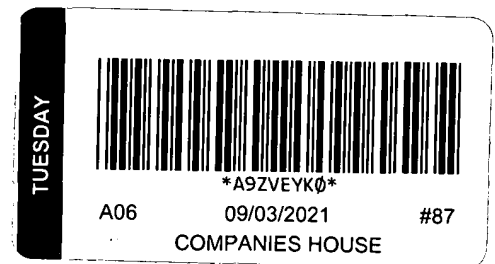


Company Registration No. 08550854 (England and Wales)

LOUND ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



LOUND ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of trustees' responsibilities	17
Independent auditor's report on the accounts	18 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities including income and expenditure account	23 - 24
Balance sheet	25
Statement of cash flows	26
Notes to the accounts including accounting policies	27 - 46

LOUND ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A Roy
J Grainger
T Gall

Trustees

J Grainger
S Liddell
A Roy (Chair)
E Bellamy
R Hanford (Resigned 30 September 2019)
M Wilson (Resigned 13 February 2020)
L Stallard
N Smalley
C Cotterill (Resigned 1 September 2020)
R Cottam (Resigned 1 September 2020)

Senior management team

- Headteacher/Accounting Officer	E Bellamy
- Infant Deputy Head	C Cotterill
- Junior Deputy Head/Accounting Officer	R Cottam*
- Business Manager	M Wilson

* Accounting Officer for the period 1 September 2019 to 31 August 2020

Company registration number

08550854 (England and Wales)

Registered office

Lound Junior School
Lound Side
Chapelton
Sheffield
S35 2UT

Academies operated

Lound Junior School
Lound Infant School

Location

Sheffield
Sheffield

Headteacher

E Bellamy
E Bellamy

Independent auditor

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Bankers

Lloyds Bank
14 Church Street
Sheffield
S1 1HP

Solicitors

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 2 primary academies in Chapeltown, Sheffield. Its academies have a combined pupil capacity of 420 and a roll of 374 in the school census on January 2020.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company was incorporated on 31 May 2013 and opened as academies on 1 July 2013. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Under the terms of the articles of association the Directors act as Trustees for the charitable activities of the Trust and are also Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Lound Academy Trust.

Details of the Directors/Governors who served throughout the period, and to the date these accounts are approved are included in the reference and administrative details on page 1.

Members' liability

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

Governors' indemnities

Governors' benefit from indemnity insurance purchased at the charitable company's expense to cover the liability of the Governors which, by virtue of any role of law, would otherwise attach to them in respect of negligence, default or breach of trust or breach of duty which they may be guilty in relation to the Academy Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Governors knew to be a breach of trust or a breach of duty, or which was committed by the Governors in reckless disregard to whether it was breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Governors in their capacity as directors of the charitable company. The limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of governors

The First Governors (Directors) were the people named in the incorporation documents. All further Governors were then appointed, the majority with a dual purpose as company directors. The Secretary of State may, in special circumstances, appoint such additional directors as he sees fit; to date there has been no such additions.

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Governance Constitution, during the year was made up as follows:-

Role	
Parent Directors	2
Community Directors	3
Staff Directors	2
Headteacher	1
Total	8
Parent Governors	4
Community Governors	1
Staff Governors	1
Total	6

Details of our Directors/Governors are available on our academy website: <http://www.loundacademy.co.uk/>

Policies and procedures adopted for the induction and training of Directors/Governors

We recognise the positive contribution that Directors/Governors can make to our organisation, when they have commitment, training and are given the opportunity to do so. We can, therefore, attract and retain people who have the experience, skills and desire to make a difference in their local community. The induction and training of new Directors/Governors is managed by the Chair of Directors and the Training and Development Director. A full programme is offered, this service being purchased from Learn Sheffield. Additionally, in-house training is also provided by educational consultants in specific areas, where there may be a gap in the knowledge.

Organisational structure

The Academy Trust has a single group of Directors/Governors. The Directors/Governors have appointed sub committees as follows:

- Resources: Finances, Staffing, Premises and H & S – (Finance & Resources)
- Standards: Achievement and Curriculum – (Data and Curriculum)
- Pupils, Parents, Community and Extended Schools – (People and Community)

Each of these committees has Terms of Reference which are reviewed and approved annually. The annual budgets are approved by the Finance & Resources sub-committee and Board of Directors prior to submission to the Education and Skills Funding Agency. The Board of Directors receive regular reports on budget spend via the Finance & Resources sub-committee. The Chair of Directors and the Chair of Finance & Resources sub-committee receive monthly management reports. The Senior Leadership Team comprising the Headteacher, two Deputy Headteachers and the Business Manager, manage the Academy and implement policies approved by the Directors/Governors.

The Headteacher fulfils the role of Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Academy is guided by the DfE's School Teachers' Pay and Conditions Document 2020 and Guidance on School Teachers' Pay and Conditions which is reviewed annually.

The Academy elected to continue to follow Sheffield City Council pay policies for Support Staff. Management staff are graded according to the relevant job description.

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees consider annually whether or not to increase the salary of members of the leadership group who have completed a year of employment since the previous pay determination and, if it determines to do so, to what salary within the relevant pay range determined in accordance with paragraphs 4.4 and, where applicable, 5.3 and 9.1' of the School Teachers' Pay and Conditions Document 2019 and Guidance on School Teachers' Pay and Conditions.

Matters pertaining to pay are within the remit of the Finance & Resources subcommittee.

The Individual School Range is determined by the number of pupils on the school register and Lound Academy falls into Group 3.

Related parties and other connected charities and organisations

Lound Academy Trust is not related to any parties or other Connected Charities and Organisations.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Lound Academy Trust, providing education to children of different abilities from the age of 4 to 11 years.

We are committed to providing high quality learning and teaching enabling all pupils to reach their full potential, regardless of age ability, gender or ethnicity.

We believe that each person is unique and we work together, in an inclusive environment of mutual respect and consideration, valuing everyone's contribution. We aim to ensure that every child is ready for their journey to secondary school, in order that they can take and play an active part in society.

Our academies are committed to safeguarding and promoting the welfare of pupils and adults, and we have a duty and responsibility to safeguard and promote the welfare of children.

Objectives, strategies and activities

School vision:

Together we inspire children.

Use our knowledge of how the brain learns best in order to plan where, what and how we teach. We will create learning environments that are both stimulating and comfortable.

Every child will leave our school achieving, with a bank of childhood memories, a positive self-image and a love of learning.

We will:

- Use our knowledge of how the brain learns best in order to plan where, what and how we teach. We will create learning environments that are both stimulating and comfortable.
- Break down learning into small steps that are at the right level and pace for every child.
- Focus on three key skills of life:
 - Deferred gratification
 - Maintained attention
 - Putting the needs of others first

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

In the school census on January 2020 there were 10 children (6.99%) on FSM at Lound Infant School and 18 children (7.79%) at Lound Junior School. This is well below the national average in state primaries of 17.3% (January 2020). The use of Pupil Premium funding is being carefully planned and evaluated to ensure the progress of these children is good.

Children are increasingly entering school at FS2 with speech and language needs. Therefore training and provision has been tailored to meet this.

The catchment area covers the East and West Ecclesfield Wards. The deprivation factor shows that school is in the lowest deprivation percentile. However, of the families who live in these wards only 13.7% adults had higher education and only 17.4% of families are higher social class households. 4.9% of families within these wards live in overcrowded households. In January 2014 we appointed a Family Support Worker to work across the Academy and support our most vulnerable families.

In May 2017 Lound Infant School was judged 'Good' in all areas and in July 2017 Lound Junior School was judged 'Good' in all areas by Ofsted.

Public benefit

The directors confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic report

Achievements and performance

Early Years Foundation Stage:

EYFS			
% reaching a Good Level of Development			
School 2018	School 2019	School 2020	National 2019
66%	71%	No data	72%

Phonics Screening

Phonics screening				
	School 2018	School 2019	School 2020	National 2019
Y1 test	85%	79%	No data	82%
Reaching standard by the end of Y2	93%	92%		91%

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Key stage 1 Y2 Teacher Assessments

End of KS1 data based on Y2 teacher assessments				
	School 2018	School 2019	School 2020	National 2019
Reading	EXS - 87% GD - 33%	EXS - 86% GD - 29%	No data	EXS - 75% GD - 25%
Writing	EXS - 80% GD - 26%	EXS - 78% GD - 17%		EXS - 69% GD - 15%
Maths	EXS - 89% GD - 29%	EXS - 83% GD - 20%		EXS - 76% GD - 22%

Key Stage 2 Y6 SATs

Attainment:

Y6 SATs Attainment at each level				
	School 2018	School 2019	School 2020	National 2019
Reading	EXS - 69% GD - 14% AScore - 103	EXS - 71% GD - 23% AScore - 105	No data	EXS - 73% GD - 27% AScore - 104
Writing	EXS - 80% GD - 17%	EXS - 80% GD - 26%		EXS - 78% GD - 20%
Maths	EXS - 44% GD - 5% AScore - 100	EXS - 84% GD - 30% AScore - 106		EXS - 79% GD - 26% AScore - 105
SpaG	EXS - 76% GD - 20% A.Score - 104	EXS - 84% GD - 43% A.Score - 107		EXS - 78% GD - 35% AScore - 106

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Y6 SATs			
Combined attainment in Reading, writing and Maths			
School 2018	School 2019	School 2020	National 2019
EXS - 34% GD - 0%	EXS - 66% GD - 12%	No data	EXS- 65% GD - 10%

KS1 & KS2 Progress

The means by which progress is measured is a direct comparison between end of KS1 and end of KS2 results. Progress measures of individual children, and of groups, are compared to national averages. For example, taking a SEND boy who achieved low scores at key stage 1. The question is, how do his End of KS2 results compare against children nationally with the same starting points? Does he make the same progress as other SEND boys nationally? Progress scores are therefore given where a score of 0 is expected progress, below 0 is less than expected progress and above 0 is more than expected progress.

Y6 SATs			
Progress from End of KS1 to End of KS2			
	School 2018	School 2019	School 2020
Reading	-2.3	- 1.5	No data
Writing	- 1.0	- 0.7	
Maths	- 4.4	+ 0.6	

Assessments have not taken place as scheduled due to Covid-19.

Key performance indicators

The Trust takes its responsibilities for managing resources very seriously and works within the guidance of the Academies Financial Handbook to ensure financial propriety and effective use and deployment of all resources. The financial performance of the academy is monitored by the Directors via regular meetings and the provision of monthly reports by the Business Manager and the Chair of Finance & Resources committee. Information is provided in such a way that it is concise, easy to understand and changes to budget are both highlighted and a commentary provided.

Performance indicators include:

- Spending has been made for the purpose it was intended
- No Director/Governor/employee has benefited personally from the use of these funds
- Payroll arrangements fully meet tax obligations
- There is probity in the use of public funds
- Competitive tendering is in place and applied
- Segregation of duties is satisfactory
- Regular comparisons of staffing numbers and pupil numbers take place

The trust is also subject to scrutiny from external organisations including the ESFA (via the Budget Forecast return, August Accounts return, Financial Management and Governance Self-assessment) and the local authority, with whom we still work closely on financial assurance.

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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 one year from the date of approval of the financial statements.

Lound Academy Trust has a strong carry forward surplus to take forward into the 2020/21 academic year, but as a result of falling pupil numbers, reduced funding, and rising costs within the education sector, Lound Academy Trust is forecasting to fall into an overall deficit position in the 2022/23 academic year.

Lound Academy Trust has demonstrated its resourcefulness by generating additional funds through fundraising activities throughout the last few years and hopes to be able to continue to have the same success over the next few academic years and improve that current forecasted deficit position.

The trustees are also investigating a range of options for collaborating with other trusts in order to manage and improve its financial position.

The board of trustees currently has an expectation that the academy trust will be able to continue in operational existence for the next 12 months, however there is some uncertainty given the forecasted future deficit and the trust's reliance on both the ability to generate additional funding and the continued support of the ESFA.

As the Academy is usually open to staff during holiday periods, a rise in energy costs wasn't noticeable as a result of COVID-19. The Academy did, however, see an increase in the cleaning budget of approx. £1,200 which we have been reimbursed for.

Wrap Around Care could not continue which resulted in a loss of income of £9,225. Going forward, more hours have been given to staff to cover the separate bubbles needed to reduce the spread of the virus.

Fundraising projects were not able to go ahead resulting in a loss of around £7,000.

Financial Review

Most of the Academy's income is received from the Education & Skills Funding Agency (ESFA), part of the Department for Education (DfE) in the form of recurrent grants, which is restricted for the use of educational purposes. Any ESFA funding received for fixed assets is shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets.

For the year ended 31 August 2020 the trust showed an in year deficit on unrestricted funds and restricted funds (excluding the restricted fixed asset fund and pension reserve) of £7,627 after transfers.

The trust has a carry forward balance of £183,358 (2019: £190,985) (excluding fixed asset funds and the pension reserve) for 20-21.

The restricted pension fund reserve is in deficit to the value of £2,139,000 (2019: £1,864,000) as at 31 August 2020. This deficit has primarily been inherited upon conversion to academy status and the governors will continue to monitor the situation closely.

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The Trust's policy is to assess the on-going financial needs of Lound Academy and ensure that there is sufficient provision via appropriate income streams. The overarching principle is that this year's funds are for the benefit of this year's pupils and that all grant funding is spent as needed. However, within this, there is an understanding that it is vital the prudent cost projections must be used to inform financial planning and close attention paid to support any renewals. Historic information is analysed and this informs the planning process.

The value of free reserves held at 31 August 2020 (being the balances in the unrestricted income fund and the GAG fund) was £183,358, which is in line with the reserves policy.

The value of the restricted fixed asset reserves at 31 August 2020 was £4,721,35 (2019: £4,860,647).

Please also refer to Lound Academy Trust's Capital and Revenue Reserves Policy, which can be found on our website.

Investment Policy

The investment objectives are:

- To achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn.
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

Please also refer to Lound Academy Trust's Investment Policy, which can be found on our website.

Principal risks and uncertainties

These include:

- Uncertainties in levels of funding
- Proposed changes to funding at national level
- Falling birth rate
- Parental choice
- Pension deficit
- Impact of inflation and other factors outside the control of the academies
- Financial impact of COVID-19

The Trust is mindful of all these and more and will ensure that these form part of our developing risk register on an on-going basis and the appropriate controls exist to minimise/mitigate any impact on the Trust.

The Governors have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the Academy. Systems or procedures have been established to manage those risks. The procedures include identifying the risk/potential risk, assessing them against a probability scale and identifying preventative and resilience measures. There are several systems in place to assess the risks that the academies face, particularly in operational areas, including teaching, health and safety, anti-bullying, ICT, safety and educational visits. Systems include vetting of new staff and visitors, monitoring and supervision of the school site and internal financial controls. These

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

systems are for the purpose of minimising risk. Where significant financial risk can still be identified, the Governors/Directors have ensured they have adequate insurance cover.

Fundraising

The approach to fundraising by Lound Academy is solely undertaken by the Academy itself and its group of volunteers, Friends of Lound Academy (FOLA) on behalf of the Academy, and does not use a professional fund-raiser or commercial participant. As such the Academy is not subject to, and therefore has not failed to comply with, an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the charity.

There have been no complaints received by the charity or a person acting on its behalf about activities by the charity or by a person on behalf of the charity for the purpose of fund-raising.

Lound Academy Fundraising is subject to a self-regulatory system which sets and enforces clear standards of conduct for fundraising. The standards, which have been developed to ensure that fundraising is open, honest and respectful, are set out in the Code of Fundraising Practice (<https://www.fundraisingregulator.org.uk/code-of-fundraising-practice/>).

Plans for future periods

The Trust will continue with our commitment to improve levels of achievement for all pupils, in line with our ethos of ensuring that all children reach their full potential. We understand what needs to be done to promote effective and sustainable school improvement and, in addition, we have a commitment to providing a broad and balanced curriculum in which attainments in Literacy and Numeracy are prioritised.

We will manage any estate and building refurbishments to provide extra space to enhance teaching and learning of pupils.

Other spending priorities include (some are dependent on successful grant awards):

- Activity trail and safety flooring at Lound Infants
- Electrical rewiring at the Infants
- New playground resurfacing at the Juniors.
- New fire alarm system at the Juniors
- Perimeter fencing at Juniors to further safeguard our children

Funds held as custodian trustees on behalf of others

Lound Academy Trust and its Governors do not act as the Custodian Trustees of any other Charity.

LOUND ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

Insofar 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.

Hart Shaw LLP, Chartered Accountants, having expressed their willingness to continue in office, will be deemed re-appointed for the next financial year.

Trustees' report, incorporating a strategic report, approved by order of the Governing Body, as the company directors, on 16 December 2020 and signed on its behalf by:



A Roy
Chair of Directors

LOUND ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Lound Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
J Grainger	5	5
S Liddell	5	5
A Roy (Chair)	5	5
E Bellamy	3	3
R Hanford (Resigned 30 September 2019)	0	0
M Wilson (Resigned 13 February 2020)	0	2
L Stallard	5	5
N Smalley	2	5
C Cotterill (Resigned 1 September 2020)	4	5
R Cottam (Resigned 1 September 2020)	4	5

The role of the Governing Body (which includes the Directors and Governors) of Lound Academy is to have strategic oversight of the Trust and monitor its business on behalf of its Members. This is carried out in accordance with the three core functions as set out in the Governance Handbook (<https://www.gov.uk/government/publications/governance-handbook>) as well as the requirements of Charitable Law and Companies House.

A key priority for the Board continues to be the monitoring and scrutiny of the budget to ensure the sustainability of the Trust in the longer term. Any major budget spend is questioned, and considerations around alternative uses and options are made for assurances that quality and standards of the offer are maintained and any risk and impact to our pupils' experiences, safety and outcomes is minimised.

The whole Governing Body have been identified against each objective within the School Improvement Plan. This ensures the priorities of the Academy retain their visibility with the Directors/Governors and focuses the engagement and involvement to meet these. Whilst some monitoring engagement took place during the early part of the 2020/21 academic year took place, the onset of Covid-19 from March 2020 changed the focus and support given from thereon. The immediate change was to move all face to face meetings to remote meetings, with combined governing body meetings focusing on supporting SLT through the pandemic.

LOUND ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

There are governance activities which remain constant and unchanged throughout the year, specifically the financial monitoring and support. The finance reports are regular and have enabled the Board to monitor and support any financial requests, and the resulting decisions have been supported by the auditors and external support agencies as demonstrating value for money. The Covid-19 pandemic has required some reprioritising and repurposing of budgets to ensure an ongoing safe and clean environment and to support the changes to resources in response to this situation. This activity will continue into the 2020/21 academic year. The focus for the coming year remains the same in terms of maintaining a steady and healthy financial position, and the end of year balance has demonstrated that the deficit has been well managed and that the Trust, in the current environment, is in an acceptable financial position.

The actions and findings from last years' Task and Finish groups identified that changes were needed to the Academy Trust, and the Board agreed to pursue the recommended change from September 2020. The Board agreed a plan to commence discussions and move ahead with the plan from September 2020.

Following the review of the previous academic year, the Governing Body structure remained the same with a targeted effort to recruit more individuals at the governor level. This was a successful exercise, with three new governors joining the infant local governing board and one new governor joining the junior governing board. This has expanded the skillset of the governing body which has supported the capacity of the board and roles and responsibilities.

With the support from an NLG sponsor, a review of the governing body took place towards the end of the 2019/20 academic year, including a whole governing body skills audit, with the findings of this review being presented to the Board in the form of a Positional Statement. This statement has been received by the Board of Directors and an action plan of the recommendations is being developed for implementation during the 2020/21 year.

The Chair of each Board meeting and Local Governing Body will continually monitor the effectiveness of its own performance against key measures, with an overall Governing Body review taking place at the end of the year.

The finance and resources committee formally met a further 2 times during the year and have therefore maintained an effective oversight of funds. Attendance at meetings of the Finance and Resources Committee in the year was as follows:

Trustees	Meetings attended	Out of possible
J Grainger	2	2
S Liddell	1	2
A Roy (Chair)	2	2
E Bellamy	1	2
M Wilson (Resigned 13 February 2020)	0	1
L Stallard	2	2
N Smalley	2	2
C Cotterill (Resigned 1 September 2020)	0	2
R Cottam (Resigned 1 September 2020)	1	2

Review of value for money

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

LOUND ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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:

- Maximising the budget by effective staff deployment, ensuring all staff have clear roles and responsibilities. Lound works closely with other schools in its locality to collaborate, share resources and staff expertise. This enables Lound to access high quality CPD at Lound and other schools for a reduced cost.
- Financial oversight and governance ensures, through regular monitoring by the Board of Trustees and its committees including the Finance and Resources sub-committee, that there is robust challenge of spending resulting in reduced costs of services to schools etc. Contracts are reviewed annually to ensure they are still fit for purpose.
- Increased income generation and fundraising has been a major focus throughout the year and this has supported the General Annual Grant.
- Covid 19 had a severe impact on income generation as our Summer and Winter fayres had to be cancelled. Fundraising has continued on a smaller scale however, with a greater emphasis on the generosity of the wider school community. The money raised is used to support the General Annual Grant.

The purpose of the system of internal control

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

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Hart Shaw LLP as internal auditor, for the 2019/20 financial year.

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

- testing of the receipt of income systems;
- testing of bank controls and reconciliation procedures;

LOUND ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Hart Shaw LLP reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

Due to Covid-19 restrictions, a full internal audit was unable to go ahead, therefore additional testing has been undertaken on the external audit to ensure all key risk areas have been covered.

Hart Shaw LLP has delivered its schedule of work as planned. After the internal audit, the auditors scheduled recommendations to improve the systems and controls in place, all of which are in the process of being implemented.

In accordance with the Academies Financial Handbook, to provide independence in the roles of Internal and External Auditor, the Trust has appointed Marriott Gibbs Rees Wallis Limited as its internal auditor from September 2020. The audit program will be driven by the trustees according to their evaluation of presenting risks to the Trust's operation.

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to ensure continuous improvement of the system is in place.

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



A Roy
Chair



E Bellamy
Accounting Officer

LOUND ACADEMY TRUST

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

As accounting officer of Lound Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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.



E Bellamy
Accounting Officer

16 December 2020

LOUND ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Lound Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



A Roy
Chair

LOUND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Lound Academy Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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.

Emphasis of matter

We draw attention to note 1 in the financial statements, which indicates that Lound Academy Trust is forecasting to make deficits in the 2020/21 and the 2021/22 academic years. As discussed in note 1, this indicates that a material uncertainty exists that may cast doubt on Lound Academy Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

Other than already disclosed in the emphasis of matter paragraph, we have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

LOUND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

LOUND ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOUND ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <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.



Hannah Jones (Senior Statutory Auditor)
for and on behalf of Hart Shaw LLP

17 December 2020
.....

Chartered Accountants
Statutory Auditor

Europa Link
Sheffield Business Park
Sheffield
S9 1XU

LOUND ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOUND ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter, and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lound Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Lound Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lound Academy Trust's funding agreement with the Secretary of State for Education dated 27 June 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- the review for any transactions requiring prior approval from the Secretary of State and ensuring approval has been received where required;
- confirming that the academy trust has not sought borrowings that contravene section 3.4 of the Handbook;
- reviewing for connected party transactions and ensuring the academy has complied with section 3.2 of the Handbook;
- reviewing committee meeting minutes for indications of irregular transactions; and
- carrying out systems and controls testing and considering the effectiveness of such controls.

LOUND ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LOUND ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Hart Shaw LLP

Reporting Accountant

Hart Shaw LLP
Europa Link
Sheffield Business Park
Sheffield
S9 1XU

Dated: *17 December 2020*

LOUND ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	-	-	22,579	22,579	208,854
Charitable activities:						
- Funding for educational operations	4	75,021	1,758,677	-	1,833,698	1,801,230
Other trading activities	5	10,683	-	-	10,683	55,718
Investments	6	443	-	-	443	787
Total		<u>86,147</u>	<u>1,758,677</u>	<u>22,579</u>	<u>1,867,403</u>	<u>2,066,589</u>
Expenditure on:						
Raising funds	7	2,801	-	-	2,801	5,018
Charitable activities:						
- Educational operations	8	40,862	1,899,109	158,549	2,098,520	2,175,514
Total	7	<u>43,663</u>	<u>1,899,109</u>	<u>158,549</u>	<u>2,101,321</u>	<u>2,180,532</u>
Net income/(expenditure)		42,484	(140,432)	(135,970)	(233,918)	(113,943)
Transfers between funds	17	(50,111)	53,432	(3,321)	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(188,000)	-	(188,000)	(475,000)
Net movement in funds		(7,627)	(275,000)	(139,291)	(421,918)	(588,943)
Reconciliation of funds						
Total funds brought forward		190,985	(1,864,000)	4,860,647	3,187,632	3,776,575
Total funds carried forward		183,358	(2,139,000)	4,721,356	2,765,714	3,187,632

LOUND ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Income and endowments from:					
Donations and capital grants	3	200	-	208,654	208,854
Charitable activities:					
- Funding for educational operations	4	104,945	1,696,285	-	1,801,230
Other trading activities	5	55,718	-	-	55,718
Investments	6	787	-	-	787
Total		<u>161,650</u>	<u>1,696,285</u>	<u>208,654</u>	<u>2,066,589</u>
Expenditure on:					
Raising funds	7	5,018	-	-	5,018
Charitable activities:					
- Educational operations	8	69,141	1,953,197	153,176	2,175,514
Total	7	<u>74,159</u>	<u>1,953,197</u>	<u>153,176</u>	<u>2,180,532</u>
Net income/(expenditure)		87,491	(256,912)	55,478	(113,943)
Transfers between funds	17	(71,483)	92,070	(20,587)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(475,000)	-	(475,000)
Net movement in funds		16,008	(639,842)	34,891	(588,943)
Reconciliation of funds					
Total funds brought forward		174,977	(1,224,158)	4,825,756	3,776,575
Total funds carried forward		<u>190,985</u>	<u>(1,864,000)</u>	<u>4,860,647</u>	<u>3,187,632</u>

LOUND ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13		4,666,742		4,807,252
Current assets					
Debtors	14	56,322		153,616	
Cash at bank and in hand		302,390		389,552	
		<u>358,712</u>		<u>543,168</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(120,740)		(298,788)	
Net current assets			<u>237,972</u>		<u>244,380</u>
Net assets excluding pension liability			<u>4,904,714</u>		<u>5,051,632</u>
Defined benefit pension scheme liability	21		(2,139,000)		(1,864,000)
Total net assets			<u><u>2,765,714</u></u>		<u><u>3,187,632</u></u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			4,721,356		4,860,647
- Pension reserve			(2,139,000)		(1,864,000)
Total restricted funds			<u>2,582,356</u>		<u>2,996,647</u>
Unrestricted income funds	17		<u>183,358</u>		<u>190,985</u>
Total funds			<u><u>2,765,714</u></u>		<u><u>3,187,632</u></u>

The accounts on pages 23 to 46 were approved by the trustees and authorised for issue on 16 December 2020 and are signed on their behalf by:

A Roy
Chair



Company Number 08550854

LOUND ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash used in operating activities	19		(92,145)		(116,258)
Cash flows from investing activities					
Dividends, interest and rents from investments		443		787	
Capital grants from DfE Group		22,579		208,654	
Purchase of tangible fixed assets		(18,039)		(82,165)	
Net cash provided by investing activities			4,983		127,276
Net (decrease)/increase in cash and cash equivalents in the reporting period			(87,162)		11,018
Cash and cash equivalents at beginning of the year			389,552		378,534
Cash and cash equivalents at end of the year			302,390		389,552

LOUND ACADEMY TRUST

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

1 Accounting policies

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

1.1 Basis of preparation

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

1.2 Going concern

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

Lound Academy Trust has a strong amount of funds to take forward into the 2020/21 academic year, however they are expected to make a deficit in both the 2020/21 and 2021/22 academic years.

The trustees are also in the process of investigating a range of options for collaborating with other trusts in order to manage and improve its financial position.

The board of trustees currently has an expectation that the academy trust will be able to continue in operational existence for the next 12 months, however there is some uncertainty given the forecasted future deficit and the trust's reliance on both the ability to generate additional funding and the continued support of the ESFA.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

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.

1.5 Tangible fixed assets and depreciation

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

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

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Depreciation is provided on all tangible fixed assets except for assets under construction, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Leasehold land & buildings	Over the lease term 125 years/30 years straight line
Assets under construction	Not depreciated
Computer equipment	33.3% straight line
Fixtures, fittings & equipment	10% straight line
Leasehold improvements	3.33% straight line

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

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 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. 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. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.10 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 and the assets are held separately from those of the academy trust.

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 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 funders where the asset acquired or created is held for a specific purpose.

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

2 Critical accounting estimates and areas of judgement

Accounting 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.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	22,579	22,579	208,654
Other donations	-	-	-	200
	-	22,579	22,579	208,854

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,519,880	1,519,880	1,516,106
Other DfE group grants	-	227,245	227,245	171,479
	-	1,747,125	1,747,125	1,687,585
Other government grants				
Local authority grants	-	11,552	11,552	8,700
Other funding				
Other incoming resources	75,021	-	75,021	104,945
Total funding	75,021	1,758,677	1,833,698	1,801,230

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Room hire	140	-	140	280
Cover for teachers	-	-	-	24,958
Support for other educational establishments	2,400	-	2,400	2,418
Fundraising	8,143	-	8,143	28,062
	<u>10,683</u>	<u>-</u>	<u>10,683</u>	<u>55,718</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	443	-	443	787
	<u>443</u>	<u>-</u>	<u>443</u>	<u>787</u>

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	-	-	2,801	2,801	5,018
Academy's educational operations					
- Direct costs	1,170,186	156,858	73,616	1,400,660	1,418,895
- Allocated support costs	448,808	77,923	171,129	697,860	756,619
	<u>1,618,994</u>	<u>234,781</u>	<u>247,546</u>	<u>2,101,321</u>	<u>2,180,532</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	8,900	9,785
- Other services	1,550	1,785
Operating lease rentals	3,552	3,504
Depreciation of tangible fixed assets	158,549	153,176
Net interest on defined benefit pension liability	32,000	35,000
	<u>164,551</u>	<u>193,255</u>

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Charitable activities

	2020 £	2019 £
Direct costs - Educational operations	1,400,660	1,418,895
Support costs - Educational operations	697,860	756,619
	<u>2,098,520</u>	<u>2,175,514</u>
	2020 £	2019 £
Analysis of support costs		
Support staff costs	448,808	444,338
Depreciation	1,691	2,604
Technology costs	9,514	9,514
Premises costs	76,232	104,396
Other support costs	148,688	183,079
Governance costs	12,927	12,688
	<u>697,860</u>	<u>756,619</u>

9 Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

10 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,156,926	1,172,436
Social security costs	91,573	88,971
Pension costs	361,072	307,827
Staff costs - employees	<u>1,609,571</u>	<u>1,569,234</u>
Agency staff costs	7,419	11,825
	<u>1,616,990</u>	<u>1,581,059</u>
Staff development and other staff costs	2,004	6,374
Total staff expenditure	<u>1,618,994</u>	<u>1,587,433</u>

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2020 Number	2019 Number
Teachers	19	19
Administration and support	38	40
Management	4	4
	<u>61</u>	<u>63</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2020 Number	2019 Number
Teachers	15	16
Administration and support	20	22
Management	4	4
	<u>39</u>	<u>42</u>

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	-	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £260,178 (2019: £273,491)

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

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

E Bellamy (Headteacher)

Remuneration £35,000 - £40,000 (2019: £65,000 - £70,000),

Employer's pension contributions paid £5,000 - £10,000 (2019: £10,000 - £15,000).

M Wilson (staff trustee)

Remuneration £20,000 - £25,000 (2019: 40,000 - £45,000),

Employer's pension contributions paid £nil - £5,000 (2019: £5,000 - £10,000).

C Cotterill (staff trustee)

Remuneration £55,000 - £60,000 (2019: £50,000 - £55,000),

Employer's pension contributions paid £10,000 - £15,000 (2019: £5,000 - £10,000).

R Cottam (staff trustee)

Remuneration £55,000 - £60,000 (2019: £50,000 - £55,000),

Employer's pension contributions paid £10,000 - £15,000 (2019: £5,000 - £10,000).

During the year no trustees received any reimbursed expenses.

12 Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the combined insurance policy.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

13 Tangible fixed assets

	Leasehold land & buildings	Leasehold improvements	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£	£
Cost						
At 1 September 2019	4,590,500	815,835	176,964	31,002	12,146	5,626,447
Additions	-	-	10,142	7,897	-	18,039
Cost transfer	-	187,106	(187,106)	-	-	-
At 31 August 2020	4,590,500	1,002,941	-	38,899	12,146	5,644,486
Depreciation						
At 1 September 2019	717,592	68,616	-	28,014	4,973	819,195
Charge for the year	122,246	33,399	-	1,691	1,213	158,549
At 31 August 2020	839,838	102,015	-	29,705	6,186	977,744
Net book value						
At 31 August 2020	3,750,662	900,926	-	9,194	5,960	4,666,742
At 31 August 2019	3,872,908	747,219	176,964	2,988	7,173	4,807,252

14 Debtors

	2020 £	2019 £
Trade debtors	955	1,500
VAT recoverable	5,871	13,412
Prepayments and accrued income	49,496	138,704
	56,322	153,616

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	36,023	99,437
Other taxation and social security	20,395	21,209
Other creditors	9,415	8,718
Accruals and deferred income	54,907	169,424
	120,740	298,788

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	35,781	53,686
Deferred income at 1 September 2019	53,686	52,273
Released from previous years	(53,686)	(52,273)
Resources deferred in the year	35,781	53,686
Deferred income at 31 August 2020	35,781	53,686

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals and monies received in advance for 20/21 school trips.

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	1,519,880	(1,573,312)	53,432	-
Other DfE / ESFA grants	-	227,245	(227,245)	-	-
Other government grants	-	11,552	(11,552)	-	-
Pension reserve	(1,864,000)	-	(87,000)	(188,000)	(2,139,000)
	<u>(1,864,000)</u>	<u>1,758,677</u>	<u>(1,899,109)</u>	<u>(134,568)</u>	<u>(2,139,000)</u>
Restricted fixed asset funds					
Transfer on conversion	3,872,909	-	(122,246)	-	3,750,663
DfE group capital grants	960,624	22,579	(34,993)	(3,321)	944,889
Capital expenditure from GAG	18,113	-	(977)	-	17,136
Private sector capital sponsorship	9,001	-	(333)	-	8,668
	<u>4,860,647</u>	<u>22,579</u>	<u>(158,549)</u>	<u>(3,321)</u>	<u>4,721,356</u>
Total restricted funds	<u>2,996,647</u>	<u>1,781,256</u>	<u>(2,057,658)</u>	<u>(137,889)</u>	<u>2,582,356</u>
Unrestricted funds					
General funds	<u>190,985</u>	<u>86,147</u>	<u>(43,663)</u>	<u>(50,111)</u>	<u>183,358</u>
Total funds	<u>3,187,632</u>	<u>1,867,403</u>	<u>(2,101,321)</u>	<u>(188,000)</u>	<u>2,765,714</u>

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

General Annual Grant

The General Annual Grant (GAG) funds have been spent in line with the terms of the Master Funding Agreement. Under this funding agreement, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ESFA grants

This includes Pupil Premium funding, Universal Infant Free School Meals (UFSM), Rates Relief, Teachers' Pay Grant (TPG) and the PE and Sports grant.

Pupil Premium funding is additional funding for the academy to support its disadvantaged pupils and close the attainment gap between them and their peers.

PE and Sports funding is funding for the academy to improve physical education (PE).

Universal Infant Free School Meals funding is for the provision of free schools meals to all pupils in reception, year 1 and year 2.

Teachers' Pay Grant provides funding for schools to support the teachers' pay award which came into effect 1 September 2018.

Teachers' Pension Employer Contribution Grant provides funding for schools to support the increase to teachers pensions which came into effect 1 September 2019.

Other government grants

Other government grants consist of high needs funding and banded funding.

High needs funding is to provide support and facilities for pupils with high needs.

Banded funding is to further support pupils with high levels of additional needs.

Other restricted funds

Other restricted funds is other funds received by the academy to be spent on specific projects.

Unrestricted funds

Unrestricted funds includes income from educational trips and activities, cover for teachers, hire of facilities and funds generated from the provision of academy staff to other educational establishments. This also includes any unspent amounts from the surplus of funds prior to conversion.

An amount of £50,111 has been transferred from unrestricted funds to restricted general funds to cover the excess of expenditure over income

Restricted fixed asset funds

Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of the academy.

A total of £3,321 (2019: £20,587) has been transferred from restricted fixed asset funds to restricted general funds to cover the repairs and maintenance costs from the Devolved Formula Capital as permitted by the Accounts Direction 2019 to 2020.

Pension reserve

The restricted pension fund is in deficit to the value of £2,139,000 (2019: £1,864,000). An element of this deficit has been inherited upon conversion to Academy status. The trustees will continue to monitor this situation closely.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	63,842	1,516,106	(1,672,018)	92,070	-
Other DfE / ESFA grants	-	171,479	(171,479)	-	-
Other government grants	-	8,700	(8,700)	-	-
Pension reserve	(1,288,000)	-	(101,000)	(475,000)	(1,864,000)
	<u>(1,224,158)</u>	<u>1,696,285</u>	<u>(1,953,197)</u>	<u>(382,930)</u>	<u>(1,864,000)</u>
Restricted fixed asset funds					
Transfer on conversion	3,995,155	-	(122,246)	-	3,872,909
DfE group capital grants	800,860	208,654	(28,303)	(20,587)	960,624
Capital expenditure from GAG	20,407	-	(2,294)	-	18,113
Private sector capital sponsorship	9,334	-	(333)	-	9,001
	<u>4,825,756</u>	<u>208,654</u>	<u>(153,176)</u>	<u>(20,587)</u>	<u>4,860,647</u>
Total restricted funds	<u>3,601,598</u>	<u>1,904,939</u>	<u>(2,106,373)</u>	<u>(403,517)</u>	<u>2,996,647</u>
Unrestricted funds					
General funds	<u>174,977</u>	<u>161,650</u>	<u>(74,159)</u>	<u>(71,483)</u>	<u>190,985</u>
Total funds	<u>3,776,575</u>	<u>2,066,589</u>	<u>(2,180,532)</u>	<u>(475,000)</u>	<u>3,187,632</u>
Total funds analysis by academy					
Fund balances at 31 August 2020 were allocated as follows:				2020 £	2019 £
Lound Infant School				84,767	96,530
Lound Junior School				98,591	94,455
Total before fixed assets fund and pension reserve				<u>183,358</u>	<u>190,985</u>
Restricted fixed asset fund				4,721,356	4,860,647
Pension reserve				(2,139,000)	(1,864,000)
Total funds				<u>2,765,714</u>	<u>3,187,632</u>

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Lound Infant School	517,387	183,726	16,840	134,266	852,219
Lound Junior School	652,799	265,082	18,336	154,336	1,090,553
	<u>1,170,186</u>	<u>448,808</u>	<u>35,176</u>	<u>288,602</u>	<u>1,942,772</u>

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Lound Infant School	471,101	201,475	21,045	201,358	894,979
Lound Junior School	671,994	242,863	21,575	195,945	1,132,377
	<u>1,143,095</u>	<u>444,338</u>	<u>42,620</u>	<u>397,303</u>	<u>2,027,356</u>

18 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	4,666,742	4,666,742
Current assets	186,590	107,543	64,579	358,712
Creditors falling due within one year	(3,232)	(107,543)	(9,965)	(120,740)
Defined benefit pension liability	-	(2,139,000)	-	(2,139,000)
Total net assets	<u>183,358</u>	<u>(2,139,000)</u>	<u>4,721,356</u>	<u>2,765,714</u>

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	4,807,252	4,807,252
Current assets	190,985	197,588	154,595	543,168
Creditors falling due within one year	-	(197,588)	(101,200)	(298,788)
Defined benefit pension liability	-	(1,864,000)	-	(1,864,000)
Total net assets	190,985	(1,864,000)	4,860,647	3,187,632

19 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(233,918)	(113,943)
Adjusted for:		
Capital grants from DfE and other capital income	(22,579)	(208,654)
Investment income receivable	(443)	(787)
Defined benefit pension costs less contributions payable	55,000	66,000
Defined benefit pension scheme finance cost	32,000	35,000
Depreciation of tangible fixed assets	158,549	153,176
Decrease/(increase) in debtors	97,294	(112,203)
(Decrease)/increase in creditors	(178,048)	65,153
Net cash used in operating activities	(92,145)	(116,258)

20 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	389,552	(87,162)	302,390

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 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 Mercer Limited. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £9,415 were payable to the schemes at 31 August 2020 (2019: £8,718) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £164,107 (2019: £112,233).

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

Under the definitions set out in FRS 102, the TPS is 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.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.3% to 19.5% for employers and 5.5% to 12.5% for employees.

The Academy Trust has entered into an agreement to make additional contributions in addition to normal funding levels. These amount to £2,500 for Lound Infant School and £3,192 for Lound Junior School, to be paid monthly during the period September 2020 to March 2021.

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

Total contributions made	2020 £	2019 £
Employer's contributions	135,000	129,000
Employees' contributions	27,000	28,000
Total contributions	162,000	157,000

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.65	3.35
Rate of increase for pensions in payment/inflation	2.50	2.20
Discount rate for scheme liabilities	1.80	1.80
Inflation assumption (CPI)	2.40	2.10

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

	2020 Years	2019 Years
Retiring today		
- Males	22.4	23.1
- Females	25.2	25.9
Retiring in 20 years		
- Males	23.9	25.3
- Females	27.1	28.3

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020 £'000	2019 £'000
Discount rate + 0.1%	-60	-58
Mortality assumption + 1 year	97	56
CPI rate + 0.1%	63	59
Pay growth + 0.1%	6	7

The academy trust's share of the assets in the scheme

	2020 Fair value £	2019 Fair value £
Equities	564,000	548,000
Government bonds	175,000	151,000
Other bonds	105,000	77,000
Cash/liquidity	43,000	34,000
Property	100,000	92,000
Other assets	204,000	149,000
Total market value of assets	1,191,000	1,051,000

The actual return on scheme assets was £3,000 (2019: £69,000).

Amount recognised in the Statement of Financial Activities

	2020 £	2019 £
Current service cost	188,000	142,000
Past service cost	-	51,000
Interest income	(20,000)	(26,000)
Interest cost	52,000	61,000
Administration expenses	2,000	2,000
Total operating charge	222,000	230,000

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations		(Continued)
Changes in the present value of defined benefit obligations		
	2020 £	2019 £
At 1 September 2019	2,915,000	2,145,000
Current service cost	188,000	142,000
Interest cost	52,000	61,000
Employee contributions	27,000	28,000
Actuarial loss	171,000	518,000
Benefits paid	(23,000)	(30,000)
Past service cost	-	51,000
At 31 August 2020	3,330,000	2,915,000
Changes in the fair value of the academy trust's share of scheme assets		
	2020 £	2019 £
At 1 September 2019	1,051,000	857,000
Interest income	20,000	26,000
Actuarial loss/(gain)	(17,000)	43,000
Employer contributions	135,000	129,000
Employee contributions	27,000	28,000
Benefits paid	(23,000)	(30,000)
Administration expenses	(2,000)	(2,000)
At 31 August 2020	1,191,000	1,051,000
22 Commitments under operating leases		
At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:		
	2020 £	2019 £
Amounts due within one year	664	2,024
Amounts due in two and five years	664	-
	1,328	2,024

23 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.

LOUND ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Members' liability

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