

Lunesdale Learning Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
07438425 (England and Wales)



QESudio

Lunesdale Learning Trust

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Lunesdale Learning Trust

Reference and Administrative Details

Members

T Power
R Snow
P Gregson (Appointed 13/03/ 2019)

Trustees

C Clarke
M Cunningham
S Elton-Chalcraft
S Lawrenson
S Nelson*
F Pearson* (Chair)
T Power*
R Shepherd*

* indicates member of the Audit & Finance Committee

Local Governors

E Ankers
T Barker
R Bingham
T Fell-Williams
F Frankland (Resigned 04/04/2019)
K Kerslake (Resigned 25/06/2019)
J Scott
D Tomlinson
P Weston

Company Secretary

A Johnson

Executive Team:

Chief Executive Officer
Headteacher of Queen Elizabeth School
Principal of Queen Elizabeth Studio School
Chief Operating Officer
Business Manager & Company Secretary

C Clarke
C O'Neill
A Wilkinson
S Holmes
A Johnson

Company Name

Principal and Registered Office

Lunesdale Learning Trust
Kirkby Lonsdale
Cumbria
LA6 2HJ

Company Registration Number

07438425 (England & Wales)

Lunesdale Learning Trust Reference and Administrative Details (continued)

Independent Auditor	Saint & Co Chartered Accountants Old Police Station Ambleside Cumbria LA22 0BT
Bankers	HSBC Bank plc, 1 Forest Green Caxton Road Fullwood Preston PR2 9LJ
Solicitors	Schofield Sweeny 76 Wellington Street Springfield House Leeds West Yorkshire LS1 2AY

TRUSTEES' ANNUAL REPORT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a director's report under company law.

Lunesdale Learning Trust (the trust), a multi academy trust, was formed on 16 May 2017 by converting the articles of association of Queen Elizabeth School, a single academy, formed in December 2010 to become a multi academy trust to allow the opening of a new Studio School in September 2017.

Queen Elizabeth School is an academy for pupils aged 11 to 18 in Kirkby Lonsdale. It had a roll of 1,158 in the 2019 autumn school census.

QEstudio School is a new school for pupils aged 14 to 18 in Kirkby Lonsdale. It had a roll of 305 in the 2019 autumn school census, with students in years 10, 11, 12 and 13.

Structure, Governance and Management**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Lunesdale Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Lunesdale Learning Trust.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1-2.

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 he/she ceases to be a member.

Trustees' Indemnities

The Trustees / Directors of the Academy are covered by indemnity insurance paid for by the trust.

Method of Recruitment and Appointment or Election of Governors

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The trustees who were in office at 31 August 2019, except where shown, B121 are listed on pages 1-2.

During the year under review the governors held 6 Full Local Governing Body meetings.

Arrangements to appoint new trustees are detailed in the articles of association. The number of trustees of the company shall not be less than 3.

The Members may appoint up to 9 Trustees.

The Academy Trust may also co-opt Trustees. The Trust may not co-opt an employee of the Academy Trust if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees, including the Chief Executive Officer.

Parent Trustees and Parent Local Governors shall be elected or, if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies, appointed (in accordance with the terms of reference determined by the Trustees from time to time). The elected or appointed Parent Trustees must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies at the time when he is elected or appointed. The elected (or, if the number of parents or individuals exercising parental responsibility standing for election is less than the number of vacancies, appointed) Parent Local Governors of the Local Governing Body must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies overseen by the Local Governing Body at the time when he is elected or appointed.

The number of Parent Trustees and Parent Local Governors required shall be made up by Parent Trustees and Parent Local Governors appointed by the Trustees if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at an Annual General Meeting.

TRUSTEES' ANNUAL REPORT (continued)**Policies and Procedures Adopted for Induction and Training of Trustees**

All new Trustees joining the academy trust complete an induction programme, including receipt of company documentation and a meeting with the Chair of Trustees and CEO.

Organisational Structure

The multi academy trust is owned, initially, by three Members. The Members role is to ensure that the Trustees run the company in line with its objects. The Board of Trustees retain overall responsibility for probity, finance, resources and standards for the Multi Academy Trust. The Board of Trustees have been selected based on a skills audit ensuring the Board benefits from a comprehensive mix of skills and experience.

The Officers of the Trust are the Chief Executive Officer, Chief Operating Officer and Company Secretary. The Chief Executive Officer is also the Accounting Officer.

In order to ensure positive communication between the Trust Board and the Trusts' Schools, an Executive Advisory Group has been convened. The Executive Advisory Group comprises the Headteachers of all schools within the Trust and the Trust's Officers. This group will report to the Board on all regulatory and performance requirements. They will also make recommendations to the Board about policies, delivery of central services, curriculum and budget requirements, prioritised development plans and proposals for capital investment and development.

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

The trustees have formed a Pay Committee that meets annually to review all staff salaries, including key management personnel.

Trade Union Facility Time

The Trust buys into the collective trade union facility arrangements, through Cumbria County Council. In the year, the cost was £6,912. Payment was made direct to Cumbria County Council. There were no trade union officials on the Trust staff in the year.

Related Parties and other Connected Charities and Organisations

The inaugural schools in the Lunesdale Learning Trust are both part of the South Lakes Federation of Schools and the South Lakes Rural Partnership.

The South Lakes Federation of Schools consists of 10 secondary schools, one further education college and one university who work collaboratively both strategically and operationally. Together they focus on

- professional development for teachers
- creating subject expertise
- broadening and improving 14 – 19 provision
- broadening and enriching experience for pupils
- improving the experience of specific pupil groups

The federation has impacted on teachers' professional development and support through such initiatives as: the formation of an enhanced federation CPD group of senior leaders; coordinated CPD programmes; school to school improvement; project based inter-school CPD at department/team level and; a co-ordinated system of school self-evaluation and peer review.

The federation has enhanced links between the schools and the local community through the establishment of strategic partnerships involving education business partnerships, the local business education consortium, the LA, HE and FE institutions and work based providers.

The South Lakes Rural Partnership consists of 30 primary schools and 6 secondary schools across the South Lakes area. The partnership exists to work collaboratively to the benefit of all those within its member organisations, to meet this end in a sustainable way and to deliver those objects in a positive and proactive way, taking affirmative actions.

TRUSTEES' ANNUAL REPORT (continued)

Objectives and Activities

Objects and Aims

The principal object and activity of the charitable company is the operation of Lunesdale Learning Trust to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education.

To this end, the aims of the trust are:

- To develop schools which believe in an education founded on values, the development of the whole person, the worth of all types of learning, respect for all individuals, the importance of strong communities and the power of mutual support
- To develop schools which aspire to an excellence which is not constrained by national accountability strictures
- To develop a Trust context in which schools feel safe, supported, encouraged and appreciated
- To develop schools which refuse to accept inadequate standards in any respect
- To develop an ethos in which schools work together to support one another
- To offer excellent value for money for business and financial services and to direct as much resource as possible to achieving educational outcomes
- To build structures and systems which promote excellent education support, quality professional development and appropriate curriculum opportunities
- A staff who are committed, motivated, caring and able to meet the school curriculum requirements
- Resources that match the needs of the children and the school as fully as possible, Communications with parents which are open, effective and timely

Objectives, Strategies and Activities

The joint development plan priorities for the year 2019-2020 for Queen Elizabeth School and QEstudio School, the two inaugural schools in the Lunesdale Learning Trust are:

1) Standards:

To establish effective teams, systems and structures with the additional buildings and relocations to enable the highest possible standards in all areas across the Trust;

E.g. – leadership in all areas, logistics of day to day routines, consistency of standards and key messages, safeguarding and site security, meeting schedules

2) Development:

To establish a 3 year Strategic Plan for creating a dynamic Professional Learning Community across the Trust with high quality CPD and Performance Management and begin its implementation

3) Systems:

To implement a new and effective Management Information System (Bromcom) across the schools successfully

4) Teaching and Learning:

To develop the use of effective engagement strategies for all pupils, including effective questioning and real time feedback.

To improve the quality and efficacy of homework

To achieve consistency in high standards of behaviour for learning in all lessons

5) Curriculum:

To review the curriculum at all three Key Stages in readiness for changes for 2020. E.g.:

- Intent, Implementation and Impact – across the LLT
- Personal Development provision
- Structure of the week – impact of strategic decisions on a child's week, learning and well-being
- Range of courses available
- Preparing for Collaborative Planning Time and implications on staff workload

Public Benefit

In setting objectives and planning activities the governors have given consideration to the Charity Commission's general guidance on public benefit. The public benefit is providing education in accordance with the Principal Activities detailed above, and additionally in providing access to school facilities to local community groups and adult education

TRUSTEES' ANNUAL REPORT (continued)

Strategic Report

Achievements and Performance and Key Performance Indicators

Queen Elizabeth School has completed its ninth year of operation as an Academy, and continues to achieve the forecast numbers of students. QEstudio School has now completed its second year of operation. Total students in the period ended 31st August 2019 numbered 1,158 in Queen Elizabeth School and 305 in QEstudio. Queen Elizabeth School has a full complement in all year groups. QEstudio School has students in years 10 to 13 only.

Examination results for 2019 were pleasing.

At GCSE the percentage of grades at 9 to 4 (A* to C) was 77% for Lunesdale Learning Trust, compared to a national figure of 67.1%. This was consistent with the 2018 results of 81.8%. The percentage of pupils who obtained a standard pass (4+) in English and Maths was 69.9% for the Lunesdale Learning Trust and the percentage of pupils who obtained a strong pass (5+) in English and Maths was 43.8%. The number of high grades (9/8/7) was 24.1% for Lunesdale Learning Trust compared with a national average of 20.7%.

Overall an ALPS score for the Lunesdale Learning Trust of 4 was achieved, with a three year T Score of 3. 55% of pupils achieved A* to B which was consistent with the 2018 data.

Pupils' attendance is very high with an overall absence rate for the Trust of 5.87%. Attendance for Queen Elizabeth School is 95.22%. Attendance for QEstudio School is 92.88%.

Reserves management produced investment return of £9,890

Our continued participation in system leadership and collaborative activities offset the cost of skilled operational staff, generating a total contribution of £123,118

Through the continued diligence of the finance committee and executive team, our outturn in year 2018/19 bettered budget by £141,174

Going Concern

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

TRUSTEES' ANNUAL REPORT (continued)**Financial Review****Financial Report for the Period**

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2019, total restricted general expenditure of £8,401,127 was more than the grant funding from the DfE together with other incoming resources totalling £8,146,370. The excess of restricted general expenditure over income for the year, after transfers, (excluding the pension deficit transferred and the pension fund movements) was £174,742. The in-year deficit including restricted and unrestricted funds for the year, after transfers, was £230,149.

At 31 August 2019 the net book value of fixed assets was £19,830,969 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial Position

The academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £417,230. Included in these reserves there are designated School Funds of £100,557 leaving £316,673 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £20,243,155 and a restricted general funds deficit of £5,137,536. This deficit is a result of the Local Government Pension Scheme liability acquired on conversion to an Academy of £1,264,000 and together with movements since conversion amounting to £3,914,000 the total pension provision of £5,178,000 has been offset against the restricted General Annual Grant.

Reserves Policy

The governors, via the work of their Risk and Audit Committee, regularly monitor on-going and projected levels of reserve, ensuring these are adequate for the continued operation of the academy. This monitoring process takes into account shifts in local and national funding policies and developments as well as material expenditure requirements.

The free reserves held are £417,230 being the unrestricted funds. These are made up of the COIF investments of £45,762, various school funds totalling £54,795 and general funds of £316,673. The fund in deficit is the LGPS pension scheme, details of which are given in note 28. The total funds at 31st August 2019 are £15,522,849. Tangible fixed assets of £19,830,969 are held for use by the academy and can only be realised by the disposal of these assets.

Investment Policy

Governors maintain a policy of judicious investment, assessing all available opportunities to maximise return on public assets, whilst minimising exposure to risk. Funds are placed in ethical investments wherever possible.

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement with ESFA guidance. Details of restricted funds are shown in note 22 and 23 of the accounts.

Plans for Future Periods

The Academy will continue to strive to improve the provision of 'quality experiences' to all members of the school community and at all levels.

TRUSTEES' ANNUAL REPORT (continued)

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.

Saint and Co have been appointed as auditors and they are willing to continue in office and a resolution to appoint them will be proposed at the next meeting.

The trustees report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on and signed on the boards its behalf by:

Mr Fenner Pearson (Chair)

GOVERNANCE STATEMENT

Scope of Responsibility

As trustee, we acknowledge we have overall responsibility for ensuring that Lunesdale Learning 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 Chief Executive Officer, Mr Clarke, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Lunesdale Learning Trust and the Secretary of State for Education. He is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees’ Report and in the Statement of Trustees’ Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
F Pearson (Chair)	5	6
C Clarke	5	6
M Cunningham	5	6
S Elton-Chalcraft	4	6
W S Lawrenson	5	6
S Nelson	4	6
T Power	6	6
R Shepherd	4	6

The Finance, Audit & Risk Committee was a sub-committee of the Board of Trustees. Its purpose was to review the Schools’ financial statements, closely monitor budget performance and ensure the effectiveness of internal finance and control systems. This met 7 times during the year.

Trustee	Meetings attended	Out of a possible
C Clarke (CEO and Accounting Officer)	7	7
S Nelson	5	7
F Pearson	5	7
T Power	7	7
R Shepherd	7	7

GOVERNANCE STATEMENT (continued)**Review of Value for Money**

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

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

- Seeking continuous improvement in standards, progress and outcomes within the confines of existing budgets. This has been achieved through punctilious monitoring and management of pupils, staff and data by the Executive team.
- Active pursuit of Best Value. Ensuring that all procurement and service provision is aligned at every level to our stated aims and strategies.

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 Lunesdale Learning Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the board of trustees have appointed Saint & Co the external auditor, to perform additional checks which are carried out twice a year. In particular the checks carried out in the period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations

In addition to the above the Chair of Finance, Audit and Risk Committee reviews the detailed working of accounts, forecast and budget preparation on a monthly basis.

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

The committee’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 include:

- A thorough review of the collation of budget information for the Multi Academy Trust and the composition of forecast information. This detailed analysis has led to an improved schedule for adoption of annual budgets by the governing body.
- A review of systems and procedures for provision of financial management information to internal budget holders. This has resulted in a more stringent monitoring schedule and improved definition of internal recharges.
- A detailed analysis of the segregation of funds for governor’s management accounting purposes. This has resulted in revised and improved reporting papers.

The Finance, Audit and Risk Committee reports to the Board of Trustees via the Chair of Finance, Audit and Risk Committee on the operation of the systems of control and on the discharge of the board of trustees’ financial responsibilities.

Review of Effectiveness

As Accounting Officer, the CEO 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 Finance Committee
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Chief Operating Officer of the Lunesdale Learning Trust

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Risk and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

Mr Fenner Pearson
Chair of Trustees

Mr Chris Clarke
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Lunesdale Learning 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 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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.

Mr Chris Clarke
Accounting Officer

Date: _____

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 the financial statements may differ from legislation in other jurisdictions.

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

Mr Fenner Pearson
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUNESDALE LEARNING TRUST**

OPINION

We have audited the financial statements of Lunesdale Learning Trust for the year ended 31 August 2019 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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.
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

BASIS FOR OPINION

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

CONCLUSION RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

Lunesdale Learning Trust
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LUNESDALE LEARNING TRUST (CONTINUED)

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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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the 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 (set out on page 13), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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.

Mr Ian Thompson (Senior Statutory Auditor)

For and on behalf of
Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: _____

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LUNESDALE LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lunesdale Learning Trust during the period 01 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

RESPECTIVE RESPONSIBILITIES OF LUNESDALE LEARNING TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Lunesdale Learning Trust's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 01 September 2018, 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 2018 to 2019. 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 01 September 2018 to 31 August 2019 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 2018 to 2019 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO LUNESDALE LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(continued)**

The work undertaken to draw our conclusion includes:

- the Financial Management & Governance Evaluation (FMGE) was obtained;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual payments for staff have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governor's declaration of interests.

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 01 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

USE OF OUR REPORT

This report is made solely to the Lunesdale Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Lunesdale Learning 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 Lunesdale Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Mr Ian Thompson (Reporting Accountant)

For and on behalf of
Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station, Church Street, Ambleside, Cumbria, LA22 0BT

Date: _____

**Statement of Financial Activities
for the year ended 31 August 2019
(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	23,185	8,787	5,846,206	5,878,178	691,019
Charitable activities:						
Funding for the academy trust's educational operations	4	428,510	8,068,583	-	8,497,093	8,424,206
Teaching Schools	31		69,000		69,000	32,233
Other trading activities	5	150,497	-	-	150,497	121,737
Investments	6	4,807	-	-	4,807	3,683
Total income		606,999	8,146,370	5,846,206	14,599,575	9,272,878
Expenditure on:						
Raising funds	7,8	(62,769)	-	-	(62,769)	(47,317)
Charitable activities:						
Academy trust educational operations	7,9	(521,841)	(8,337,676)	(1,297,977)	(10,157,494)	(9,812,869)
Teaching Schools	31		(61,731)		(61,731)	(57,593)
Other	10	-	-	-	-	(1,250)
Total expenditure		(584,610)	(8,399,407)	(1,297,977)	(10,281,994)	(9,919,029)
Unrealised gains on investments	11	2,819			2,819	1,908
Net income / (expenditure)		25,208	(253,037)	4,548,229	4,320,400	(644,243)
Transfers between funds	13	(400,810)	78,295	322,515	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	28	-	(1,651,000)	-	(1,651,000)	659,000
Net movement in funds		(375,602)	(1,825,742)	4,870,744	2,669,400	14,757
Reconciliation of funds						
Total funds brought forward		792,832	(3,311,794)	15,372,411	12,853,449	12,838,692
Total funds carried forward		417,230	(5,137,536)	20,243,155	15,522,849	12,853,449

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Statement of Financial Position as at 31 August 2019

Company Number

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	17		19,830,969		15,323,017
Investments	18		45,762		42,865
			<u>19,876,731</u>		<u>15,365,882</u>
Current assets					
Stock	19	5,446		5,296	
Debtors	20	1,070,512		852,171	
Cash at bank and in hand		656,637		488,079	
		<u>1,732,595</u>		<u>1,345,546</u>	
Liabilities					
Creditors: Amounts falling due within one year	21	(908,477)		(518,977)	
Net current assets			<u>824,118</u>		<u>826,569</u>
Total assets less current liabilities			<u>20,700,849</u>		<u>16,192,451</u>
Net assets excluding pension liability			<u>20,700,849</u>		<u>16,192,451</u>
Defined benefit pension scheme liability	28	(5,178,000)		(3,339,000)	
Total net assets			<u>15,522,849</u>		<u>12,853,451</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	22	20,243,155		15,372,412	
Restricted income fund	22	40,464		27,205	
Pension reserve	22	(5,178,000)		(3,339,000)	
Total restricted funds			<u>15,105,619</u>		<u>12,060,617</u>
Unrestricted income funds	22		<u>417,230</u>		<u>792,834</u>
Total funds			<u>15,522,849</u>		<u>12,853,451</u>

The financial statements were approved by the board of trustees and authorised for issue on and are signed on behalf of the board by:

Mr Fenner Pearson
Chair of Trustees

Mr Chris Clarke
Accounting Officer

Statement of Cash Flows for the year ended 31 August 2019

	2019	2018
	£	£
Cash flows from operating activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	4,320,400	(644,243)
Adjusted for:		
Income from investments	(304)	(260)
Interest receivable	(4,503)	(3,423)
Unrealised gain on investment	(2,819)	(1,908)
Depreciation charges	474,331	472,883
Loss on disposal of tangible fixed assets	-	1,250
Capital grants from DfE and other capital income	(1,071,810)	(664,499)
Donation of Studio School from the ESFA	(4,774,396)	-
Defined benefit pension scheme cost less contributions payable	89,000	123,000
Defined benefit pension scheme finance cost	90,000	91,000
Defined benefit pension scheme administration expenses	9,000	8,000
(Increase)/decrease in stocks	(150)	242
(Increase)/decrease in debtors	(218,341)	(32,753)
Increase/(decrease) in creditors	389,498	(95,589)
Net cash provided by / (used in) Operating Activities	(700,094)	(746,300)
Cash Flows from Investing Activities		
Dividends, interest and rents from investments	4,729	3,649
Purchase of tangible fixed assets	(207,887)	(776,727)
Capital grants from DfE/ESFA	1,071,810	569,499
Capital funding received from sponsors and others	-	95,000
Net cash provided by / (used in) investing activities	868,652	(108,579)
Change in cash and cash equivalents in the reporting period	168,558	(854,879)
Cash and cash equivalents at 1 September 2018	488,079	1,342,958
Cash and cash equivalents at the 31 August 2019	656,637	488,079
Analysis cash and cash equivalents	At 31 August	At 31 August
	2019	2018
	£	£
Cash in hand and at bank	656,637	488,079
Total cash and cash equivalents	656,637	488,079

Notes to the Financial Statements for the period ended 31 August 2019

1 Statement of Accounting Policies

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

General Information

The academy trust is a public benefit entity and a private company limited by guarantee, registered in England and Wales and is an exempt charity. The address of the registered office is Lunesdale Learning Trust, Kirkby Lonsdale, Cumbria, LA6 2HJ, United Kingdom.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Basis of Preparation / Statement of Compliance

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 Statement of Financial Position. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

The academy trust has benefited from the ESFA's Free School Programme. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement.

- **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.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Donated fixed assets**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)**Expenditure**

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

Tangible Fixed Assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. If items are individually less than £250 they are expensed in the year of purchase.

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 Statement of Financial Position at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Statement of Financial Position. 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.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Freehold Buildings – straight line over economic life (ranging from 6 to 56 years)
- Furniture and Equipment – 10% straight line
- Plant and Machinery – straight line over economic life (ranging from 4 to 27 years)
- Information communications and technology equipment – 25% straight line

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Notes to the Financial Statements for the year ended 31 August 2019 (continued)**Investment assets and Income**

Investment income is accounted for in the period in which the charity is entitled to receipt.

Investments are stated at market value. Income from investment is recognised on an accruals basis. Unrealised gains and losses are recognised in the statement of financial activities as they arise.

Stock

Catering stock and stationery stock are measured at the lower of cost and estimated selling price less costs to complete and sell.

Liabilities

Liabilities are recognised when there is an obligation at the Statement of Financial Position 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.

Provisions

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

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

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at fair value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 21. 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.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust uses up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balances held are disclosed in the agency arrangements note. The unused funds at the period end are included as a liability in the Statement of Financial Position in other creditors.

Taxation

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

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

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Pensions Benefits

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

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

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

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with ESFA guidance.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pensions 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 2019. 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.

The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuer's report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Capital grants		1,071,810	1,071,810	569,499
ESFA Free School Programme		4,774,396	4,774,396	-
Other donations			-	95,000
Miscellaneous donations	23,185	8,787	31,972	26,520
	<u>23,185</u>	<u>8,787</u>	<u>31,972</u>	<u>26,520</u>
		<u>5,854,993</u>	<u>5,878,178</u>	<u>691,019</u>

The income from donations and capital grants was £5,574,273 (2018: £691,019) of which £23,185 was unrestricted (2018: £19,084), £8,787 was restricted (2018: £7,435) and £5,542,301 was restricted fixed assets (2018: £446,499).

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General Annual Grant (GAG)	-	7,422,891	7,422,891	7,244,813
Pupil Premium	-	132,373	132,373	121,181
Other DfE/ESFA grants	-	37,439	37,439	53,313
	<u>-</u>	<u>7,592,703</u>	<u>7,592,703</u>	<u>7,419,307</u>
Other Government grants				
Pupil Premium	-	4,980	4,980	3,853
Local authority grants	-	61,542	61,542	60,907
Other Government grants	-	181,641	181,641	150,000
Special Educational Projects	-	200	200	3,360
	<u>-</u>	<u>248,363</u>	<u>248,363</u>	<u>218,120</u>
Trip income		158,303	158,303	279,571
Catering income	387,681	-	387,681	395,910
Other income		43,698	43,698	55,307
School fund	40,829	25,516	66,345	55,991
	<u>428,510</u>	<u>8,068,583</u>	<u>8,497,093</u>	<u>8,424,206</u>

The income from funding for the Academy Trust's educational operations was £8,497,093 (2018: £8,424,206) of which £428,510 was unrestricted (2018: £434,439) and £8,068,583 restricted (2018: £7,989,767).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

5 Other Trading activities

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Hire of facilities	4,815	-	4,815	935
Sports lettings	34,154	-	34,154	10,832
Catering	22,973	-	22,973	34,992
Consultancy	88,555	-	88,555	74,978
	<u>150,497</u>	<u>-</u>	<u>150,497</u>	<u>121,737</u>

The income from other trading activities was £150,497 (2018: £121,737) of which all £150,497 was unrestricted (2018: £121,737).

6 Investment income

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Bank interest	4,503	-	4,503	3,423
COIF Revaluation	78	-	78	34
COIF Interest	226	-	226	226
	<u>4,807</u>	<u>-</u>	<u>4,807</u>	<u>3,683</u>

The income from investments was £4,807 (2018: £3,893) of which all £4,807 was unrestricted (2018: £3,683).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds	62,769	-	-	62,769	47,317
Academy's educational operations:					
Direct costs	5,930,405	-	748,743	6,679,148	6,556,834
Trips and productions	15,881	-	156,864	172,745	280,840
Catering	180,982	-	282,339	463,321	458,609
Allocated support costs	1,026,697	1,192,858	622,725	2,842,280	2,516,586
Teaching School	58,293	-	3,438	61,731	57,593
Other	-	-	-	-	1,250
	7,275,027	1,192,858	1,814,109	10,281,994	9,919,029

Net income/(expenditure) for the period includes:

	2019	2018
	£	£
Depreciation	474,331	472,883
Loss on disposal of fixed assets	-	1,250
Operating lease rentals Plant & Machinery	7,147	7,147
Operating lease rentals Other	11,321	11,321
Fees payable to auditor for:		
- audit of the financial statements	8,225	7,200
- assurance services	4,200	4,575
- accountancy	5,000	-

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

8 Costs of other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Hire & Lettings				
Support staff costs	38,969	-	38,969	11,767
	38,969	-	38,969	11,767
Consultancy				
Support staff costs	23,800	-	23,800	35,550
	23,800	-	23,800	35,550
	62,769	-	62,769	47,317

Costs of other trading activities was £62,769 (2018: £47,317) of which all £62,769 was unrestricted (2018: £47,317).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

9 Charitable Activities

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Direct costs – educational operations				
Teaching and educational support staff costs	-	5,930,405	5,930,405	5,708,041
Depreciation	-	331,980	331,980	331,041
Educational supplies	-	143,166	143,166	126,889
Examination fees	-	141,769	141,769	130,076
Staff development	-	42,470	42,470	56,563
Educational consultancy	-	21,313	21,313	25,037
External course costs	-	20,176	20,176	20,870
Other direct costs	-	47,869	47,869	158,317
	<u>-</u>	<u>6,679,148</u>	<u>6,679,148</u>	<u>6,556,834</u>
Trips and productions – educational operations				
Support staff costs	-	15,881	15,881	21,174
Transport and accommodation costs	-	137,600	137,600	224,523
Admission costs	-	11,779	11,779	12,474
Other costs	-	7,485	7,485	22,669
	<u>-</u>	<u>172,745</u>	<u>172,745</u>	<u>280,840</u>
Catering – educational operations				
Support staff costs	180,982	-	180,982	191,117
Produce	270,960	-	270,960	242,862
Maintenance of equipment	9,948	-	9,948	6,686
Other catering costs	1,431	-	1,431	17,944
	<u>463,321</u>	<u>-</u>	<u>463,321</u>	<u>458,609</u>
Support costs – educational operations				
Support staff costs	-	1,026,697	1,026,697	961,305
Rates and water	-	64,111	64,111	71,091
Heat and light	-	106,704	106,704	93,337
Maintenance of premises and equipment	-	967,702	967,702	668,380
Insurance	-	39,481	39,481	44,490
Telephone	-	9,030	9,030	11,225
Computer costs	-	114,550	114,550	124,274
Depreciation	-	142,351	142,351	141,841
South Lakes Federation charges	-	26,505	26,505	23,670
Transport	-	22,909	22,909	23,564
Advertising	-	11,821	11,821	20,715
Admin photocopying and stationery	-	61,209	61,209	60,628
School fund expenditure	54,129	8,739	62,868	100,086
School fund gifts & donations	4,391	9,152	13,543	1,001
Catering	-	14,860	14,860	12,684
Other support costs	-	25,945	25,945	31,824
Governance costs - accountancy & assurance fees	-	9,200	9,200	4,575
Governance costs - audit fees	-	8,225	8,225	7,200
Legal and professional fees	-	15,569	15,569	15,696
Local Government Pension Scheme deficit taken on	-	99,000	99,000	99,000
	<u>58,520</u>	<u>2,783,760</u>	<u>2,842,280</u>	<u>2,516,586</u>
Total direct and support costs	<u>521,841</u>	<u>9,635,653</u>	<u>10,157,494</u>	<u>9,812,869</u>

Costs of charitable activities was £10,157,494 (2018: £9,812,869) of which £521,841 was unrestricted (2018: £529,636), £8,337,676 was restricted (2018: £8,810,350) and £1,297,977 was restricted fixed assets (2018: £472,883).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10 Other Expenditure

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Loss on disposal of tangible fixed assets	-	-	-	1,250
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250</u>

Costs of other expenditure was £nil (2018: £1,250) of which all £nil (2018: £1,250) was restricted fixed assets.

11 Net gains on investments

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Gains/(losses) on other investment assets	2,819	-	2,819	1,908
	<u>2,819</u>	<u>-</u>	<u>2,819</u>	<u>1,908</u>

Net gains on investments was £2,819 (2018: £1,908) of which all £2,819 (2018: £1,908) was unrestricted.

12 Central Services

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

Lunesdale Learning Trust
Notes to the Financial Statements for the year ended 31 August 2019
(continued)

13 Fund transfers

	Total 2019 £	Total 2018 £
Unrestricted funds		
Catering to GAG to cover overheads	52,668	27,707
Consultancy and other services to GAG to cover overheads	(64,755)	(154,850)
Contribution to Trips	(4,117)	1,758
Contribution from General reserves to GAG to cover overheads	(62,090)	(40,891)
Contribution from general unrestricted funds to fixed assets	(322,516)	-
Contribution from Lettings to cover overheads	-	(539)
Transfer from General Reserves	-	58,144
	(400,810)	(108,671)
Restricted general funds		
Catering to GAG to cover overheads	(52,667)	(27,707)
Consultancy and other services to GAG to cover overheads	64,755	154,850
Contribution to Trips	18,416	(1,758)
Contribution from general reserves to GAG to cover overheads	66,464	40,891
Contribution from School funds	(4,374)	40,891
GAG contribution to trips	(14,299)	-
Contribution from Lettings to cover overheads	-	539
Transfer from General Reserves	-	(58,144)
Fixed Asset Purchases from GAG	-	792,494
	78,295	942,056
Restricted fixed asset funds		
Purchases from ESFA formula grant	104,934	776,727
Purchases from GAG	-	(792,494)
Contribution from general unrestricted funds to fixed assets	322,515	-
ESFA formula grant to fixed asset fund	-	(776,727)
ESFA formula grant to CIF capital expenditure	(93,306)	-
ICT Capital grant to fixed asset fund	196,259	-
ESFA Free School Programme donation to fixed asset fund	4,774,396	-
Transfers to fixed asset fund	(4,982,283)	-
	322,515	(792,494)

Lunesdale Learning Trust
Notes to the Financial Statements for the year ended 31 August 2019
(continued)

14 Staff

a. Staff costs

Staff costs during the period were:

	Total	Total
	2019	2018
	£	£
Wages and salaries	5,598,546	5,298,655
Social security costs	529,324	503,877
Other pension costs	1,101,199	1,083,086
Apprenticeship levy	12,959	11,436
	7,242,028	6,897,054
Supply staff costs	27,999	66,336
Staff restructuring costs	5,000	-
	7,275,027	6,963,390

Staff restructuring costs comprise:

Severance payment	5,000	-
	5,000	-

b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,000 (2018: £nil). Individually, the payments were: £5,000, (2018: £nil).

c. Staff numbers

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

	2019	2018
	No.	No.
Teachers	103	108
Administration and support	118	117
Management	8	9
	229	234

d Higher paid staff

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

	2019	2018
	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,001	2	2

e Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £588,818 (2018: £548,836).

Notes to the Financial Statements for the year ended 31 August 2019 (continued)**15 Related Party Transactions - Trustees' Remuneration and Expenses**

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

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

T Barker (Local Governor)

Remuneration £40,000 - £44,999 (2018: £40,000 - £44,999)

Employer's pension contributions paid £5,000 - £9,999 (2018: £5,000 - £9,999)

C Clarke (Chief Executive Officer)

Remuneration £45,000 - £49,999 (2018: £45,000 - £49,999)

Employer's pension contributions paid £5,000 - £9,999 (2018: £5,000 - £9,999)

T Fell-Williams (Local Governor)

Remuneration £30,000 - £34,999 (2018: £25,000 - £29,999)

Employer's pension contributions paid £0 - £4,999 (2018: £0 - £4,999)

P Weston (Local Governor)

Remuneration £50,000 - £54,999 (2018: £45,000 - £49,999)

Employer's pension contributions paid £5,000 - £9,999 (2018: £5,000 - £9,999)

During the period ended 31 August 2019, travel and subsistence expenses totalling £2,002 were reimbursed or paid directly to 2 governors (2018: £3,020 to 5 governors).

16 Trustees' and Officers' Insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 (2018: £1,000,000) on any one claim. The cost of this insurance is included in the total insurance cost and cannot be separately identifiable.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

17 Tangible Fixed Assets

	Freehold Land and Buildings	Assets Under Construction	Plant & Machinery	Furniture & Equipment	Computer Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 September 2018	11,985,150	3,518,536	2,701,622	148,140	298,660	18,652,108
Additions	4,774,396	-	-	7,933	199,954	4,982,283
Disposals	-	-	-	(6,000)	-	(6,000)
Transfers	3,518,536	(3,518,536)	-	-	-	-
At 31 August 2019	20,278,082	-	2,701,622	150,073	498,614	23,628,391
Depreciation						
At 1 September 2018	1,860,159	-	1,126,638	67,074	275,220	3,329,091
Charged in year	294,173	-	126,369	11,214	42,575	474,331
Disposals	-	-	-	(6,000)	-	(6,000)
At 31 August 2019	2,154,332	-	1,253,007	72,288	317,795	3,797,422
Net book values						
At 31 August 2018	10,124,991	3,518,536	1,574,984	81,066	23,440	15,323,017
At 31 August 2019	18,123,750	-	1,448,615	77,785	180,819	19,830,969

The Freehold Land & Buildings and the Plant & Machinery integral to the buildings include valuations of £11,431,130 and £2,609,929 respectively made in 2010 by AT Snape, RICS Registered Valuer, who was independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a Depreciated Replacement Cost approach in accordance with FRS 102 section 17 Property, Plant & Equipment.

The academy trust's transactions relating to land and buildings include:

- the acquisition of the Studio School freehold building which was granted under the ESFA's Free School Programme at a value of £4,470,491 based on build costs.

The Secretary of State for Education is currently in the process of registering a legal charge over the Freehold Land and Buildings in which QE Studio School operates.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

	2019
	£
18 Investments	
Cost or Valuation	
At 1 September 2018	42,865
Additions	-
Fair value movements	2,897
	<u>45,762</u>
Impairment	
At 1 September 2018 and 31 August 2019	<u>-</u>
Carrying amount	
At 31 August 2019	<u>45,762</u>
At 31 August 2018	<u>42,865</u>

	2019	2018
	£	£
19 Stock		
Catering	2,500	2,500
Stationery	1,326	1,176
Chas Jacob Painting	1,620	1,620
	<u>5,446</u>	<u>5,296</u>

	2019	2018
	£	£
20 Debtors		
Trade debtors	73,778	5,437
VAT recoverable	120,766	97,355
Other debtors	807,552	660,964
Prepayments and accrued income	68,416	88,415
	<u>1,070,512</u>	<u>852,171</u>

Lunesdale Learning Trust
Notes to the Financial Statements for the year ended 31 August 2019
(continued)

21 Creditors: Amounts Falling due within one year

	2019	2018
	£	£
Trade creditors	402,050	82,012
Other taxation and social security	130,260	122,219
ESFA creditor	9,957	5,784
CCC Creditor	4,801	12,355
Other creditors	145,371	137,925
Deferred income	104,740	45,729
Accruals	111,298	112,953
	908,477	518,977

Deferred income	2019	2018
	£	£
Deferred income at 1 September 2018	45,729	77,973
Released from previous years	(45,729)	(77,973)
Resources deferred in the year	104,740	45,729
Deferred Income at 31 August 2019	104,740	45,729

Deferred income comprises:	2019	2018
	£	£
Local Authority funded grant statements for the period September to March	17,909	4,784
Rates relief	21,672	-
South lakes Rural partnership payroll services	24,094	20,734
Deposits in advance for Trips	41,065	20,211
	104,740	45,729

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

22 Analysis of charitable funds

	Balance at 1 September 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
ESFA Grants					
General Annual Grant (GAG)	-	7,422,891	(7,491,260)	68,369	-
Pupil Premium	-	132,373	(132,373)	-	-
Rates	-	37,439	(37,439)	-	-
Other government grants					
Pupil Premium	-	4,980	(4,980)	-	-
LA funded statements	-	61,542	(61,542)	-	-
Special Educational Projects	11,440	200	(7,398)	-	4,242
Teaching School	7,272	69,000	(61,731)	-	14,541
Other government grants	-	181,641	(181,641)	-	-
Pension reserve	(3,339,000)	-	(188,000)	(1,651,000)	(5,178,000)
Trips	-	158,303	(172,602)	14,299	-
Restricted School Funds	8,494	33,224	(16,240)	(4,373)	21,105
Charity Team	-	1,079	(503)	-	576
Other educational income	-	30,443	(30,443)	-	-
6th form bus passes	-	13,255	(13,255)	-	-
	(3,311,794)	8,146,370	(8,399,407)	(1,572,705)	(5,137,536)
Restricted fixed asset funds					
DfE/ESFA formula capital	-	115,891	-	(104,934)	10,957
ESFA Building Capital	49,395	759,660	(823,646)	415,821	401,230
ESFA ICT Capital Grant	-	196,259	-	(196,259)	-
ESFA Free School donation	-	4,774,396	-	(4,774,396)	-
Fixed Assets used for charitable purposes	15,323,016	-	(474,331)	4,982,283	19,830,968
	15,372,411	5,846,206	(1,297,977)	322,515	20,243,155
Total restricted funds	12,060,617	13,992,576	(9,697,384)	(1,250,190)	15,105,619
Unrestricted funds					
Designated catering	-	410,654	(463,322)	52,668	-
Designated School Funds	53,191	64,240	(58,519)	(4,118)	54,794
Designated COIF investments	42,865	78	-	2,819	45,762
Lettings	-	38,969	(38,969)	-	-
Consultancy	-	88,555	(23,800)	(64,755)	-
General Funds	696,777	4,503	-	(384,606)	316,674
Total unrestricted funds	792,833	606,999	(584,610)	(397,992)	417,230
Total funds	12,853,450	14,599,575	(10,281,994)	(1,648,182)	15,522,849

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Analysis of charitable funds - Previous year

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
ESFA Grants					
General Annual Grant (GAG)	(422,289)	7,244,814	(7,954,002)	1,131,477	-
Pupil Premium	-	125,034	(125,034)	-	-
Rates	-	35,403	(35,403)	-	-
Bursary Grant	-	17,910	(17,910)	-	-
Other ESFA grants	-	-	-	-	-
Other government grants	-	-	-	-	-
Pupil Premium	-	-	-	-	-
LA funded statements	-	60,907	(60,907)	-	-
Special Educational Projects	116,200	3,360	(8,120)	(100,000)	11,440
Teaching School	32,633	32,233	(57,594)	-	7,272
6th form bus passes	-	19,310	(19,310)	-	-
Other government grants	-	150,000	-	(150,000)	-
Pension reserve	(3,776,000)	-	(222,000)	659,000	(3,339,000)
Catering	-	-	(21,747)	21,747	-
Trips	-	279,571	(280,840)	1,269	-
Restricted School Funds	16,003	24,597	(29,079)	(3,027)	8,494
Other educational income	-	35,997	(35,997)	-	-
Other restricted funds	-	300	-	(300)	-
	(4,033,453)	8,029,436	(8,867,943)	1,560,166	(3,311,794)
Restricted fixed asset funds					
DfE/ESFA formula capital	-	29,059	-	(29,059)	-
ESFA Building Capital	954,117	540,440	-	(1,445,162)	49,395
Other donations	-	95,000	-	(95,000)	-
Fixed Assets used for charitable purposes	15,020,421	-	(474,132)	776,727	15,323,016
	15,974,538	664,499	(474,132)	(792,494)	15,372,411
Total restricted funds	11,941,085	8,693,935	(9,342,075)	767,672	12,060,617
Unrestricted funds					
Designated catering	-	430,902	(458,609)	27,707	-
Designated School Funds	64,620	57,840	(71,027)	1,758	53,191
Designated COIF investments	40,924	34	-	1,907	42,865
Lettings	539	11,767	(11,767)	(539)	-
Consultancy	115,423	74,978	(35,550)	(154,851)	-
General Funds	676,099	3,423	-	17,255	696,777
Total unrestricted funds	897,605	578,944	(576,953)	(106,763)	792,833
Total funds	12,838,690	9,272,879	(9,919,028)	660,909	12,853,450

Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. Note 2 discloses whether the limit was exceeded.

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

General Annual Grant (GAG) fund: this represents the core funding for the educational activities of the school that has been provided to the academy via the Education and Skills Funding Agency (ESFA).

Pupil premium fund: this represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Defined benefit pension scheme deficit fund: this represents the deficit on the Local Government Pension Scheme (LGPS) at the year end.

Local authority funded statements: this represents funding from the Local Authority to pay for Learning Support Assistants who support the "statemented" special needs students.

Special Educational projects fund: this includes grants received from National College grants.

Designated catering: this fund is in respect of the provision of meals that are charged to diners in Queen Elizabeth School, Queen Elizabeth Studio School and St Mary's Church of England Primary School, Kirkby Lonsdale.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

23 Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019	Total 2018
Queen Elizabeth Academy	222,302	768,144
Queen Elizabeth Studio School Academy	235,392	51,896
Total before fixed assets and pension reserve	<u>457,694</u>	820,040
Restricted fixed asset fund	20,243,155	15,372,410
Pension reserve	(5,178,000)	(3,339,000)
Total	<u>15,522,849</u>	<u>12,853,450</u>

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2019	Total 2018
Queen Elizabeth Academy	4,910,058	1,062,072	153,010	1,360,936	7,486,076	8,469,906
Queen Elizabeth Studio School Academy	1,015,467	214,729	31,645	238,421	1,500,261	974,988
Academy Trust	<u>5,925,525</u>	<u>1,276,801</u>	<u>184,655</u>	<u>1,599,357</u>	<u>8,986,337</u>	<u>9,444,894</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

24 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	19,830,969	19,830,969
Investments	45,762	-	-	45,762
Current assets	1,279,945	40,464	412,186	1,732,595
Current liabilities	(908,477)	-	-	(908,477)
Pension scheme liability	-	(5,178,000)	-	(5,178,000)
Total net assets	417,230	(5,137,536)	20,243,155	15,522,849

Analysis of Net Assets between Funds - Previous year

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	15,323,017	15,323,017
Investments	42,865	-	-	42,865
Current assets	1,268,944	27,206	49,396	1,345,546
Current liabilities	(518,977)	-	-	(518,977)
Pension scheme liability	-	(3,339,000)	-	(3,339,000)
Total net assets	792,832	(3,311,794)	15,372,413	12,853,451

25 Capital Commitments

	2019	2018
	£	£
Contracted for, but not provided for in the financial statements	281,229	441,394

26 Commitments under operating leases

Operating Leases

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2019	2018
	£	£
Amounts due within one year	7,965	18,468
Amounts due between one and five years	6,032	13,997
	13,997	32,465

27 Members' Liability

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

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

28 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 Your Pension Service (YPS) for Cumbria County Council. Both are multi-employer defined benefit pension schemes.

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

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2019	2018
	£	£
Teachers' Pension Scheme	86,914	84,078
Local Government Pension Scheme	26,411	24,345
Additional Voluntary Contributions	3,043	3,554
	116,368	111,977

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2019	2018
	£	£
Teachers' Pension Scheme	658,089	627,470
Local Government Pension Scheme	224,665	205,899
Local Government Pension Scheme deficit recovery	129,669	126,869
LGPS current service cost/contributions adjustment	89,000	123,000
	1,101,423	1,083,238

In addition the academy incurred net interest costs and administration costs included in support costs as follows:

	2019	2018
	£	£
LGPS net interest costs	90,000	91,000
Administration costs	9,000	8,000
	99,000	99,000

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Lunesdale Learning Trust

Notes to the Financial Statements for the year ended 31 August 2019

(continued)

Valuation of the Teachers' Pension Scheme

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pensions website.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the period amounted to £658,089 (2018: £627,470)

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

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

28 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 contribution made for the year ended 31 August were as follows:

	2019	2018
	£	£
Employer's contributions	224,665	205,899
Employees' contributions	90,128	82,087
Total contributions	314,793	287,986

Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The agreed contribution rates for future years are 15.3% for employers and a contribution rate ranging between 5.5% and 12.5% per cent for employees.

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.

At the Statement of Financial Position date the scheme is in deficit. The Academy has previously entered into an agreement effective from 1 April 2014 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 19 years from 1 April 2014, including £125,700 in the year ended 31 March 2018, £128,500 in 2018-19 and £131,300 in 2019-20.

Principal Actuarial Assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.50%	3.60%
Rate of increase for pensions in payment/inflation	2.10%	2.20%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	2.00%	2.10%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.6	28.5

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Sensitivity analysis - increase/(decrease) in deficit

	At 31 August 2019 £	At 31 August 2018 £
Discount rate +0.1%	(225,000)	(164,000)
Discount rate -0.1%	231,000	
Mortality assumption - 1 year increase	162,000	118,000
Mortality assumption - 1 year decrease	(159,000)	
CPI rate +0.1%	229,000	167,000
CPI rate -0.1%	(223,000)	

Full information was not provided in the Mercer report last year therefore some comparatives are not available.

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	1,927,000	1,627,000
Government bonds	718,000	585,000
Other bonds	243,000	210,000
Property	227,000	304,000
Cash/liquidity	183,000	197,000
Other	690,000	418,000
Total market value of assets	3,988,000	3,341,000

The actual return on scheme assets was £281,000 (2018: £147,000).

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

The expected rate of return is the assumed return the assets of the fund will achieve over the entire life of the related obligation based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost (net of employee contributions)	443,000	456,000
Net interest cost	90,000	91,000
Administration expenses	9,000	8,000
Total operating charge	542,000	555,000

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

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

	2019	2018
	£	£
At 1 September	6,680,000	6,599,000
Current service cost	443,000	456,000
Interest cost	189,000	166,000
Employee contributions	90,000	82,000
Actuarial (gain)/loss	1,834,000	(587,000)
Benefits paid	(70,000)	(36,000)
At 31 August	9,166,000	6,680,000

Changes in the fair value of academy's share of scheme assets:

	2019	2018
	£	£
At 1 September	3,341,000	2,823,000
Interest income	99,000	75,000
Actuarial gain/(loss)	183,000	72,000
Administration expenses	(9,000)	(8,000)
Employer contributions	354,000	333,000
Employee contributions	90,000	82,000
Benefits paid	(70,000)	(36,000)
At 31 August	3,988,000	3,341,000

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

At the present time the academy has not considered the impact of McCloud on pension liabilities and no additional annual FRS102 actuarial valuation has been obtained for disclosure in the trust's 2018/19 financial statements. The implications will be considered in the next scheme valuation for 31 August 2020.

**Notes to the Financial Statements for the year ended 31 August 2019
(continued)****29 Related Party Transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions

Mrs J Clarke, spouse of Mr C Clarke, the Chief Executive Officer, is employed by the academy trust as a teacher. Mrs J Clarke's appointment was made in open competition and Mr C Clarke was not involved in the decision making process regarding appointment. Mrs J Clarke is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to the Chief Executive Officer.

Mr J Williams, spouse of Mrs T Fell-Williams, a local governor, is employed by the academy trust as Head of IT support. Mr J Williams' appointment was made in open competition and Mrs T Fell-Williams was not involved in the decision making process regarding appointment. Mr J Williams is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a local governor.

Mr P Rushton, spouse of Miss C O'Neill, the Head Teacher of Queen Elizabeth School, is employed by the academy trust as a teacher. Mr P Rushton's appointment was made in open competition and Miss C O'Neill was not involved in the decision making process regarding appointment. Mr P Rushton is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to the Head Teacher.

30 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the academy trust received £19,560 and disbursed £16,742 from the fund. An amount of £9,957 is included in other creditors relating to undistributed funds that is repayable to ESFA. Comparatives for the accounting period ending 31 August 2018 are £20,085 received, £17,910 disbursed and £7,139 included in other creditors.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

31 Teaching school trading account

	2019	2018
	£	£
Income		
Direct Income		
Other income	69,000	32,233
Total income	<u>69,000</u>	<u>32,233</u>
Expenditure		
Direct costs		
Direct staff costs	58,293	-
External services	3,438	34,593
Total direct costs	<u>61,731</u>	<u>34,593</u>
Total Expenditure	<u>(61,731)</u>	<u>(34,593)</u>
Transfer between funds	-	(23,000)
	<u>7,272</u>	<u>32,632</u>
Teaching school balances at 31 August 2018	7,272	32,632
Teaching school balances at 31 August 2019	<u>14,541</u>	<u>7,272</u>