

Lunesdale Learning Trust, Kirkby Lonsdale
(Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2018

Company Registration Number: 07438425 (England & Wales)



**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

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**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE**

REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2018

THE MEMBERS

T Power
M Day (appointed 16/05/2017 resigned 01/07/2018)
R Snow (appointed 16/05/2017)

THE TRUSTEES

The Trustees at the date of signing were as follows:

F Pearson* (Chair)
C Clarke
M Cunningham
S Elton-Chalcraft
D Harkness* (resigned 18/05/2018)
S Lawrenson
S Nelson*
T Power*
R Shepherd*

The Local Governors at the date of signing were as follows:

E Ankers
T Barker
R Bingham
T Fell-Williams
F Frankland
P Howden (resigned 15/12/2017)
J Scott
E Shuttleworth (resigned 16/05/2017 to become a Local Governor, resigned as
a Local Governor on 06/09/2017)
D Tomlinson
P Weston

* indicates member of the Audit & Finance Committee

Company Secretary

A Johnson

Executive Team

C Clarke	Chief Executive Officer
A Wilkinson	Principal of Queen Elizabeth Studio School
C O'Neill	Headteacher of Queen Elizabeth School
S Holmes	Chief Operating Officer
A Johnson	Business Manager & Company Secretary

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REFERENCE AND ADMINISTRATIVE DETAILS

YEAR ENDED 31 AUGUST 2018

Principal & Registered office	Lunesdale Learning Trust Kirkby Lonsdale, Cumbria, LA6 2HJ
Company Registration Number	07438425 (England and Wales)
Independent Auditor	Saint & Co, Chartered Accountants & Statutory Auditors The Old Police Station, Church Street, 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

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. 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 1,277 in the 2018 autumn school census.

QESudio School is a new school for pupils aged 14 to 18 in Kirkby Lonsdale. It had a roll of 108 in the 2017 autumn school census, with students in years 10 and 12 only.

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 are included in the Reference and Administrative Details on page 3.

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

Method of Recruitment and Appointment or Election of Trustees

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 governors who were in office at 31 August 2018 except where shown are listed on page 3.

During the year under review the governors held 5 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

- 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.

Policies and Procedures Adopted for the 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

Arrangements for setting 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.

Connected Organisations including Related Party Relationships

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 special school and one further education college 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 based on specialist schools; 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, Aim Higher, 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.

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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

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 2017-2018 for Queen Elizabeth School and QESudio School, the two inaugural schools in the Lunesdale Learning Trust are:

- To develop outstanding teaching and learning through collective teacher efficacy and impactful professional learning
- To ensure the best possible provision for pupils with additional needs
- To develop gold standard Gatsby Benchmarked careers provision
- To ensure robust governance that supports and challenges
- To achieve collaboration between schools whilst developing each school's distinctive ethos

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

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

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YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE AND KEY PERFORMANCE INDICATORS

Queen Elizabeth School has completed its eighth year of operation as an Academy, and continues to achieve the forecast numbers of students. QESTudio School has now completed its first year of operation. Total students in the period ended 31st August 2018 numbered 1,277 in Queen Elizabeth School and 108 in QESTudio. Queen Elizabeth School has a full complement in all year groups. QESTudio School has students in years 10 and 12 only.

Examination results for 2018 were very pleasing.

Overall an ALPS score for Queen Elizabeth School of 2 was achieved. A level, the average point score per student was 328. 55.9% of pupils achieved A* to B. No data was available for QESTudio as, in its first year of operation, no external exams took place in the period.

At GCSE the percentage of pupils who obtained a standard pass (4+) in English and Maths was 76.0%. The percentage of pupils who obtained a strong pass (5+) in English and Maths was 57.0%. The percentage who passed either English Language or English Lit and Maths and 5+GCSEs was 75.0%. The percentage of grades at 9 to 4 (A* to C) was 81.8% compared to a national figure of 66.9%. In 2017 this was 78.4%. No data was available for QESTudio as, in its first year of operation, no external exams took place in the period.

Pupil's attendance is very high with an overall absence rate for the Trust of 5.15%. Attendance for Queen Elizabeth School is 95.21%. Attendance for QESTudio School is 94.5% in its first year (year 10 students only).

Reserves management produced investment return of £3,684

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.

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

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2018, total restricted general expenditure of £8,867,941 was more than the grant funding from the DfE together with other incoming resources totalling £8,029,435. The excess of restricted general expenditure over income for the year after transfers (excluding the pension deficit transferred and the pension fund movements) was £284,658.

At 31 August 2018 the net book value of fixed assets was £15,323,016 and movements in tangible fixed assets are shown in note 13 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 £792,833. Included in these reserves there are designated School Funds of £53,192 leaving £739,641 of general unrestricted reserves.

Restricted reserves include fixed assets funds of £15,372,410 and a restricted general funds deficit of £3,311,793. 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 £2,075,000 the total pension provision of £3,339,000 has been offset against the restricted General Annual Grant.

Reserves Policy

The Board requires that the Trust maintains a reserve of 5% of annual turnover (excluding catering income). Trustees, 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 £792,833 being the unrestricted funds. This equals 8.8% of projected turnover in 2018/19, thus meeting the 5% rule. Trustees intend to contribute the excess fund balance to building projects. These are made up of the COIF investments of £42,865 various school funds totalling £53,192 and general funds of £696,777.

The fund in deficit is the LGPS pension scheme, details of which are given in note 18.

The total funds at 31st August 2018 are £12,853,450.

Tangible fixed assets of £15,323,016 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

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 20 and 21 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.

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TRUSTEES REPORT

YEAR ENDED 31 AUGUST 2018

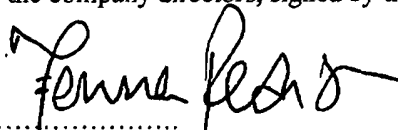
AUDITOR

In so far as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the governors 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.

The auditors, Saint & Co, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, signed by the board's behalf by:


.....
Mr Fenner Pearson (Chair)

Date 18/12/18

Registered office:
Queen Elizabeth School
Kirkby Lonsdale
Cumbria
LA6 2HJ

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

Scope of Responsibility

As Trustees, 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 Trust Board 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 Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
F Pearson (Chair)	4	5
C Clarke	5	5
M Cunningham	4	5
S Elton-Chalcraft	3	5
D Harkness	2	3
W S Lawrenson	5	5
S Nelson	5	5
T Power	4	5
R Shepherd	5	5

The Finance 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 5 times during the year. In the summer term, the Lunesdale Learning Trust Committee structure changed. The Trust Board adopted new Terms of Reference for the Committees and the functions of the Finance Committee fell within the Audit and Risk Committee. This met twice during the year.

Trustee	Meetings attended	Out of a possible
C Clarke (CEO and Accounting Officer)	7	7
D Harkness*	3	6
S Nelson	6	7
F Pearson	5	7
T Power	6	7
R Shepherd	7	7

*Resigned 18/05/2018

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

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 benchmarking where available. 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 ongoing process designed to identify and prioritise the risks to the achievement of 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 from 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust Board has reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place from 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is documented by the terms of reference for the Risk and Audit Committee which are regularly reviewed by the Trust Board.

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 Risk and Audit Committee of reports which indicate financial performance against the forecasts.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

- 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 Trust Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trust Board 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 purchase systems
- Testing of Bank Reconciliations

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

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 Risk and Audit Committee reports to the Board of Trustees via the Chair of Risk and Audit 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

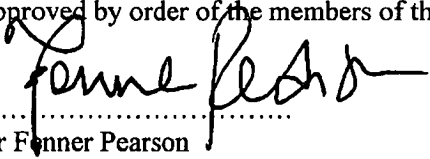
**LUNESDALE LEARNING TRUST
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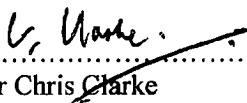
GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2018

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 and signed on its behalf by:


.....
Mr Fenner Pearson
Chair


.....
Mr Chris Clarke
Accounting Officer

Date 19/12/18

**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

YEAR ENDED 31 AUGUST 2018

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

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

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 Christopher Clarke

Accounting Officer

Date: 19/12/18

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

YEAR ENDED 31 AUGUST 2018

Statement of Trustees' Responsibilities

The trustees (who act as governors of Lunesdale Learning Trust and 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 Annual Accounts Direction published by the Education 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:

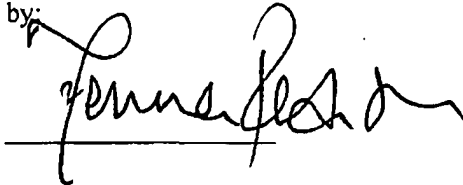
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 18/12/18 and signed on its behalf by:



Mr Fenner Pearson

Chair of Trustees

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LUNESDALE LEARNING TRUST

YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Lunesdale Learning Trust for the year ended 31 August 2018 which comprise the Statement of Financial Activities (including income and expenditure account), the 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 2018 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 prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LUNESDALE LEARNING TRUST (*continued*)

YEAR ENDED 31 AUGUST 2018

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF LUNESDALE LEARNING TRUST (*continued*)

YEAR ENDED 31 AUGUST 2018

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 18), 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.

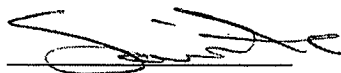
Our responsibilities for the audit of the financial statements

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 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 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 company and the 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 19/12/18

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2018

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 2017 to 2018, 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 2017 to 31 August 2018 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 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2017 to 2018 issued by 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

This report is made solely to 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: 19 / 12 / 18

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

Including Income and Expenditure Account

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds Year to 31.8.18	Total Funds Year to 31.8.17
Income And Endowments from:						
Donations and capital grants	3	19,084	7,435	664,499	691,018	604,458
Charitable activities:						
Funding for the academy trust's educational operations	4	434,439	7,989,767		8,424,206	7,957,303
Teaching School	4		32,233		32,233	44,367
Other trading activities	5	121,737			121,737	119,307
Investments	6	3,684			3,684	3,892
Total		578,944	8,029,435	664,499	9,272,878	8,729,327
Expenditure on:						
Raising Funds	7	47,317			47,317	27,000
Teaching School	8		57,593		57,593	57,735
Charitable activities:						
Academy trust educational operations	8	529,636	8,810,348	472,883	9,812,867	9,181,077
Other	9			1,250	1,250	1,250
Total		576,953	8,867,941	474,133	9,919,027	9,267,062
Unrealised Gains on investments		1,908			1,908	2,374
Net Income / (expenditure)	10	3,899	(838,506)	190,366	(644,241)	(535,361)
Transfer between Funds	11	(108,671)	901,165	(792,494)	-	-
		(104,772)	62,659	(602,128)	(644,241)	(535,361)
Other Recognised Gains and Losses						
Actuarial gain / (losses) in respect of defined benefit pension schemes			659,000		659,000	445,000
Net Movement in Funds		(104,772)	721,659	(602,128)	14,759	(90,361)
Reconciliation of Funds						
Total funds brought forward		897,605	(4,033,452)	15,974,538	12,838,691	12,929,052
Total Funds carried Forward		792,833	(3,311,793)	15,372,410	12,853,450	12,838,691

All income and expenditure derive from continuing activities

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

The notes on pages 27 to 59 form part of these financial statements.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

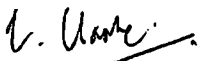
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2018

Company number 07438425

Balance Sheet				
	Note	£	2018 £	2017 £
Fixed Assets				
Tangible assets	13		15,323,016	15,020,422
Investments	14		<u>42,865</u>	<u>40,924</u>
			15,365,881	15,061,346
Current assets				
Stocks	15	5,296		5,538
Debtors	16	852,171		819,418
Cash at Bank		<u>488,079</u>		<u>1,342,958</u>
		1,345,546		2,167,914
Creditors: Amounts Falling due within one year	17	(518,977)		(614,567)
Net Current Assets			826,569	1,553,346
Total Assets less Current Liabilities			<u>16,192,450</u>	<u>16,614,692</u>
Provision for Liabilities				
Pension scheme liability	18		(3,339,000)	(3,776,000)
Net Assets			<u>12,853,450</u>	<u>12,838,692</u>
Funds of the Academy Trust:				
Restricted Fixed Asset Funds	20		15,372,410	15,974,539
Restricted General Funds:				
Restricted General Funds	21	27,207		(257,452)
Pension Deficit	21	(3,339,000)		(3,776,000)
Total Restricted General funds			(3,311,793)	(4,033,452)
Unrestricted Funds	22		792,833	897,605
Total Funds			<u>12,853,450</u>	<u>12,838,692</u>

The notes on pages 27 to 59 form part of these financial statements.

The Financial Statements were approved by the trustees, and authorised for issue on 18/12/2018
and are signed on their behalf by


Mr Christopher Clarke

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

STATEMENT OF CASH FLOWS YEAR ENDED 31 AUGUST 2018

	2018 £	2017 £
Reconciliation of Net Incoming Resources before Transfers to Net cash Inflow from Operating Activities		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(644,241)	(535,361)
Adjusted for :		
Income from Investments	(260)	(294)
Interest receivable	(3,423)	(3,598)
Unrealised gains on Investments	(1,908)	(2,374)
Loss on disposal of tangible fixed assets	1,250	1250
Depreciation charges	472,883	456,111
Capital Grants from DofE and other capital income	(664,499)	(577,460)
FRS102 pension cost less contributions payable	123,000	135,000
Defined benefit pension scheme finance cost	91,000	85,000
Defined benefit pension scheme administration expenses	8,000	7,000
Defined benefit pension scheme effects on curtailment	0	0
Decrease in stocks	242	933
(Increase)/Decrease in debtors	(32,753)	(26,148)
(Decrease)/Increase in creditors	(95,591)	(12,372)
Net cash inflow / (outflow) from operating activities	(746,300)	(472,313)
Cash Flows from Investing Activities		
Dividends, interest and rents from investments	3,649	3,852
Purchase of tangible fixed assets	(776,727)	(1,547,792)
Capital grants from DfE/EFA	569,499	482,460
Capital funding received from sponsors and others	95,000	95,000
Net cash provided by investing activities	(108,579)	(966,480)
Decrease (increase) in cash in the year	<u>(854,879)</u>	<u>(1,438,793)</u>
Reconciliation of Net cash Flow to Movement in Net Funds		
	2018 £	2017 £
(Decrease) /Increase in cash in the period	<u>(854,879)</u>	<u>(1,438,793)</u>
Change in net funds	(854,879)	(1,438,793)
Net funds at 1 September 2017	<u>1,342,958</u>	<u>2,781,751</u>
Net funds at 31 August 2018	<u>488,079</u>	<u>1,342,958</u>
Analysis of Changes in Net Funds	01-Sep-17 Cash Flows £	31-Aug-18 £
Cash in hand and at bank	<u>1,342,958</u>	<u>(854,879) 488,079</u>

LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS

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.

Basis of Preparation and 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 Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Lunesdale Learning Trust meets the definition of a public benefit entity under FRS 102.

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 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (*continued*)

Income

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

- **Grants**

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

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

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

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

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

- **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'.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (*continued*)

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.

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 the 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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

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 Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. 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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Plant and Machinery – straight line over economic life (ranging from 4 to 27 years)

Information communications and technology equipment – 25% straight line

Freehold Buildings – straight line over economic life (ranging from 6 to 56 years)

Furniture and Equipment – 10% straight line

No depreciation is provided on Land

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 amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Liabilities

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

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.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

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 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 depreciated straight line over the lease term.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS102. 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 16. Prepayments are not financial instruments.

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

Financial Liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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 can use 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 note 27.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

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

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefits charges, 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.

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.

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 Education and Skills Funding Agency.

Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies (continued)

and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 valuers 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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 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 exceeded the 2% limit during the year ended 31 August 2018

LUNESDALE LEARNING TRUST

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

3 Donations and Capital grants

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2018 £	Total Funds 2017 £
ESFA Capital Grants			569,499	569,499	482,460
Other Capital Donations			95,000	95,000	95,000
Other Donations	19,084	7,435	-	26,519	26,998
	<u>19,084</u>	<u>7,435</u>	<u>664,499</u>	<u>691,018</u>	<u>604,458</u>
2017 Total	18,457	8,541	577,460	604,458	

4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants					
General Annual Grant (GAG)		7,244,813		7,244,813	6,464,058
Pupil Premium		121,181		121,181	104,978
Other		53,313		53,313	32,121
	<u>0</u>	<u>7,419,307</u>	<u>0</u>	<u>7,419,307</u>	<u>6,601,157</u>
Other Government grants					
Pupil Premium		3,853		3,853	1,641
Local Authority Funded Statements		60,907		60,907	64,863
Other Governments Grants		150,000		150,000	
Special Educational projects		3,360		3,360	125,265
	<u>0</u>	<u>218,120</u>	<u>0</u>	<u>218,120</u>	<u>191,769</u>
Other income from the academy trust's educational operations:					
School Funds	38,529	17,462		55,991	95,046
Catering	395,910			395,910	387,942
Trips Income		279,571		279,571	283,411
Other Educational Income		55,307		55,307	397,978
	<u>434,439</u>	<u>352,340</u>	<u>0</u>	<u>786,779</u>	<u>1,164,377</u>
Total	434,439	7,989,767	0	8,424,206	7,957,303
2017 Total	449,950	7,507,353	-	7,957,303	
Teaching School		32,233		32,233	44,367
2017 Total		44,367	-	44,367	

5 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Consultancy	74,978			74,978	77,684
Hire of facilities	11,767			11,767	6,271
External catering	34,992			34,992	35,352
	<u>121,737</u>	<u>0</u>	<u>0</u>	<u>121,737</u>	<u>119,307</u>
2017 Total	119,307	-	-	119,307	

**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS**

	Unrestricted	Restricted	Restricted	Total 2018	Total 2017
	Funds	Funds	Fixed Asset Funds		
	£	£	£	£	£
6 Investment Income					
Bank Interest	3,423			3,423	3,598
COIF Revaluation	34			34	40
COIF Interest	226			226	254
	<u>3,684</u>		<u>0</u>	<u>3,684</u>	<u>3,892</u>
2017 Total	<u>3,892</u>	-	-	<u>3,892</u>	
	578,944	8,029,435	664,499	9,272,878	8,652,839
7 Expenditure					
	Unrestricted	Restricted	Restricted	Total 2018	Total 2017
	Funds	General Funds	Fixed Asset Funds		
	£	£	£	£	£
Consultancy and Other Services					
Staff costs	35,550	-	-	35,550	21,000
Other consultancy and services costs	-	-	-	-	-
	<u>35,550</u>	<u>-</u>	<u>-</u>	<u>35,550</u>	<u>21,000</u>
Lettings					
Staff Costs	11,767	-	-	11,767	6,000
Other Lettings costs	-	-	-	-	-
	<u>11,767</u>	<u>-</u>	<u>-</u>	<u>11,767</u>	<u>6,000</u>
	<u>47,317</u>	<u>-</u>	<u>-</u>	<u>47,317</u>	<u>27,000</u>
2017 Total	<u>27,000</u>	-	-	<u>27,000</u>	

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

8 Costs of Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Total 2017 £
Educational Activities	-	6,283,386	331,041	6,614,427	6,363,704
Trips	-	280,839	-	280,839	292,644
School Fund	71,027	30,060	-	101,087	124,427
Allocated Support Costs	-	2,251,909	141,842	2,393,751	1,983,663
	<u>71,027</u>	<u>8,846,194</u>	<u>472,883</u>	<u>9,390,104</u>	<u>8,764,438</u>
Catering					
Purchases	242,862	11,516	-	254,378	241,937
Depreciation	-	-	-	-	-
Staff costs	191,117	9,063	-	200,180	206,508
Equipment Maintenance	6,686	317	-	7,003	7,109
Other Catering costs	17,944	851	-	18,795	18,820
	<u>458,609</u>	<u>21,747</u>	<u>-</u>	<u>480,356</u>	<u>474,374</u>
Total	<u>529,636</u>	<u>8,867,941</u>	<u>472,883</u>	<u>9,870,460</u>	<u>9,238,812</u>
2017 Total	<u>539,119</u>	<u>8,243,582</u>	<u>456,111</u>	<u>9,238,812</u>	

Detailed Cost of Charitable Activities

	2018 £	2017 £
Direct Costs - educational operations		
Teaching and educational support staff costs	5,708,041	5,514,103
Depreciation	331,041	319,300
Educational supplies	126,889	154,826
Examination fees	130,076	163,361
Staff Development	56,563	31,067
Educational consultancy	25,037	31,657
External course costs	20,870	24,133
Other direct costs	158,317	67,522
	<u>6,556,834</u>	<u>6,305,969</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

	2018 £	2017 £
8 Teaching School and special educational projects		
Direct staff costs	23,000	26,925
External services	34,593	30,810
Other teaching school and educational project costs	0	0
	<u>57,593</u>	<u>57,735</u>
Allocated support costs		
Depreciation	141,842	136,811
Staff costs	952,242	917,678
Staff Development	0	0
Counselling	0	0
Maintenance of premises and equipment	668,380	347,802
Information communications and technology	124,274	120,727
Rates and Water	71,091	70,556
Heat, Light and Power	93,337	79,176
Insurance	44,490	46,672
Transport	23,564	20,355
Legal and Professional	15,696	24,919
South Lakes Federation Charges	23,670	23,310
Other support costs	124,390	93,527
Governance Costs:		
Accountancy and assurance services	4575	2,930
Audit fees	7200	7,200
Net Finance Costs in respect of defined benefit pension schemes	99000	92,000
	<u>2,393,751</u>	<u>1,983,663</u>
Trips		
Direct Costs		
Staff costs	21,174	20,040
Transport, accommodation and other expenses	259,665	272,604
	<u>280,839</u>	<u>292,644</u>
School Fund		
Direct Costs		
Staff costs	0	0
Gifts and Donations	1,001	11,449
Miscellaneous	100,086	112,978
	<u>101,087</u>	<u>124,427</u>
	9,390,104	8,764,438

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

9 Other Resources Expended

a. Losses on disposal of tangible fixed assets for charity's own use

Total Funds 2018 £	Total Funds 2017 £
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1,250	1,250
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b. No central services were provided by the trust to its academies during the period and no central charges arose

10 Net Outgoing/Incoming Resources for the Year

This is stated after charging:

Total Funds 2018 £	Total Funds 2017 £
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Depreciation

472,883	456,111
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Loss on disposal of fixed assets

1,250	1,250
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Operating Leases:

Plant & Machinery

7,147	7,147
-------	-------

Other Leases

11,321	5,753
--------	-------

Auditors Remuneration:

audit of the financial statements

7,200	7,200
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Internal audit

1,960	1,900
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accountancy

2,065	1,135
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assurance services

550	535
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LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

		Total Funds 2018 £
11 Fund transfers		
Unrestricted funds		
Catering to GAG to cover overheads not allocated in resources expended		27,707
Consultancy and other services to GAG to cover costs not allocated in resources expended		(154,850)
Designated school fund		
Contributions to trips	1,758	
Purchases of fixed assets		
		1,758
		58,144
Bank interest to letting to cover deficit		(40,891)
Lettings from bank interest to cover deficit		(539)
		<u>(108,671)</u>
Restricted general funds		
ESFA grants - GAG		
From designated catering to cover overheads not allocated	(27,707)	
From consultancy and other services to cover overheads not allocated	154,851	
To restricted Catering to cover the catering deficit for the year	(21,747)	
From 6th form bursary	819	
From 6th form bursary	1,355	
From 6th form bus passes	(4,500)	
From 6th form bus passes	(12,910)	
From 6th form bus passes	10,920	
From Fixed Assets	792,494	
From teaching school ledger	0	
From bank interest	41,429	
Contributions to trips	(1,269)	
From Studio School preopening grant	150,000	
General reserves	(58,144)	
Contributions from restricted school funds	300	
Contributions from trips	(3,753)	
Contributions from restricted school funds	5,022	
		1,027,160
Catering from GAG to cover the excess of catering expenditure over income		21,747
Trips	0	
Contributions from restricted school funds	(300)	
From Studio School preopening grant	(150,000)	
		(150,300)
Restricted school funds		
Contributions to trips	1,269	
Contributions to GAG	(3,027)	
		(1,758)
Other educational income - restricted ledger		4316
Other educational income - Access Grant		
Other restricted fund - donation to special educational project		
		<u>901,165</u>
Restricted Fixed Asset Funds		
Fixed Assets used for Charitable purposes		
Purchases from DofE/ESFA formula grant	776,727	
Purchases from designated school fund	0	
Purchases from SEN funding	0	
Purchases from GAG	(792,494)	
		(15,767)
DofE/ESFA formula grant to fixed asset fund		<u>(776,727)</u>
		<u>(792,494)</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

12 Staff Costs and Emoluments

a) Staff costs

Staff costs during the year were:

	Total Funds 2018 £	Total Funds 2017 £
Wages and salaries	5,298,655	5,162,358
Social security costs	503,877	491,731
Pension costs	1,083,086	1,046,131
Apprenticeship Levy	11,436	4,548
	<u>6,897,054</u>	<u>6,704,768</u>
Supply staff costs	66,336	10,344
Staff restructuring costs	0	2,190
	<u>6,963,390</u>	<u>6,717,302</u>

Included in staff restructuring are early retirement payments totalling £2190 (2016 £9446)

b) Staff numbers

The numbers of Employees during the period was as follows:

	2018	2017
Teaching	108	112
Administration and Support	117	136
Management	9	9
	<u>234</u>	<u>257</u>

c) Higher paid staff

The number of employees whose remuneration fell within the following bands were:

	2018	2017
£60,000 to £69,999 (annual equivalent)	1	1
£80,000 to £89,999 (annual equivalent)	2	1
£90,000 to £99,999 (annual equivalent)	0	1

d) Key Management Personnel

The Key Management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 3.
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 £548,836 (2017: £561,070)

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible Fixed Assets

	Freehold Land and Buildings £	Assets under Construction £	Furniture & Equipment £	Plant & machinery £	IT & technology £	Total £
Cost b/fwd	11,985,151	2,771,399	133,725	2,700,589	286,518	17,877,382
Additions		747,136	16,415	1,033	12,143	776,727
Disposals			(2,000)			(2,000)
at 31.8.18	11,985,151	3,518,535	148,140	2,701,622	298,661	18,652,109
Depreciation b/fwd	1,563,992	0	56,954	975,596	260,418	2,856,960
Charge for the period	296,167		10,871	151,042	14,803	472,883
Depreciation on Disposal			(750)			(750)
at 31.8.18	1,860,159	0	67,075	1,126,638	275,221	3,329,093
NBV at 31.8.18	10,124,992	3,518,535	81,065	1,574,984	23,440	15,323,016
NBV at 31.8.17	10,421,159	2,771,399	76,771	1,724,993	26,100	15,020,422

Valuation

The Freehold land and buildings and the plant and 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 and Equipment

Capital commitments

	2018 £	2017 £
Contracted for, but not provided for in the financial statements	441,394	954,117

LUNESDALE LEARNING TRUST

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

14 Investments

Movement in Market Value

Market value at 1 Sep 2017
Interest Retained
Net gains on revaluations in the year ended 31 August 2018

2018 2017
£ £

40,924	38,510
34	40
1,907	2,374
<u>42,865</u>	<u>40,924</u>

Historical cost at 31 Aug 2018

31,190 31,190

Analysis of unrestricted Investments at 31 August 2018

Total Funds Total Funds
2018 2017
£ £

COIF Investment Income units
COIF Fixed Interest Income units
COIF Deposit Fund

23,952	21,760
6,914	7,199
11,999	11,965
<u>42,865</u>	<u>40,924</u>

15 Stocks

Catering
Stationery
Clothing
Chas Jacobs Painting

Total Funds Total Funds
2018 2017
£ £

2,500	2,500
1,176	1,343
0	0
1,620	1,695
<u>5,296</u>	<u>5,538</u>

16 Debtors

Trade Debtors
Vat
Other Debtors
Prepayments

Total Funds Total Funds
2018 2017
£ £

5,437	8,343
97,355	121,427
660,964	597,871
88,415	91,776
<u>852,171</u>	<u>819,417</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

17 Creditors : Amounts falling due within one year:

	Total Funds 2018 £	Total Funds 2017 £
Trade creditors	82,012	67,360
Taxation and social security	122,219	119,712
ESFA creditor	5,784	4,965
CCC creditor	12,355	17,490
Deferred income	45,729	77,973
Other creditors	137,925	133,199
Accruals	112,953	193,868
	518,977	614,567

Deferred Income

Balance brought forward	77,973	80,241
Amounts released from previous years	(77,973)	(80,241)
Resources deferred in the year	45,729	77,973
Balance carried forward	45,729	77,973

Deferred income at 31 August 2018 comprises:

Local Authority funded grant statements grant (section 215) for the period September 2018 to March 2019	4,784	0
Rates receipt from ESFA for September 2017 to March 2018	0	0
South Lakes Rural Partnership payroll Invoice	20,734	9,422
Teaching School Income for September 2017 to March 2018	0	26,833
Deposits in advance for trips in the following academic year	20,211	41,718
	45,729	77,973

Funds held by the Academy as principal:

Balance brought forward	22,455	20,599
Amounts received in the year - 6th Form bursary	20,084	18,563
Amounts received in the year - 6th Form Bus Passes	12,820	24,991
Charitable Expenditure applied during the year - 6th Form Bursary	(17,910)	(18,952)
Charitable Expenditure applied during the year - 6th Form Bus Passes	(19,310)	(22,746)
Transfer from/(to) restricted funds	0	0
	18,139	22,455

Other creditors includes £18,139 where the Academy acts as principal and comprises:

£7,139 6th Form Bursaries - funding issued by the Department for Education for distribution to disadvantaged 6th form students.

£11,000 6th form bus passes - monies received by the students for distribution to the bus companies

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations

The academy'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 schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £119,131 (2017: £115,254) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations (continued)

The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to increase to 23.6% and will be payable from 1st September 2019.

The pension costs paid to TPS in the period amounted to £627,470 (2017: £620,731)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2018 was £287,986 (2017: £248,123) of which employers contributions totalled £205,899 (2017 £175,654) and employees contributions totalled £82,087 (2017 £72,469). The agreed contribution rates for future years are 15.3% for employers and between 5.5% and 12.5% 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.

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.10%	2.20%

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued) The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.2	23.1
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.5	25.4
Females	28.5	28.4

Sensitivity Analysis

	31st August 2018		31st August 2017	
	Deficit	Change	Deficit	Change
	£000	£000	£000	£000
Discount Rate + 0.1%	3175	-164	3615	-161
Discount Rate - 0.1%				
Mortality assumption - 1 year increase	3457	118	3893	117
Mortality assumption - 1 year decrease				
CPI rate + 0.1%	3506	167	3942	166
CPI rate - 0.1%				

The fair value of the major categories of scheme assets and the expected rate of return at the balance sheet date are as follows:

	Fair Value at 31st August 2018 £000	Fair Value at 31st August 2017 £000
Equity instruments	1627	1383
Government Bonds	585	514
Other Bonds	210	181
Property	304	229
Cash / Liquidity	197	152
Other	418	364
Total Market value of Assets	<u>3,341</u>	<u>2,823</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar Obligations (continued)

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 actual return on scheme assets was £147,000 (2017: £204,000).

Amounts recognised in the statement of Financial Activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	456	419
Net Interest cost	91	85
Administration Expenses	8	7
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	0	0
Total operating charge	555	511

**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

18 Pension and Similar obligations (continued)

Movements in the present value of defined benefit obligations were as follows

	2018 £000	2017 £000
At 1st September 2017	6,599	6,361
Current Service cost	456	419
Interest Cost	166	140
Employee contributions	82	72
Experience (gain) / loss	0	41
Actuarial (gain) / loss	(587)	(363)
Curtailments	0	0
Benefits paid	(36)	(71)
Plan introductions, benefit changes, curtailments and settlements		
At 31st August 2018	<u>6,680</u>	<u>6,599</u>

**LUNESDALE LEARNING TRUST
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

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

	2018 £000	2017 £000
At 1st September 2017	2,823	2,367
Return on plan assets (excluding net interest on the net defined pension liability)	75	55
Remeasurement of assets	72	123
Administration Expenses	(8)	(7)
Employer contributions	333	284
Employee contributions	82	72
Benefits paid	(36)	(71)
Plan introductions, benefit changes, curtailments and settlements		
At 31st August 2018	<u>3,341</u>	<u>2,823</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

19 Commitments under Operating Leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Total Funds 2018 £	Total Funds 2017 £
Amounts due within one year	12,900	12,900
Amounts due between one and five years	2,397	15,297
Amounts due after five years	0	0
	15,297	28,197

20 Restricted Fixed Asset funds

	Balance at 31.8.17 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31.8.18 £
Dof E/ESFA formula capital	0	29,059		(29,059)	0
ESFA Building Capital	954,117	540,440	0	(1,445,162)	49,395
Other Donations		95,000		(95,000)	0
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
2017 Total	15,854,439	577,460	(457,361)	0	15,974,538

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

Restricted Fixed Asset funds

	Balance at 31.8.16 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31.8.17 £
Dof E/ESFA formula capital	0	29,031		(29,031)	0
ESFA Building Capital	1,924,448	453,429	0	(1,423,760)	954,117
Other Donations		95,000		(95,000)	0
Fixed Assets used for charitable purposes	13,929,991		(457,361)	1,547,791	15,020,421
	15,854,439	577,460	(457,361)	0	15,974,538
2016 Total	13,822,496	2,467,116	(427,391)	(7,782)	15,854,439

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

21 Restricted General funds

	Balance at 31.8.17 £	Incoming Resources £	Outgoing Resources £	Transfers and gains / losses £	Balance at 31.8.18 £
ESFA Grants					
GAG	(422,289)	7,244,814	(7,954,002)	1,131,477	0
Rates	-	35,403	(35,403)	-	-
Pupil Premium	-	125,034	(125,034)	-	-
Bursary Grant	-	17,910	(17,910)	-	-
6th Form Bus Pass Grant	-	19,310	(19,310)	-	-
Other Dof E /ESFA grants	-	-	-	-	-
Defined benefit pension scheme Deficit	(3,776,000)	-	(222,000)	659,000	(3,339,000)
Other government grants					
Pupil premium	-	-	0	-	-
LA Funded Statements	-	60907	(60,907)	-	-
Special Educational Projects	116,200	3360	(8,120)	(100,000)	11,440
Teaching School	32,633	32233	(57,594)	-	7,272
Other government grants	-	150000	-	(150,000)	-
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	0	(300)	-
	(4,033,453)	8,029,436	(8,867,943)	1,560,166	(3,311,794)

Transfers and gains and losses

Transfers - see note 12 for detail

Gain / (Loss) on the defined benefit pension scheme

901,166
659,000
<u>1,560,166</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

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

	Balance at 31.8.16 £	Incoming Resources £	Outgoing Resources £	Transfers and gains / losses £	Balance at 31.8.17 £
ESFA Grants					
GAG	135,034	6,464,058	(6,976,629)	(44,752)	(422,289)
Rates	-	32,121	(32,121)	-	-
Pupil Premium	-	104,978	(104,978)	-	-
Bursary Grant	-	18,563	(18,952)	389	-
6th Form Bus Pass Grant	-	24,991	(22,746)	(2,245)	-
Other Dof E / ESFA grants	- 4,850	0	0	4,850	0
Defined benefit pension scheme Deficit	(3,994,000)	-	(227,000)	445,000	(3,776,000)
Other government grants					
Pupil premium	-	1,641	(1,641)	-	-
LA Funded Statements	-	64,863	(64,863)	-	-
Special Educational Projects	18,356	81,761	15,381	702	116,200
Teaching School	46,000	44,367	(57,734)	-	32,633
Other government grants	-	-	-	-	-
Catering	-	-	(26,053)	26,053	-
Trips	-	283,411	(292,644)	9,233	-
Restricted School Funds	14,576	41,429	(35,624)	(4,378)	16,003
Other educational income	-	397,977	(397,977)	-	-
Other restricted Funds	-	100	0	(100)	-

(3,784,884)	7,560,260	(8,243,581)	434,752	(4,033,453)
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Transfers and gains and losses

Transfers - see note 12 for detail

Gain / (Loss) on the defined benefit pension scheme

(10,248)

445,000

434,752

2016 Total	(1,908,581)	7,506,376	(7,635,378)	(1,747,301)	(3,784,884)
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LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

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 2018. Note 2 discloses whether the limit was exceeded.

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

Defined benefit pension scheme deficit fund:

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end

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 DofE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with the more advantaged students

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 for the Teaching School and National college grants

Restricted catering fund

This relates to the provision of free school meals and hospitality

22 Unrestricted Funds

	Balance at 31.8.17 £	Incoming Resources £	Outgoing Resources £	Transfers and gains/losses £	Balance at 31.8.18 £
Designated catering	-	430,902	(458,609)	27,707	-
Designated school funds	64,620	57,840	(71,027)	1,758	53,191
COIF investments	40,924	34	-	1,907	42,865
General Funds	792,061	90,168	(47,317)	(138,135)	696,777
	897,605	578,944	(576,953)	(106,763)	792,833
2017 Total	859,497	591,606	(566,119)	12,621	897,605

Transfers and gains and losses

Transfers - see note 12 for detail

(108,670)

Gains on COIF investments

1,907

(106,763)

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

Unrestricted general funds includes consultancy and lettings

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

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

	Balance at 31.8.16 £	Incoming Resources £	Outgoing Resources £	Transfers and gains/losses £	Balance at 31.8.17 £
Designated catering	-	423,294	(450,286)	26,992	-
Designated school funds	76,427	80,719	(88,833)	(3,693)	64,620
COIF investments	38,510	40	-	2,374	40,924
General Funds	744,560	87,553	(27,000)	(13,052)	792,061
	859,497	591,606	(566,119)	12,621	897,605
2016 Total	789,745	676,570	(547,921)	(58,897)	859,497

Transfers and gains and losses

Transfers - see note 12 for detail

Gains on COIF investments

10,247
2,374
<u>12,621</u>

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

Total Funds analysis by academy

Fund Balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Queen Elizabeth Academy	768,144	640,153
Queen Elizabeth Studio School Academy	51,896	0
Total before fixed assets and pension reserve	820,040	640,153
Restricted fixed asset fund	15,372,410	15,974,538
Pension Reserve	(3,339,000)	(3,776,000)
	12,853,450	12,838,691

Total cost analysis by academy

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Buildings Supplies £	Other Costs excluding Depreciation £	Total 2018 £	Total 2017
Queen Elizabeth Academy	5,047,391	1,085,343	111,753	1,271,563	953,856	8,469,906	9082647
Queen Elizabeth Studio School Academy	683,650	147,006	15,136		129,196	974,988	864309
Academy Trust	5,731,041	1,232,349	126,889	1,271,563	1,083,052	9,444,894	9,946,956

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

23 Analysis of Net Assets between Funds

	Tangible Fixed assets £	Investments £	Current Assets £	Current Liabilities £	Defined benefit pension £	Total £
Restricted General Funds						
GAG				-		0
Defined benefit pension scheme deficit					(3,339,000)	(3,339,000)
Special educational projects			11,440			11,440
Teaching School			7,272			7,272
Restricted School Funds			8,494			8,494
	-	-	27,206	-	(3,339,000)	(3,311,794)
Restricted Fixed Asset Funds						
Dof E/EFA Formula Capital grant			49395			49,395
Fixed Assets used for charitable purposes	15,323,016					15,323,016
	15,323,016	-	49395	-	-	15,372,411
Unrestricted Funds						
Designated Funds		42865	53191			96,056
General Funds			1215753	(518,977)		696,776
	-	42865	1268944	(518,977)	-	792,832
Total Funds	15,323,016	42,865	1345545	(518,977)	(3,339,000)	12,853,449
2017 Total	15,020,421	40,924	2167912	(614,567)	(3,776,000)	12,838,690

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

	Tangible Fixed assets £	Investments £	Current Assets £	Current Liabilities £	Defined benefit pension £	Total £
Restricted General Funds						
GAG				(422,289)		(422,289)
Defined benefit pension scheme deficit					(3,776,000)	(3,776,000)
Special educational projects			116,200			116,200
Teaching School			32,633			32,633
Restricted School Funds			16,003			16,003
	-	-	164,836	(422,289)	(3,776,000)	(4,033,453)
Restricted Fixed Asset Funds						
Dof E/EFA Formula Capital grant			954,117			954,117
Fixed Assets used for charitable purposes	15,020,421					15,020,421
	15,020,421	-	954,117	-	-	15,974,538
Unrestricted Funds						
Designated Funds		40,924	64,620			105,544
General Funds			984,339	(192,278)		792,061
	-	40,924	1,048,959	(192,278)	-	897,605
Total Funds	15,020,421	40,924	2,167,912	(614,567)	(3,776,000)	12,838,690
2016 Total	13,929,991	38,510	3,581,491	-626939	(3,994,000)	12,929,053

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

24 Related Party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arms length and in accordance with the academy's financial regulations and normal procurement procedures.

Chief Executive Officer, Mr Chris Clarke's spouse Mrs Janice Clarke is an employee of the Academy trust.

This is in line with the pay scale appropriate to her job role

Trustee, Mrs Fell-William's spouse Mr Jim Williams is an employee of the Academy trust.

This is in line with the pay scale appropriate to his job role

Headteacher of Queen Elizabeth School, Miss Cathy O'Neill's spouse Mr Peter Rushton is an employee of the Academy trust.

This is in line with the pay scale appropriate to his job role

25 Governors Remuneration and Expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their service as trustees. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors remuneration for the year was in the following bands:

C Clarke	Remuneration	£45,000 to £49,999	(2017: £95,000 to £99,999)
	Employer's pension contributions	£5,000 to £9,999	(2017: £15,000 to £19,999)
P Weston	Remuneration	£45,000 to £49,999	(2017: £45,000 to £49,999)
	Employer's pension contributions	£5,000 to £9,999	(2017: £5,000 to £9,999)
T Fell Williams	Remuneration	£25,000 to £29,999	(2017: £20,000 to £24,999)
	Employer's pension contributions	£0 to £4,999	(2017: £0 to £4,999)
T Barker	Remuneration	£40,000 to £44,999	(2017: £40,000 to £44,999)
	Employer's pension contributions	£5,000 to £9,999	(2017: £5,000 to £9,999)

During the year ended 31 August 2018 travel accommodation and subsistence expenses totalling £3020 were reimbursed to 5 governors (2017: £5600 to five governors).

Governors and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions whilst on academy business. The insurance provides cover up to £1,000,000 (2017: £1,000,000) on any one claim. The cost of this insurance is included in the total insurance cost

26 Company Limited by Guarantee

Lunesdale Learning Trust is a company limited by guarantee. 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.

27 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £20,085 and disbursed £17910 from the fund. An amount of £7139 is included in other creditors relating to undistributed funds that is repayable to ESFA

28 General Note

The Academy Trust is a private company limited by guarantee, registered in England and Wales and an exempt charity. The address of the registered office is Queen Elizabeth School, Kirkby Lonsdale, Cumbria, LA6 2HJ, United Kingdom. The financial statements are prepared in sterling, which is the functional currency of the entity.

LUNESDALE LEARNING TRUST COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

29 Teaching School Trading Account

	2017/18 £'000	2016/17 £'000
Income		
Direct Income		
Other Income	32	45
Other Income		
Fundraising and Other Activities	0	0
Total Income	<u>32</u>	<u>45</u>
Expenditure		
Direct Costs	35	31
Total Expenditure	<u>35</u>	<u>31</u>
Transfers between funds	-23	-27
Surplus/(Deficit) from all sources	<u>-26</u>	<u>-13</u>
Teaching School Balances at 1 September 2017	<u>33</u>	<u>46</u>
Teaching School Balances at 1 September 2018	<u><u>7</u></u>	<u><u>33</u></u>