.

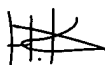
**Review of effectiveness**

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

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

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

Approved by order of the board of Trustees on 22/12/23 and signed on their behalf by:



Hadasa Korner  
Chair of Trustees



Judith Nemeth  
Accounting Officer

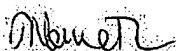
Approved on:  
22-12-2023

**Statement on regularity, propriety and compliance 31 August 2023**

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, including for estates safety and management, 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

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.



Judith Nemeth

Accounting Officer

Date: 22 December 2023

## Statement of Trustees' responsibilities 31 August 2023

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

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


- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP FRS 102 and the Academies Accounts Direction 2022 to 2023;
- ◆ 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 and signed on its behalf by:



Hadasa Korner, Chair of Trustees

Date: 22-12-2023

## **Independent auditor's report on the financial statements 31 August 2023**

### **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 year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 2019) and the Academies Accounts Direction 2022 to 2023.

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 2023 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 2019 and Academies Accounts Direction 2022 to 2023.

#### **Basis for opinion**

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

#### **Material uncertainty relating to going concern**

There is a material uncertainty relating to going concern for The Lubavitch Multi-Academy Trust. The financial statements for the year ended 31 August 2023 have been prepared by the Trustees on the going concern basis. In light of the unrestricted fund balance of a deficit of £678,000 which existed at 31 August 2023, 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.

## **Independent auditor's report on the financial statements 31 August 2023**

### **Material uncertainty relating to going concern (continued)**

Details of the circumstances relating to the Trustees' assessment of the going concern position is disclosed on page 11 of the Trustees' report, and as part of the principal accounting policies on pages 32 to 36. We bring these disclosures to the attention of the members in light of the balance sheet position as at 31 August 2023. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

### **Matters on which we are required to report by exception**

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



## **Independent auditor's report on the financial statements 31 August 2023**

### **Matters on which we are required to report by exception (continued)**

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

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

*Irregularities, including fraud, are instances of non-compliance with laws and regulations.* We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

**Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2022 to 2023, the Academy Trust Handbook 2022, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

**Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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](http://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.



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

22 December 2023

## **Independent reporting accountant's report on regularity 31 August 2023**

### **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 4 October 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lubavitch Multi-Academy Trust during the year to 31 August 2023 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 Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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

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

## Independent reporting accountant's report on regularity 31 August 2023

### Approach (continued)

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

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

22 December 2023

**Statement of financial activities (including income and expenditure account)**  
**Year ended 31 August 2023**

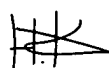
	Notes	Unrestricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2023 Total funds £'000	2022 Total funds £'000
<b>Income from:</b>						
Donations and capital grants	1	—	—	143	143	1,668
Charitable activities						
Funding for the Academy Trust's educational operations	2	—	3,025	—	3,025	3,163
Other trading activities	3	3	—	—	3	5
<b>Total</b>		<b>3</b>	<b>3,025</b>	<b>143</b>	<b>3,171</b>	<b>4,836</b>
<b>Expenditure on:</b>						
Charitable activities						
Academy Trust's educational operations	5	—	3,005	27	3,032	3,219
<b>Total</b>		<b>—</b>	<b>3,005</b>	<b>27</b>	<b>3,032</b>	<b>3,219</b>
<b>Net income before transfers</b>		<b>3</b>	<b>20</b>	<b>116</b>	<b>139</b>	<b>1,617</b>
Transfers between funds	14	27	(27)	—	—	—
<b>Net income for the year</b>		<b>30</b>	<b>(7)</b>	<b>116</b>	<b>139</b>	<b>1,617</b>
<b>Other recognised losses</b>						
Actuarial gains on defined benefit pension scheme	19	—	32	—	32	787
<b>Net movement in funds</b>		<b>30</b>	<b>25</b>	<b>116</b>	<b>171</b>	<b>2,404</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2022		(708)	(25)	1,961	1,228	(1,176)
<b>Total fund balances carried forward at 31 August 2023</b>	<b>14</b>	<b>(678)</b>	<b>—</b>	<b>2,077</b>	<b>1,399</b>	<b>1,228</b>

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

# **Balance sheet 31 August 2023**

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Fixed assets</b>					
Tangible fixed assets	10		1,747		291
<b>Current assets</b>					
Debtors	11	390		1,437	
Cash at bank and in hand		447		661	
		837		2,098	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	12	(752)		(453)	
<b>Net current assets</b>			85		1,645
<b>Total assets less current liabilities</b>			1,832		1,936
Creditors: amounts falling due after more than one year	13		(433)		(683)
<b>Net assets excluding pension scheme liability</b>			1,399		1,253
Pension scheme liability	19		—		(25)
<b>Total net assets</b>			1,399		1,228
<b>Funds of the Academy Trust</b>					
Restricted funds					
Fixed assets fund	14		2,077		1,961
Pension reserve	14		—		(25)
			2,077		1,936
Unrestricted funds					
General fund	14		(678)		(708)
<b>Total funds</b>			1,399		1,228

The financial statements on page 28 to 50 were approved by the Trustees, and authorised for issue on 22/12/2023 and are signed on their behalf by:



Hadasa Korner  
Chair of Trustees

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

# Statement of cash flows 31 August 2023

	Note	2023 £'000	2022 £'000
<b>Net cash flows from operating activities</b>			
Net cash provided by operating activities	A	588	23
<b>Cash flows from investing activities</b>	C	(577)	322
<b>Cash flows from financing activities</b>	B	(225)	(225)
<b>Change in cash and cash equivalents in the period</b>		<b>(214)</b>	<b>120</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents brought forward		661	541
<b>Cash and cash equivalents at 31 August 2023</b>	D	<b>447</b>	<b>661</b>

## A Reconciliation of net income to net cash provided by (used in) operating activities

	2023 £'000	2022 £'000
<b>Net income for the period (as per the statement of financial activities)</b>	<b>139</b>	<b>1,617</b>
<b>Adjusted for:</b>		
Depreciation charges	27	22
Capital grants from DfE and other capital income	(143)	(1,664)
Defined benefit pension scheme cost less contributions payable	5	150
Defined benefit pension scheme finance cost	2	12
Decrease/(increase) in debtors	284	(18)
Increase/(decrease) in creditors	274	(98)
Decrease in stock	—	2
<b>Net cash provided by Operating Activities</b>	<b>588</b>	<b>23</b>

## B Cash flows from financing activities

	2023 £'000	2022 £'000
Repayments of borrowing – ESFA loan	(225)	(225)
<b>Net cash used in financing activities</b>	<b>(225)</b>	<b>(225)</b>

## C Cash flows from investing activities

	2023 £'000	2022 £'000
Purchase of tangible fixed assets	(1,483)	(80)
Capital grants from DfE/ESFA	906	402
<b>Net cash (used in) provided by investing activities</b>	<b>(577)</b>	<b>322</b>



**Statement of cash flows 31 August 2023**

**D Analysis of cash and cash equivalents**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	<b>447</b>	661
<b>Total cash and cash equivalents</b>	<b>447</b>	661

**E Analysis of changes in net debt**

	<b>At 1</b>	<b>Cash</b>	<b>At 31</b>
	<b>September</b>	<b>flows</b>	<b>August</b>
	<b>2022</b>		<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash	661	(214)	<b>447</b>
	661	(214)	<b>447</b>
Loans	(908)	225	<b>(683)</b>
<b>Total</b>	<b>(247)</b>	<b>11</b>	<b>(236)</b>

## **Principal accounting policies 31 August 2023**

### **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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

### **Going concern**

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

The unrestricted fund balance at 31 August 2023 stands at a deficit of £678,000 (2022 – £708,000) and an action plan has been put into place to ensure that the Academy Trust can build its reserves going forward. The Academy Trust has a loan of £683,000 (2022 - £908,000) from the ESFA and is dependent on this cash flow support for its financial viability. The Academy Trust monitors its cash flow projections and in December 2023 the ESFA agreed a pause on loan repayments from January 2024 to August 2024. The Academy Trust therefore remains on track with the repayment of the loan facility provided by the ESFA and is satisfied that with its financial viability and liquidity for at least 12 months from approving these financial statements.

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

### **Income**

All income is 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.

**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.

***Charitable activities***

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

All expenditure is stated net of recoverable VAT.

### **Tangible fixed assets**

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

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to the applicable asset class.

- ◆ Long leasehold property 2% straight line
- ◆ ICT equipment 33% straight line
- ◆ Fixtures and fittings 20% straight line.

### **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 10. Prepayments are not financial instruments.

*Cash at bank* – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 11. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

### **Taxation**

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

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

**Fund accounting** (continued)

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 19, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## Notes to the Financial Statements Year to 31 August 2023

### 1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2023 Total funds £'000	2022 Total funds £'000
Capital grants	—	143	143	1,664
Other donations	—	—	—	4
<b>2023 Total funds</b>	<b>—</b>	<b>143</b>	<b>143</b>	<b>1,668</b>

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2022 Total funds £'000
Capital grants	—	1,664	1,664
Other donations	4	—	4
<b>2022 Total funds</b>	<b>4</b>	<b>1,664</b>	<b>1,668</b>

### 2 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
<b>DfE / ESFA revenue grants</b>				
General Annual Grant (GAG)	—	2,591	2,591	2,710
Other DfE / ESFA grants:				
Pupil Premium	—	35	35	34
Others	—	287	287	189
	—	2,913	2,913	2,933
<b>Other government grants</b>				
Local authority grants	—	84	84	168
	—	84	84	168
<b>Coronavirus additional funding (DfE/ESFA)</b>				
Recovery premium / Catch up premium	—	10	10	10
	—	10	10	10
Other income from the Trust's educational operations	—	18	18	52
<b>2023 Total funds</b>	<b>—</b>	<b>3,025</b>	<b>3,025</b>	<b>3,163</b>

The trust received £10,000 of recovery premium funding and costs incurred in respect of this funding totalled £10,000.

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

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
<i>DfE / ESFA revenue grants</i>			
General Annual Grant (GAG)	—	2,710	2,710
<i>Other DfE / ESFA grants:</i>			
Pupil Premium	—	34	34
Other DfE Group Grants	—	189	189
	<u>—</u>	<u>2,933</u>	<u>2,933</u>
<i>Other government grants</i>			
Local authority grants	—	168	168
	<u>—</u>	<u>168</u>	<u>168</u>
<i>Coronavirus additional funding (DfE/ESFA)</i>			
Catch up premium	—	10	10
	<u>—</u>	<u>10</u>	<u>10</u>
<i>Other income from the Trust's educational operations</i>	52	—	52
<b>2022 Total funds</b>	<u>52</u>	<u>3,111</u>	<u>3,163</u>

## 3 Other trading activities

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income from ancillary trading activities	3	—	3	5
<b>2023 Total funds</b>	<u>3</u>	<u>—</u>	<u>3</u>	<u>5</u>

## 4 Expenditure

	Non pay expenditure			2023 Total funds £'000	2022 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
<b>Charitable activities</b>					
Trust's educational operations					
Direct costs	1,640	27	406	2,073	2,077
Allocated support costs	336	317	306	959	1,142
<b>2023 Total funds</b>	<u>1,976</u>	<u>344</u>	<u>712</u>	<u>3,032</u>	<u>3,219</u>



Notes to the Financial Statements Year to 31 August 2023

4 Expenditure (continued)

		Non pay expenditure		
	Staff costs £'000	Premises £'000	Other costs £'000	2022 Total funds £'000
Charitable activities				
Trust's educational operations				
Direct costs	1,688	21	368	2,077
Allocated support costs	395	328	419	1,142
2022 Total funds	2,083	349	787	3,219

	2023 Total funds £'000	2022 Total funds £'000
Net income (expenditure) for the period includes:		
Depreciation	27	22
Fees payable to auditor		
Statutory audit	19	16
Other services	9	8

Included within expenditure are the following transactions:

	Total £'000	Individual items above £5,000 Amount £'000	Reason
Unrecoverable debts	30	0	n/a

5 Charitable activities – Academy Trust's educational operations

	2023 Total funds £'000	2022 Total funds £'000
Direct costs	2,073	2,077
Support costs	959	1,142
	3,032	3,219

	2023 Total funds £'000	2022 Total funds £'000
Analysis of support costs		
Support staff costs	336	395
Technology costs	56	74
Premises costs	317	328
Other support costs	204	284
Governance costs	46	61
Total support costs	959	1,142

## 6 Staff

### (a) Staff costs

At the beginning of 2021/22, the delivery of religious studies and associated staff transferred to the Lubavitch Kodesh Club who could access additional funding not available to the Trust. This has resulted in a significant reduction in staff numbers and costs. These costs are now included within non staff costs.

Staff costs during the period were:

	2023 Total funds £'000	2022 Total funds £'000
Wages and salaries	1,495	1,427
Social security costs	135	131
Pension costs	285	420
	<b>1,915</b>	<b>1,978</b>
Supply teacher costs	61	105
	<b>1,976</b>	<b>2,083</b>

### (a) Staff numbers

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

	2023 Total £'000	2022 Total £'000
<b>Charitable activities</b>		
Teachers	31	30
Administration and support	31	31
Management	3	2
	<b>65</b>	<b>63</b>

### (b) Higher paid staff

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

	2023 Total £'000	2022 Total £'000
£60,001 - £70,000	1	—
£70,001 - £80,000	1	1
£90,000 - £100,000	1	1

### (c) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £311,526 (2022 – £349,778).

## Notes to the Financial Statements Year to 31 August 2023

### 7 Trustees' remuneration and expenses

During the period from 1 September 2022 to 31 August 2023, no travel and subsistence expenses were reimbursed to Trustees (2022 - £nil).

Other related party transactions involving the Trustees are set out in note 20.

### 8 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.

### 9 Central services

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

- ♦ Executive Leadership
- ♦ Human resources;
- ♦ Financial services;
- ♦ Legal services; and
- ♦ Premises Costs
- ♦ ICT Licensing
- ♦ Administrative services.

For 2022/23, we operated on the basis of a GAG-pooling model, and all funds were retained centrally.

The actual amounts charged during the year were as follows:

	2023 £'000	2022 £'000
Lubavitch House School (Senior Girls)	99	30
Lubavitch Primary Girls	95	300
Lubavitch Primary Boys	146	30
	<b>340</b>	<b>360</b>

## Notes to the Financial Statements Year to 31 August 2023

### 10 Tangible fixed assets

	Building Improve ments £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	2022 £'000
<b>Cost/valuation</b>					
At 1 September 2022	208	41	18	55	322
Additions	1,463	—	10	10	1,483
Transfers	41	(41)	—	—	—
At 31 August 2023	1,712	—	28	65	1,805
<b>Depreciation</b>					
At 1 September 2022	7	—	5	19	31
Charge in year	4	—	4	19	27
At 31 August 2023	11	—	9	38	58
<b>Net book value</b>					
At 31 August 2023	1,701	—	19	27	1,747
At 31 August 2022	201	41	13	36	291

### 11 Debtors

	2023 £'000	2022 £'000
Trade debtors	30	70
VAT recoverable	85	44
Other debtors	14	13
Prepayments and accrued income	261	1,310
	390	1,437

### 12 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	413	101
Amounts due to the ESFA	250	225
Accruals and deferred income	89	127
	752	453
<b>Deferred income</b>		
Deferred income at 1 September 2022	52	52
Released during the year	(52)	(52)
Resources deferred in the year	29	52
Deferred income at 31 August 2023	29	52

Deferred income comprises amounts for Universal Infant Free School Meals received in advance of the autumn term 2023.

## Notes to the Financial Statements Year to 31 August 2023

### 13 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
<b>Loan maturity</b>		
In more than one year but not more than two years	250	250
In more than two years but not more than five years	183	433
	<b>433</b>	<b>683</b>

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

- ◆ £683,403 (2022: £908,403) advance of GAG from the ESFA, the loan will be repaid by 2025/2026 and is interest free.

In December 2023, the ESFA agreed a pause on the repayment of the loan facility from January 2024 to August 2024.

### 14 Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	2,591	(2,564)	(27)	—
Other DfE / ESFA grants					
Pupil Premium	—	35	(35)	—	—
Other grants	—	297	(297)	—	—
Local authority grants	—	84	(84)	—	—
Other	—	18	(18)	—	—
Pension reserve	(25)	—	(7)	32	—
<b>Total restricted funds</b>	<b>(25)</b>	<b>3,025</b>	<b>(3,005)</b>	<b>5</b>	<b>—</b>
<b>Restricted fixed asset funds</b>					
Capital grants	1,961	143	(27)	—	<b>2,077</b>
<b>Total restricted funds</b>	<b>1,961</b>	<b>143</b>	<b>(27)</b>	<b>—</b>	<b>2,077</b>
<b>Unrestricted funds</b>					
General funds	(708)	3	—	27	<b>(678)</b>
	<b>(708)</b>	<b>3</b>	<b>—</b>	<b>27</b>	<b>(678)</b>
<b>Total funds</b>	<b>1,228</b>	<b>3,171</b>	<b>(3,032)</b>	<b>32</b>	<b>1,399</b>

#### 14 Funds (continued)

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 2023. The transfer from GAG to unrestricted funds represents reimbursement of the unrestricted fund in relation to expenditure incurred in prior years that was eligible to be met from GAG.

###### *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 £678,000 (2022 - net deficit of £708,000) on restricted general funds (excluding pension reserve) plus unrestricted funds due to the net deficit balance transferred on conversion to an Academy Trust. The Trust is operating under a recovery plan with the ESFA and is working to improve its financial position.

##### **Comparative information**

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

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	2,710	(2,546)	(164)	—
Pupil Premium					
Catch-up Premium	—	44	(44)	—	—
Other DfE/ESFA Coronavirus	27	—	(27)	—	—
Other grants	—	189	(189)	—	—
Local authority grants	—	168	(168)	—	—
Pension reserve	(650)	—	(162)	787	(25)
	<u>(623)</u>	<u>3,111</u>	<u>(3,136)</u>	<u>623</u>	<u>(25)</u>
<b>Restricted fixed asset funds</b>					
Capital grants	319	1,664	(22)	—	1,961
<b>Total restricted funds</b>	<u>319</u>	<u>1,664</u>	<u>(22)</u>	<u>—</u>	<u>1,961</u>
<b>Unrestricted funds</b>					
General funds	(872)	61	(61)	164	(708)
	<u>(872)</u>	<u>61</u>	<u>(61)</u>	<u>164</u>	<u>(708)</u>
<b>Total funds</b>	<u>(1,176)</u>	<u>4,836</u>	<u>(3,219)</u>	<u>787</u>	<u>1,228</u>

#### 14 Funds (continued)

##### *Total funds analysis by academy*

The Academy trust operates on the basis of a GAG-pooling model, and all funds are retained centrally.

	2023 £'000	2022 £'000
Total funds before fixed asset and pension reserve	(678)	(708)
Restricted fixed asset reserves	2,077	1,961
Pension reserve	—	(25)
<b>Total funds</b>	<b>1,399</b>	<b>1,228</b>

The Academy Trust's net deficit (excluding the fixed asset fund and pension reserve) at 31 August 2023 was £678,000. The historical deficit is due to budget deficit transferred from the local authority on conversion and high staffing costs prior to the establishment of the Kodesh Club. The Trust continues to operate with an in-year surplus thus reducing the deficit.

#### 15 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 2023 £'000
Lubavitch House School (Senior Girls)	666	68	131	209	1,074
Lubavitch Girls' Primary	428	80	149	280	937
Lubavitch Junior Boys	412	119	123	318	972
Central services	71	130	2	(181)	22
<b>Total carried forward</b>	<b>1,577</b>	<b>397</b>	<b>405</b>	<b>626</b>	<b>3,005</b>

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2022 £'000
Lubavitch House School (Senior Girls)	683	89	168	158	1,098
Lubavitch Girls' Primary	406	113	104	485	1,108
Lubavitch Junior Boys	458	110	92	221	881
Central services	36	188	1	(115)	110
<b>Total carried forward</b>	<b>1,583</b>	<b>500</b>	<b>365</b>	<b>749</b>	<b>3,197</b>

## 16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2023 £'000
<b>Fund balances at 31 August 2023 are represented by:</b>				
Tangible fixed assets	—	—	1,747	1,747
Current assets	(678)	1,185	330	837
Current liabilities	—	(752)	—	(752)
Non-current liabilities	—	(433)	—	(433)
<b>Total net assets</b>	<b>(678)</b>	<b>—</b>	<b>2,077</b>	<b>1,399</b>

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2022 £'000
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	—	—	291	291
Current assets	(708)	1,136	1,670	2,098
Current liabilities	—	(453)	—	(453)
Non-current liabilities	—	(683)	—	(683)
Pension scheme liability	—	(25)	—	(25)
<b>Total net assets</b>	<b>(708)</b>	<b>(25)</b>	<b>1,961</b>	<b>1,228</b>

## 17 Capital commitments

At 31 August 2023, the Trust had capital commitments as follows:

	2023 £'000	2022 £'000
Contracted for but not provided in these financial statements	—	1,404
	—	1,404

## 18 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

## 19 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.



**19 Pension and similar obligations (continued)**

Prior to 31 August 2023, the latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022. A further valuation of the TPS, relating to the period ended 31 March 2020 was published in October 2023.

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

***Teachers' Pension Scheme***

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

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

***Valuation of the Teachers' Pension Scheme***

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The actuarial valuation of the TPS which applied during the year ended 31 August 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The latest actuarial valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

The employer's pension costs paid to TPS in the year amounted to £243,000 (2022 – £237,000).

## 19 Pension and similar obligations (continued)

### *Valuation of the Teachers' Pension Scheme (continued)*

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

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

### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year from 1 September 2022 to 31 August 2023 was £110,000 (2022 – £100,000), of which employer's contributions totalled £86,000 (2022 – £79,000) and employees' contributions totalled £24,000 (2022 – £21,000). The agreed contribution rates for future years are 32% for employers.

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

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

	At 31 August 2023	At 31 August 2022
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	3.45	3.35%
Rate of increase for pensions in payment / inflation	2.95	3.05%
Discount rate for scheme liabilities	5.20	4.25%
Inflation assumption (CPI)	2.95	3.05%

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 2023	At 31 August 2022
<i>Retiring today</i>		
Males	21.3	21.1
Females	24.2	23.6
<i>Retiring in 20 years</i>		
Males	22.6	22.5
Females	25.3	25.6

**19 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Sensitivity analysis		
Discount rate -0.1%	<b>20</b>	<b>24</b>
Mortality assumption - 1 year increase	<b>29</b>	<b>32</b>
CPI rate +0.1%	<b>20</b>	<b>23</b>

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

	<b>Fair value at 31 August 2023 £'000</b>	<b>Fair value at 31 August 2022 £'000</b>
Equities	<b>376</b>	<b>487</b>
Bonds	<b>247</b>	<b>173</b>
Property	<b>87</b>	<b>86</b>
Cash	<b>15</b>	<b>39</b>
<b>Total market value of assets</b>	<b>725</b>	<b>785</b>
<b>Present value of scheme liabilities</b>		
- Funded	<b>725</b>	<b>810</b>
<b>Deficit in the scheme</b>	<b>—</b>	<b>(25)</b>

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	<b>(91)</b>	<b>(229)</b>
Interest income	<b>35</b>	<b>13</b>
Interest cost	<b>(37)</b>	<b>(25)</b>
<b>Total operating charge</b>	<b>(93)</b>	<b>(241)</b>

**Analysis of pension finance income/(costs)**

Interest on pension liabilities	<b>37</b>	<b>25</b>
<b>Pension finance income/(costs)</b>	<b>37</b>	<b>25</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Brought forward	<b>810</b>	<b>1,392</b>
Current service cost	<b>91</b>	<b>229</b>
Interest cost	<b>37</b>	<b>25</b>
Employee contributions	<b>24</b>	<b>21</b>
Actuarial loss (gain)	<b>(229)</b>	<b>(852)</b>
Benefits paid	<b>(8)</b>	<b>(5)</b>
<b>At 31 August 2023</b>	<b>725</b>	<b>810</b>

## 19 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Changes in the fair value of the Trust's share of scheme assets:	2023 £'000	2022 £'000
Brought forward	785	742
Interest income	35	13
Actuarial gain	(22)	(65)
Employer contributions	86	79
Employee contributions	24	21
Benefits paid	(8)	(5)
<b>At 31 August 2023</b>	<b>900</b>	<b>785</b>
	2023 £'000	2022 £'000
Fair value of scheme assets at 31 August	900	785
Present value of defined benefit obligations at 31 August	(725)	(810)
Surplus (deficit) in the scheme as determined by the actuary	175	(25)
Adjustment recognised in actuarial gains to cap the scheme surplus*	(175)	—
Net defined benefit asset (liability)	—	(25)

*\*As the LGPS surplus is irrecoverable, recognition of the surplus on the balance sheet has been restricted to £nil. The adjustment of £175k has been offset against the overall actuarial gain for the year.*

## 20 Related party transactions

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

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

The Trust is recharged at cost for a proportion of its fair share usage for utilities and insurance based on the size of occupation by the Lubavitch Foundation, which provides the use of its premises at no cost to all the schools within the Academy Trust. The Trust is also recharged for its use of the swimming pool and catering facilities run by the Lubavitch Foundation. During the year, the Trust was recharged £137,972 for its proportion of the above costs (2022 - £128,979).

The academy trust conducted the above related party transactions in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurements procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

Notes to the Financial Statements Year to 31 August 2023

**21 Comparative statement of financial activities 31 August 2022**

	Notes	Un-restricted general fund £'000	Restricted general fund £'000	Restricted fixed assets fund £'000	2022 Total funds £'000
<i>Income from:</i>					
Donations and capital grants	1	4	—	1,664	1,668
<i>Charitable activities</i>					
Funding for the Academy Trust's educational operations	2	52	3,111	—	3,163
Other trading activities	3	5	—	—	5
<b>Total</b>		<b>61</b>	<b>3,111</b>	<b>1,664</b>	<b>4,836</b>
<i>Expenditure on:</i>					
<i>Charitable activities</i>					
Academy Trust's educational operations	5	61	3,136	22	3,219
<b>Total</b>		<b>61</b>	<b>3,136</b>	<b>22</b>	<b>3,219</b>
 <i>Net income before transfers</i>		 —	 (25)	 1,642	 1,617
Transfers between funds	13	164	(164)	—	—
<b>Net income for the year</b>		<b>164</b>	<b>(189)</b>	<b>1,642</b>	<b>1,617</b>
 <i>Other recognised losses</i>					
Actuarial gains on defined benefit pension scheme	19	—	787	—	787
 <i>Net movement in funds</i>		 164	 598	 1,642	 2,404
 <i>Reconciliation of funds</i>					
Total fund balances brought forward at 1 September 2021		(872)	(623)	319	(1,176)
<b>Total fund balances carried forward at 31 August 2022</b>	<b>13</b>	<b>(708)</b>	<b>(25)</b>	<b>1,961</b>	<b>1,228</b>