

Company Registration No. 08038063 (England and Wales)

**THE LUTTERWORTH ACADEMIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



# THE LUTTERWORTH ACADEMIES TRUST

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# THE LUTTERWORTH ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Leicestershire Diocese Educational Trust  
Mrs E J Baines  
Mr J G P Warren

### Trustees

Mr J G P Warren (Chair)  
Mrs H K Christie (Vice Chair)  
Mr N Summers (Accounting Officer)  
Mrs H Caple  
Ms M E Daley (Resigned 8 March 2021)  
Mr R E Grant  
Mr C Skelton  
Reverend C A M Styles  
Prof J Parkes (Appointed 8 September 2021)

### Senior leadership team

- Executive Principal
- Senior deputy headteacher
- Deputy headteacher
- Assistant headteacher
- Assistant headteacher
- Assistant headteacher
- Assistant headteacher
- Assistant headteacher
- Associate assistant headteacher
- School business leader

N Summers  
D Lane  
S Shovlin  
S Raywood  
M Hadley  
J Keller  
A Hutchinson  
H Fitzgerald  
N Whitehill  
L Kendrick

### Company registration number

08038063 (England and Wales)

### Principal and registered office

Bitteswell Road  
Lutterworth  
Leicestershire  
LE17 4EW  
United Kingdom

### Independent auditor

Azets Audit Services  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL  
United Kingdom

### Bankers

Barclays Bank PLC  
Leicester  
LE87 2BB  
United Kingdom

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust is an empty multi-academy trust. It operates a voluntary controlled (Church of England) mixed comprehensive school, Lutterworth College, for students aged 11+ including sixth form, serving a catchment area in South Leicestershire. Lutterworth College has a pupil capacity of 2,047 and had a roll of 1,465 in the January 2021 school census.

#### **Structure, governance and management**

##### Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of The Lutterworth Academies Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional indemnity insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

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

The articles of association require no fewer than three nor greater than twelve trustees. On conversion from a single academy trust to a multi-academy trust the existing trustees either remained in post or resigned. Subsequent trustees of the multi-academy trust are to be appointed as follows:

- Up to eight Trustees can be appointed by the members and the Diocesan Board of Education:
  - Members shall appoint up to six trustees
  - The Diocesan Board of Education shall appoint no fewer than two trustees provided that the number of trustees appointed by the Diocese does not exceed 25% of the total number of trustees.
- One staff trustee who shall be appointed following a secret ballot of all staff employed by the trust (excluding the Executive Principal)
- The Chief Executive Officer (being the Executive Principal)

The term of office for any trustee, shall be four years except the Executive Principal who remains as trustee whilst in post.

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

The training and induction provided for new trustees will depend on their existing experience. Any new trustees are supplied with an induction pack. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All new trustees will be given a tour of the academies and the chance to meet with staff and students. All trustees are given access to the intranet of both academies where they can access copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. There is also the opportunity for mentoring by a more experienced trustee.

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Organisational structure

The board of Trustees retains overall responsibility for the management of the affairs of the trust.

The board of Trustees meets five times during school term time. It continues to provide the strategic leadership of the trust. Financial, operational and staffing issues are reported directly to the board of Trustees. There is a trust improvement committee, which focuses on teaching and learning within each school. The chair of the trust improvement committee is appointed by the board of Trustees and is also appointed as vice chair of the board of Trustees.

There is a scheme of financial delegation to the Accounting Officer with the School Business Leader performing the role of Chief Finance Officer.

The Senior Leaders are the Headteacher, the Senior Deputy Headteacher, the Deputy Head teacher and the Assistant Head teachers. These leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff and are supported by the School Business Leader.

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

The trust has a pay policy which is reviewed annually and is relevant to all teaching members of staff including teaching leadership roles. Following completion of an annual appraisal, pay recommendations for these groups of staff can be made where applicable and when supported by the Head teacher (or relevant line manager if more senior) to the Pay Committee (a panel of 3 Directors). Support Staff (all levels) terms and conditions differ in that pay and performance are not linked and therefore not subject to the Pay Committee.

#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

##### *Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

##### *Percentage of pay bill spent on facility time*

Total cost of facility time	-
Total pay bill	6,228,000
Percentage of the total pay bill spent on facility time	-

##### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Related parties and other connected charities and organisations

##### **LASA**

Lutterworth College is a member of LASA (Lutterworth Area Schools Association); a group of schools from South Leicestershire. LASA aims to create an inclusive and productive partnership between Member Schools where all schools who are part of the association benefit from effective support to help pupils improve their learning outcomes and reach their full potential. Each school and academy within LASA contributes an amount based on pupil numbers each year to fund LASA. Due to the level of surplus funds being carried forward from the previous year no contributions were made by the Trust to LASA during the year (2020: £Nil).

##### **Lutterworth Upper School Endowment**

The Lutterworth Upper School Endowment is a capital endowment fund held in a separate charity managed by Leicestershire County Council. The capital element of the endowment is held in the Education Trust Fund Pooling Scheme with funds from other charities relating to different schools and academies across the county, and then invested as part of this larger pooled sum to achieve maximum return on the capital. Income is credited to the individual charities in the pooling scheme based on the value of units each charity holds. Income of £Nil was received by the Lutterworth Upper School Endowment in the year to 31 March 2021 (2020: £Nil).

#### **Objectives and activities**

##### Objects and aims

The trust's object and principal activity, as set out in its articles of association and funding agreement is 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 Academies which shall offer a broad and balanced curriculum and which shall include:

- Church of England academies designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of education, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

Lutterworth College is a voluntary controlled (Church of England) mixed comprehensive school for students aged 11+. Formerly known as Lutterworth Grammar School, the academy has a long tradition of providing a quality education with high expectations for all students both in and out of the classroom. Results are consistently above the national average; students benefit from an outstanding curriculum which offers extensive choice and meets their individual needs. The academy promotes high quality teaching and learning. Staff are proud of the academy which attracts talented, committed, and conscientious teachers who are "confident in their specialist subjects and provide interesting learning activities" (Ofsted) assisted by experienced support staff.

The College is inclusive, attaching great importance to understanding each students individual needs and helping all students to make the most of their abilities. It strives for students to achieve well in exams but also for them to become well rounded people through leadership opportunities and participating in activities outside the classroom, and outside school.

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Objectives, strategies and activities

The main objectives of the trust during the year are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academies by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct the trust's business in accordance with the highest standards of integrity, probity and openness; and
- to enable every young person to learn, flourish and succeed

The trust's main strategy for carrying out its objects is to provide education for pupils of different abilities, in a learning environment utilising the best possible teaching facilities and staff. To this end the activities provided include:

- offering the right mix of courses and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff so that they can continue to teach well;
- additional expert support for students with learning difficulties and disabilities to enable them to achieve well;
- arranging work experience placements with industrial and commercial partners;
- a programme of extra-curricular opportunities for all students including sporting and after school leisure activities and clubs;
- guidance and advice to help students obtain employment or move on to higher education or other training; and
- extensive pastoral support and mentoring programmes for all students.

### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. The trustees ensure that the academies' activities, as described above, are undertaken in line with the charitable objects and aims. The academies follow the school admissions criteria and policies of Leicestershire County Council to ensure that the basis for admissions is transparent and as fair as possible to all potential pupils applying to the academies, and is comparable to other local state-funded schools and academies.

## **Strategic report**

### **Achievements and performance**

Although closed to the majority, the school remained open to vulnerable and keyworker students throughout the lockdown period, including the Easter and May half term breaks. Work was set for all year groups via our online platform to minimise the impact of the closure. Vulnerable students were safeguarded through regular school communication and where appropriate provided with laptops to support their online learning.

Students in exam years (11 & 13) were directly impacted by the COVID 19 pandemic through being unable to sit their public examinations. The school worked hard to ensure that a robust process was undertaken around the award of Centre Assessed Grades for all affected.

For the forthcoming year, a programme of catch-up activities are implemented to support students in identified groups.

To allow the school to open and keep staff and students safe, it will continue to operate as determined within the guidelines of its risk assessment, which will be regularly updated in line with guidance from the Department for Education and Public Health England.

The Trust challenges all students to make the best of their considerable talents and abilities by exhibiting the characteristics of being Courageous, Hardworking, Reflective, Inspirational, Supportive & Tenacious.

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Key performance indicators

##### GCSE Headlines:

- Attainment 8 score was 5.0
- 47.4% achieved 5+ in English and Maths
- 69.6% achieved 4+ in English and Maths

##### Sixth Form Headlines:

- 89% A\*-C grades
- 65% A\*-B grades
- 37% A\*-A grades
- Level 3 Value Added score for A Levels was +0.6
- Average grade per entry for A levels was a B
- Average grade per entry for Applied General subjects (vocational) was Distinction\*-

#### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

We do not foresee any issues regarding the COVID-19 pandemic which are likely to impact this assessment.

#### **Financial review**

##### **Financial performance for the year**

To ensure a safe and secure environment for the vulnerable and keyworker students and accompanying teaching and support staff who remained in school during the period of lockdown, significant investment was needed in personal protective equipment including and an enhanced cleaning regime. In preparation for full school reopening, further investment was needed on physical separation in areas where larger groups of students get together such as the library, the sixth form study space and socialisation areas.

Most of the academy trust's operating income is obtained from the Education and Skills Funding Agency (ESFA)/ Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA/DfE during the year ended 31 August 2021, totalling £7.8m (2020: £7.3m), and the associated expenditure are shown as restricted general funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the ESFA/DfE. These totalled £0.4m in the period (2020: £0.2m). In accordance with the Charities Statement of Recommended Practice, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The academy trust also generates additional income from catering, pupil trips and the hiring of school facilities to external parties. This income amounted to £0.1m (2020: £0.2m) in the year.

Total expenditure in the year was £8.5m (2020: £8.0m), however £0.6m (2020: £0.5m) related to depreciation and £0.29m, (2020: £0.35m) related to accounting entries associated with the LGPS pension scheme. Therefore underlying revenue expenditure was £7.61m (2020: £7.15m), of which £6.3m (2020: £6.0m), excluding LGPS adjustments and other one off costs, related to staff costs.



# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### **Financial position**

At 31 August 2021 the academy trust held fund balances of £7.04m (2020: £7.9m) comprising £7.0m (2020: £7.9m) of restricted funds and £0.04m (2020: £Nil) of unrestricted funds. These funds are represented in the main by fixed assets of £14.5m, debtors of £0.3m, cash balances of £0.6m, creditors of £0.7m (including £0.1m falling due after more than one year) and a pension scheme liability of £7.6m.

#### **Fixed assets**

At 31 August 2021 the net book value of tangible fixed assets was £14.5m (2020: £14.5m) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust. The bulk of the value of the assets lies in the leasehold land and buildings. These were valued (on the basis of depreciated replacement cost) on transfer from the local authority by a RICS registered valuer employed by Leicestershire County Council.

During the year the academy trust received donated assets from the government with an estimated value of £0.02m (2020: £Nil).

#### Reserves policy

The trustees continually review the reserve levels and reserves policy of the academy trust with a view to the requirements of the forthcoming year and beyond. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, the nature of reserves, and the need to demonstrate regularity and propriety in the use of funds. The trustees' principal aim is to maintain a positive reserves position and avoid any deficit. At 31 August 2021 the academy trust's unrestricted funds were £0.05m (2020: £Nil), and restricted funds were £7.0m (2020: £8.2m). The specific purposes of the funds are detailed in note 20 to the financial statements.

The trust has a restricted fund in deficit of £7.6m (2020: £6.3m) relating to the Local Government Pension Scheme. This does not mean that an immediate liability will crystallise. This deficit has arisen on transfer of the liability from the local authority on achieving Academy status. This deficit will likely result in a cash flow effect for the Trust in the form of increased employer pension contributions over future years.

The academy trust is carrying a net deficit of £Nil (2020: £238,000) on restricted general funds (excluding pension reserve). The academy trust, in consultation with ESFA, agreed a medium-term recovery programme which has seen expenditure brought back into line with the academy trust's income and the deficit has been fully eradicated in the year.

#### Investment policy

The trust does not hold any investments other than cash. The trust's policy is to review, on a continuing basis, the short-term operational cash requirements so that any surplus can be held in a higher interest deposit account to maximise interest receipts. Due to continued very low interest rates during the accounting year ended 31 August 2021, interest receivable has totalled only £101 (2020: £2,234).

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Principal risks and uncertainties

#### **Financial and Risk Management Objectives and Policies**

The trustees regularly review the risks faced by the academy trust and maintain a "Risk register" to identify the critical areas of concern. They have put in place reasonable and appropriate management controls to address these risks. Risk management is detailed further below in the Governance Statement.

The trustees also have established financial management objectives and policies. The principal objective of financial management is to use the incoming resources available to the academy in the most efficient and effective way to best achieve the trust's objectives and aims.

Key financial management policies include:

- Setting detailed operational budgets at the beginning of each academic year and monitoring and managing of these budgets throughout the year.
- Close monitoring of the number and nature of students to ensure the correct level of funding is being received from the Education and Skills Funding Agency (ESFA)/Department for Education (DfE).
- Identifying and exploiting opportunities to raise additional income for the academy, such as hire of premises and facilities to external parties.
- Seeking competitive prices from suppliers.
- Managing staff costs closely to ensure all staff are paid correctly.
- Ensuring robust systems and controls are in place for cash handling across the organisation.

The directors consider the following items to be the principal risks facing the academy trust:

- Operational:
  - Competition risk from local secondary schools
  - Stakeholder risk - negative views of key stakeholders
- Financial:
  - Changes to funding outside of our control
  - Risk of increased employers contributions
- Other financial risks:
  - Cash flow and liquidity risks – Due to timing of some key funding, the Trusts costs and cashflows are front loaded. Cash is held on deposit where possible to maximise interest receipts.

#### **Fundraising**

A group of parents operate as a group called Friends of Lutterworth College (FOLC) to organise fundraising activities for the Academy Trust. Events including a Colour Run and quiz nights have been hosted to raise funds for individual school projects.

# THE LUTTERWORTH ACADEMIES TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Plans for future periods

We are a school embedded in the local community with a proud history of educating the young people of Lutterworth and surrounding villages since 1880. As an inclusive, Church of England secondary school and Sixth Form we pride ourselves on offering a broad and balanced curriculum, supported by exceptional pastoral care, ensuring an all-through education that enables every student at our school to learn, flourish and succeed.

Achieving great examination outcomes is important for young people to be able to pursue their dreams but we know school life is about so much more than certificates and qualifications. This is why we place just as much emphasis on our pastoral care and support for young people so they are able to also flourish and succeed during their education here. The holistic development of our students into responsible, mature and respectful young adults is incredibly important to us and providing them with a breadth of opportunities and extra-curricular activities is a fundamental part of what we do. We aim to provide society with young people who can truly benefit both themselves and the world at large.

In 2015, following age-range change in Leicestershire, we welcomed our first cohort of Year 7 students to the school since the 1960s following school-age restructure in Leicestershire. There are now students in Year 7 through to Year 13 and this enables the school to offer a truly all-through, seamless journey from primary school to GCSE's and onto A levels, and university or employment. Our large Sixth Form is thriving and we offer an extensive choice of subjects with a wide range of A Level and vocational qualifications to choose from.

Our latest OFSTED inspection was undertaken in November 2017 where the College was rated 'Good' in all aspects. Since 2017 Lutterworth College became an oversubscribed school in Year 7 filling all the spaces available. In 2019 our school was further inspected under the Church of England SIAMS framework and was again found to be 'Good' in all aspects of our provision.

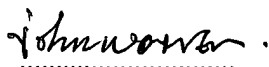
### Auditor

In so far as the trustees are aware:

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

A resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 22/11/21 and signed on its behalf by:



Mr J G P Warren  
Chair

# THE LUTTERWORTH ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Lutterworth Academies 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the head teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Lutterworth Academies Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustees	Meetings attended	Out of possible
Mr J G P Warren (Chair)	5	5
Mrs H K Christie (Vice Chair)	5	5
Mr N Summers (Accounting Officer)	5	5
Mrs H Caple	3	5
Ms M E Daley (Resigned 8 March 2021)	3	3
Mr R E Grant	5	5
Mr C Skelton	5	5
Reverend C A M Styles	5	5
Prof J Parkes (Appointed 8 September 2021)	0	0

As noted above the board met 5 times during the year and in addition to this the business management committee met 5 times. These meetings, together with the other committee meetings and regular involvement of the Chair of Governors in day to day academy business (as required) provided effective oversight of funds.

### Governance review

Leading up to, and since the establishment of the multi-academy trust the role of the board of Trustees and the terms of reference of each local governing body and the audit committee have evolved to meet the continually changing needs of the Trust. Operational and financial policies and procedures have been reviewed and updated accordingly along with the systems and controls. The risk management policies and procedures have also been reviewed and updated to meet the changing risk environment. These updates have been made to ensure the Trust has robust policies in place to address current and future challenges and to meet all statutory and legal requirements.

### Business Management Committee

The Business Management Committee is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the Governing Body, by enabling a more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity.

# THE LUTTERWORTH ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mr J G P Warren (Chair)	4	5
Mrs H K Christie (Vice Chair)	5	5
Mr N Summers (Accounting Officer)	5	5
Mr C Skelton	5	5

#### Review of value for money

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

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

- External review of procurement and finance processes undertaken to provide independent view and provide recommendations for the Trust to implement.
- Work with local organisations to lease underutilised space on site to increase income to the Trust.
- Continued cycle of contract review to reduce costs on areas such as waste management.
- Closely monitoring staffing requirements to ensure the most efficient use of staff time aligned to group numbers.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Lutterworth Academies Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts.

#### Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

#### The risk and control framework

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

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

# THE LUTTERWORTH ACADEMIES TRUST

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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The board of trustees has considered the need for a specific internal audit function and has decided to appoint Streets LLP as internal auditor.

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

- testing of payroll systems
- testing of income systems
- testing of purchase systems
- testing of credit card payments
- testing of control account / bank reconciliations

On a regular basis, the auditor reports to the board of trustees, through the business management committee, on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

The Academy trust confirms the internal auditor has delivered their schedule of work as planned and no material control issues arose as a result of the internal auditor's work.


#### Review of effectiveness

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

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

Approved by order of the board of trustees on 22/11/21 and signed on its behalf by:

  
Mr J G P Warren  
Chair

  
Mr N Summers  
Accounting Officer

# THE LUTTERWORTH ACADEMIES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

**FOR THE YEAR ENDED 31 AUGUST 2021**

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As accounting officer of The Lutterworth Academies Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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 N Summers  
Accounting Officer

22/11/21

# THE LUTTERWORTH ACADEMIES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees (who are also the directors of The Lutterworth Academies Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 22/11/21 and signed on its behalf by:



Mr J G P Warren  
Chair



# THE LUTTERWORTH ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUTTERWORTH ACADEMIES TRUST

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Opinion

We have audited the accounts of The Lutterworth Academies Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

### Basis for opinion

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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

We have nothing to report in this regard.

# THE LUTTERWORTH ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUTTERWORTH ACADEMIES TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the accounts**

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

# THE LUTTERWORTH ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LUTTERWORTH ACADEMIES TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

Mr Paul Tyler (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services

20/12/2021

Chartered Accountants  
Statutory Auditor

Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
United Kingdom  
NN15 6BL

# THE LUTTERWORTH ACADEMIES TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LUTTERWORTH ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2021**

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In accordance with the terms of our engagement letter dated 1 September 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Lutterworth Academies Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of The Lutterworth Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Lutterworth Academies Trust's funding agreement with the Secretary of State for Education dated 30 April 2014 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment of the internal audit work and reliance placed upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
  - Sample test of delegated authority procedures
  - Enquiry and review of transactions with connected persons
  - Review of governance procedures including inspection of Trustee and relevant Board minutes
  - Sample test of procurement procedures
- Communication with the accounting officer

# THE LUTTERWORTH ACADEMIES TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Azets Audit Services*

### Reporting Accountant

Azets Audit Services  
Thorpe House  
93 Headlands  
Kettering  
Northamptonshire  
NN15 6BL  
United Kingdom

Dated: 20/12/2021

# THE LUTTERWORTH ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2021 £'000s	Total 2020 £'000s
<b>Income and endowments from:</b>						
Donations and capital grants	3	45	-	403	448	173
Charitable activities:						
- Funding for educational operations	4	32	8,131	-	8,163	7,540
Other trading activities	5	49	-	-	49	51
Investments	6	-	-	-	-	2
<b>Total</b>		<u>126</u>	<u>8,131</u>	<u>403</u>	<u>8,660</u>	<u>7,766</u>
<b>Expenditure on:</b>						
Raising funds	7	-	-	-	-	2
Charitable activities:						
- Educational operations	8	52	7,898	594	8,544	8,022
<b>Total</b>	7	<u>52</u>	<u>7,898</u>	<u>594</u>	<u>8,544</u>	<u>8,024</u>
<b>Net income/(expenditure)</b>		74	233	(191)	116	(258)
Transfers between funds	19	(29)	(286)	315	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(1,047)	-	(1,047)	158
<b>Net movement in funds</b>		45	(1,100)	124	(931)	(100)
<b>Reconciliation of funds</b>						
Total funds brought forward		-	(6,528)	14,501	7,973	8,073
Total funds carried forward		<u>45</u>	<u>(7,628)</u>	<u>14,625</u>	<u>7,042</u>	<u>7,973</u>


# THE LUTTERWORTH ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021	2020
	Notes	£'000s	£'000s
<b>Fixed assets</b>			
Tangible assets	13	14,495	14,481
<b>Current assets</b>			
Stocks	14	25	25
Debtors	15	254	282
Cash at bank and in hand		580	872
		859	1,179
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(612)	(1,049)
<b>Net current assets</b>		247	130
<b>Total assets less current liabilities</b>		14,742	14,611
Creditors: amounts falling due after more than one year	17	(72)	(348)
<b>Net assets before defined benefit pension scheme liability</b>		14,670	14,263
Defined benefit pension scheme liability	21	(7,628)	(6,290)
<b>Total net assets</b>		7,042	7,973
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>	19		
- Fixed asset funds		14,625	14,501
- Restricted income funds		-	(238)
- Pension reserve		(7,628)	(6,290)
<b>Total restricted funds</b>		6,997	7,973
<b>Unrestricted income funds</b>	19	45	-
<b>Total funds</b>		7,042	7,973

The accounts on pages 20 to 44 were approved by the trustees and authorised for issue on 22/11/21 and are signed on their behalf by:



Mr J G P Warren  
Chair

Company Number 08038063

# THE LUTTERWORTH ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000s	2020 £'000s
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	22	300	401
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		-	2
Capital grants from DfE Group		413	236
Purchase of tangible fixed assets		(589)	(434)
<b>Net cash used in investing activities</b>		(176)	(196)
<b>Cash flows from financing activities</b>			
Repayment of long term loan		(416)	-
Repayment of other loan		-	(16)
<b>Net cash used in financing activities</b>		(416)	(16)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>		(292)	189
Cash and cash equivalents at beginning of the year		872	683
<b>Cash and cash equivalents at end of the year</b>		580	872



# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

The Lutterworth Academies Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Lutterworth Academies Trust meets the definition of a public benefit entity under FRS 102 and is a private charitable company, limited by guarantee and registered in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

The financial statements are prepared in Sterling, being the functional currency of the charitable company. Monetary amounts presented in these financial statements have been rounded to the nearest £'000.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 accounts 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 accounts.

##### 1.3 Income

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

###### Grants

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

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

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

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

(Continued)

##### 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

Upon Lutterworth College's conversion the academy trust entered into a 125 year lease with Leicestershire County Council for the academy trust's land and buildings. The rental charge under this lease is a peppercorn. Substantially all the risks and rewards incidental to ownership are assumed by the academy trust and therefore the lease is treated as a finance lease and the asset capitalised and depreciated over the period of the lease, in accordance with the tangible fixed asset accounting policy below.

#### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

#### 1.5 Tangible fixed assets and depreciation

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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:

Land and buildings	over the period of the 125 year lease
Leasehold improvements	10% of cost
Computer equipment	33% of cost
Furniture and equipment	25% of cost
Motor vehicles	25% of cost

The academy trust occupies part of the site of Lutterworth College and uses the buildings on that land under a licence contained in a Church Supplemental Agreement dated 30 April 2014 and made between Leicestershire County Council (as trustee) (1) The Leicester Diocesan Board of Education (2) Lutterworth College (3) and the Secretary of State for Education (4). This is an ongoing agreement with a minimum of a two year notice period for termination. As Lutterworth College has no proprietary interest in the land covered by that agreement, no value has been included in these financial statements as attributed to that agreement.

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.

#### 1.6 Liabilities

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

#### 1.7 Leased assets

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

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

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

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.10 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.

#### 1.11 Pensions benefits

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

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

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

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

#### 1.12 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Restricted pension reserve funds represent the academy trust's share of the assets and liabilities of the Local Government Pension Scheme.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 3 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Donated fixed assets	-	19	19	-
Capital grants	-	384	384	159
Other donations	45	-	45	14
	<u>45</u>	<u>403</u>	<u>448</u>	<u>173</u>

The income from donations and capital grants was £448,000 (2020: £173,000) of which £45,000 was unrestricted (2020: £5,000), £- was restricted (2020: £9,000) and £403,000 was restricted fixed assets (2020: £159,000).

Donated fixed assets comprises assets donated by the government at an estimated value of £19,000.

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	7,207	7,207	6,774
Other DfE / ESFA grants:				
Pupil premium	-	133	133	115
Teachers pension grant	-	285	285	267
Teachers pay grant	-	101	101	95
Others	-	80	80	-
	<u>-</u>	<u>7,806</u>	<u>7,806</u>	<u>7,251</u>
<b>Other government grants</b>				
Local authority grants	-	102	102	99
	<u>-</u>	<u>102</u>	<u>102</u>	<u>99</u>
<b>Exceptional government funding</b>				
Coronavirus exceptional support	-	46	46	29
Other Coronavirus funding	-	133	133	-
	<u>-</u>	<u>179</u>	<u>179</u>	<u>29</u>
Other incoming resources	32	44	76	161
	<u>32</u>	<u>44</u>	<u>76</u>	<u>161</u>
<b>Total funding</b>	<u>32</u>	<u>8,131</u>	<u>8,163</u>	<u>7,540</u>

The income from funding for educational operations was £8,163,000 (2020: £7,540,000) of which £32,000 was unrestricted (2020: £46,000) and £8,131,000 was restricted (2020: £7,494,000).

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Funding for the academy trust's educational operations

(Continued)

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Pupil Premium, Teachers' Pay Grants and Teachers' Pensions Grants is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'exceptional government funding'.

The funding received for coronavirus exceptional support covers £46,446 (2020: £28,540) of personal protective equipment (PPE) and other related equipment costs. These costs are included in notes 7 and 9 below as appropriate.

### 5 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Hire of facilities	49	-	49	51

The income from other trading activities was £49,000 (2020: £51,000) of which £49,000 was unrestricted (2020: £51,000).

### 6 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Short term deposits	-	-	-	2

The income from funding for investment income was £- (2020: £2,000) of which £- was unrestricted (2020: £2,000).

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 7 Expenditure

	Staff costs £'000s	Non-pay expenditure Premises £'000s	Other £'000s	Total 2021 £'000s	Total 2020 £'000s
Expenditure on raising funds					
- Direct costs	-	-	-	-	2
Academy's educational operations					
- Direct costs	5,487	594	507	6,588	6,253
- Allocated support costs	1,093	568	295	1,956	1,769
	<u>6,580</u>	<u>1,162</u>	<u>802</u>	<u>8,544</u>	<u>8,024</u>

The expenditure on raising funds was £- (2020: £2,000) of which £- was unrestricted (2020: £2,000).

Net income/(expenditure) for the year includes:	2021 £'000s	2020 £'000s
Fees payable to auditor for:		
- Audit	12	12
- Other services	1	2
Operating lease rentals	205	56
Depreciation of tangible fixed assets	594	514
Net interest on defined benefit pension liability	108	112
	<u>      </u>	<u>      </u>

### 8 Charitable activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
<b>Direct costs</b>				
Educational operations	-	6,588	6,588	6,253
<b>Support costs</b>				
Educational operations	52	1,904	1,956	1,769
	<u>52</u>	<u>8,492</u>	<u>8,544</u>	<u>8,022</u>

The expenditure on charitable activities was £8,544,000 (2020: £8,022,000) of which £52,000 was unrestricted (2020: £58,000), £7,898,000 was restricted (2020: £7,450,000) and £594,000 was restricted fixed assets (2020: £514,000).

	2021 £'000s	2020 £'000s
<b>Analysis of support costs</b>		
Support staff costs	1,093	1,041
Premises costs	568	424
Legal costs	-	3
Other support costs	277	279
Governance costs	18	22
	<u>      </u>	<u>      </u>



# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

<b>8</b>	<b>Charitable activities</b>	<b>(Continued)</b>	
		<u>1,956</u>	<u>1,769</u>
<b>9</b>	<b>Governance costs</b>		
	<b>All from restricted funds:</b>	<b>Total</b>	<b>Total</b>
		<b>2021</b>	<b>2020</b>
		<b>£'000s</b>	<b>£'000s</b>
	<b>Amounts included in support costs</b>		
	Legal costs	-	3
	Auditor's remuneration		
	- Audit of financial statements	12	12
	- Other audit costs	1	2
	Other governance costs	5	8
		<u>18</u>	<u>25</u>
<b>10</b>	<b>Staff</b>		
	<b>Staff costs</b>		
	Staff costs during the year were:		
		<b>2021</b>	<b>2020</b>
		<b>£'000s</b>	<b>£'000s</b>
	Wages and salaries	4,730	4,454
	Social security costs	444	407
	Pension costs	1,345	1,295
	Staff costs - employees	<u>6,519</u>	<u>6,156</u>
	Agency staff costs	61	65
	Staff restructuring costs	-	11
	Total staff expenditure	<u>6,580</u>	<u>6,232</u>
	Staff restructuring costs comprise:		
	Redundancy payments	<u>-</u>	<u>11</u>

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

(Continued)

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	80	83
Administration and support	127	129
Management	10	9
	<u>217</u>	<u>221</u>

#### Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
	<u>5</u>	<u>4</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £836,781 (2020: £738,525).

### 11 Trustees' remuneration and expenses

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

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

N Summers (head teacher):

- Remuneration £95,000 - £100,000 (2020: £90,000 - £95,000)
- Employer's pension contributions £20,000 - £25,000 (2020: £20,000 - £25,000)

During the year, travel, subsistence and other payments totalling £1,569 (2020: £675) were reimbursed or paid directly to 1 trustee (2020: 2 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

### 13 Tangible fixed assets

	Land and buildings	Leasehold improvements	Computer equipment	Furniture and equipment	Motor vehicles	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Cost</b>						
At 1 September 2020	12,552	4,137	632	332	14	17,667
Additions	-	526	82	-	-	608
At 31 August 2021	12,552	4,663	714	332	14	18,275
<b>Depreciation</b>						
At 1 September 2020	762	1,513	605	292	14	3,186
Charge for the year	100	445	29	20	-	594
At 31 August 2021	862	1,958	634	312	14	3,780
<b>Net book value</b>						
At 31 August 2021	11,690	2,705	80	20	-	14,495
At 31 August 2020	11,790	2,624	27	40	-	14,481

The net book value of land and buildings comprises:

	2021 £'000s	2020 £'000s
Long leaseholds (over 50 years)	11,690	11,790

Part of the site of Lutterworth College is held under a 125 year lease from Leicestershire County Council (as local authority) in whom the freehold of that land is vested. As a proprietary interest is created by that lease, a value has been attributed to that interest in these financial statements.

The academy trust also occupies part of the site of Lutterworth College and uses the buildings on that land under a licence contained in a Church Supplemental Agreement dated 30 April 2014 and made between Leicestershire County Council (as trustee) (1) The Leicester Diocesan Board of Education (2) Lutterworth College (3) and the Secretary of State for Education (4). This is an ongoing agreement with a minimum of a two year notice period for termination. As Lutterworth College has no proprietary interest in the land covered by that agreement, no value has been included in these financial statements as attributed to that agreement.

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 14 Stocks

	2021 £'000s	2020 £'000s
Student supplies and equipment	25	25

### 15 Debtors

	2021 £'000s	2020 £'000s
Trade debtors	4	12
VAT recoverable	62	83
Other debtors	-	11
Prepayments and accrued income	188	176
	<u>254</u>	<u>282</u>

Prepayments and accrued income include £Nil (2020: £64,000) in respect of capital grants due to the academy trust.

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

	2021 £'000s	2020 £'000s
Government loans	18	158
Trade creditors	166	287
Other taxation and social security	110	98
Other creditors	162	147
Accruals and deferred income	156	359
	<u>612</u>	<u>1,049</u>

Details of the above government loans are included in the creditors: amounts falling due after more than one year note below.

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

	2021 £'000s	2020 £'000s
Government loans	72	348

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Creditors: amounts falling due after more than one year (Continued)

	2021 £'000s	2020 £'000s
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments	15	91
Wholly repayable within five years	75	415
	<u>90</u>	<u>506</u>
Less: included in current liabilities	(18)	(158)
	<u>72</u>	<u>348</u>
Amounts included above	<u>7</u>	<u>8</u>
Instalments not due within five years	<u>7</u>	<u>8</u>
	<u>7</u>	<u>8</u>
<b>Loan maturity</b>		
Debt due in one year or less	18	158
Due in more than one year but not more than two years	18	158
Due in more than two years but not more than five years	47	182
Due in more than five years	7	8
	<u>90</u>	<u>506</u>
	<u>90</u>	<u>506</u>

Included above are loans totalling £90,000 (2020: £91,000) from Salix which are interest free loan repayable in six-monthly instalments over the remaining 4 1/2 years of one loan and 8 years of another loan as at 31 August 2021. The latter loan of £15,000 was granted during the year.

Also included above is a loan of £Nil (2020: £415,000) from ESFA which is an interest free loan fully repayable by instalments originally during the year ended 31 August 2020, however due to the Covid-19 pandemic the ESFA deferred the request for repayment. The loan was fully repaid in the year ended 31 August 2021.

### 18 Deferred income

	2021 £'000s	2020 £'000s
Deferred income is included within:		
Creditors due within one year	36	15
	<u>36</u>	<u>15</u>
Deferred income at 1 September 2020	15	72
Released from previous years	(15)	(72)
Resources deferred in the year	36	15
	<u>36</u>	<u>15</u>
<b>Deferred income at 31 August 2021</b>	<u>36</u>	<u>15</u>

At the balance sheet date the academy trust was holding funds of £11,000 received in advance for trips to be held in 2021/22 and £25,000 received in advance of rates charges for the period September 2021 to March 2022 (2020: £15,000 received in advance for trips to be held in 2020/21).

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Funds

	Balance at 1 September 2020 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2021 £'000s
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(283)	7,207	(6,638)	(286)	-
Pupil premium	45	133	(178)	-	-
Teachers pension grant	-	285	(285)	-	-
Teachers pay grant	-	101	(101)	-	-
Other DfE / ESFA grants	-	80	(80)	-	-
Other government grants	-	214	(214)	-	-
Other restricted funds	-	44	(44)	-	-
Pension reserve	(6,290)	-	(291)	(1,047)	(7,628)
	<u>(6,528)</u>	<u>8,064</u>	<u>(7,831)</u>	<u>(1,333)</u>	<u>(7,628)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	8,143	-	(318)	-	7,825
DfE group capital grants	4,960	384	(210)	-	5,134
Capital expenditure from GAG	1,319	-	(62)	315	1,572
Other capital grants	79	19	(4)	-	94
	<u>14,501</u>	<u>403</u>	<u>(594)</u>	<u>315</u>	<u>14,625</u>
<b>Total restricted funds</b>	<u>7,973</u>	<u>8,467</u>	<u>(8,425)</u>	<u>(1,018)</u>	<u>6,997</u>
<b>Unrestricted funds</b>					
General funds	-	126	(52)	(29)	45
	<u>-</u>	<u>126</u>	<u>(52)</u>	<u>(29)</u>	<u>45</u>
<b>Total funds</b>	<u>7,973</u>	<u>8,593</u>	<u>(8,477)</u>	<u>(1,047)</u>	<u>7,042</u>

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

Restricted general funds represent unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the academy trust together with other restricted general funds. Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it should carry forward at 31 August 2021.

During the year a transfer of £29,000 was made from unrestricted funds to restricted general funds to offset GAG expenditure, including contributions to capital expenditure (see below) in excess of GAG income in the year.

Restricted fixed asset funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended. During the year £315,000 was transferred from restricted general funds to restricted fixed asset funds in respect of capital expenditure funded from GAG income net of capital income expended on revenue items.

Restricted pension reserve funds represent the academy trust's share of the assets and liabilities of the Local Government Pension Scheme.

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Funds

(Continued)

	Balance at 1 September 2020 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2021 £'000s
Comparative information in respect of the preceding period is as follows:					
	Balance at 1 September 2019 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2020 £'000s
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(414)	6,774	(6,420)	(223)	(283)
Pupil premium	-	115	(70)	-	45
Teachers pension grant	-	267	(267)	-	-
Teachers pay grant	-	95	(95)	-	-
Other government grants	-	128	(128)	-	-
Other restricted funds	-	124	(124)	-	-
Pension reserve	(6,102)	-	(346)	158	(6,290)
	<u>(6,516)</u>	<u>7,503</u>	<u>(7,450)</u>	<u>(65)</u>	<u>(6,528)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	8,432	-	(289)	-	8,143
DfE group capital grants	4,976	159	(175)	-	4,960
Capital expenditure from GAG	1,099	-	(47)	267	1,319
Other capital grants	82	-	(3)	-	79
	<u>14,589</u>	<u>159</u>	<u>(514)</u>	<u>267</u>	<u>14,501</u>
<b>Total restricted funds</b>	<u>8,073</u>	<u>7,662</u>	<u>(7,964)</u>	<u>202</u>	<u>7,973</u>
<b>Unrestricted funds</b>					
General funds	-	104	(60)	(44)	-
<b>Total funds</b>	<u>8,073</u>	<u>7,766</u>	<u>(8,024)</u>	<u>158</u>	<u>7,973</u>

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	-	-	14,495	14,495
Current assets	45	617	197	859
Creditors falling due within one year	14	(559)	(67)	(612)
Creditors falling due after one year	(14)	(58)	-	(72)
Defined benefit pension liability	-	(7,628)	-	(7,628)
<b>Total net assets</b>	<b>45</b>	<b>(7,628)</b>	<b>14,625</b>	<b>7,042</b>

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	14,481	14,481
Current assets	-	812	367	1,179
Creditors falling due within one year	-	(702)	(347)	(1,049)
Creditors falling due after one year	-	(348)	-	(348)
Defined benefit pension liability	-	(6,290)	-	(6,290)
<b>Total net assets</b>	<b>-</b>	<b>(6,528)</b>	<b>14,501</b>	<b>7,973</b>

### 21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hymans Robertson LLP. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £130,777 (2020: £121,382) were payable to the schemes at 31 August 2021 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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



# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £768,000 (2020: £722,000).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 32.1% for employers and 5.5 to 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.

Total contributions made	2021 £'000s	2020 £'000s
Employer's contributions	391	339
Employees' contributions	75	70
Total contributions	466	409

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	3.4	2.7
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7
Inflation assumption (CPI)	2.9	2.2
Commutation of pensions to lump sums - Pre April 2008 service	50	50
Commutation of pensions to lump sums - Post April 2008 service	75	75

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

	2021 Years	2020 Years
Retiring today		
- Males	21.7	21.5
- Females	24.2	23.8
Retiring in 20 years		
- Males	22.6	22.2
- Females	25.9	25.2

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

	2021	2020
Discount rate + 0.1%	(331)	(264)
Discount rate - 0.1%	331	264
Mortality assumption + 1 year	597	450
Mortality assumption - 1 year	(597)	(450)
CPI rate + 0.1%	303	240
CPI rate - 0.1%	(303)	(240)

#### Defined benefit pension scheme net liability

	2021 £'000s	2020 £'000s
Scheme assets	7,303	5,698
Scheme obligations	(14,931)	(11,988)
Net liability	(7,628)	(6,290)

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2021 Fair value £'000s	2020 Fair value £'000s
Equities	4,236	3,362
Bonds	2,118	1,652
Property	511	456
Other assets	438	228
Total market value of assets	<u>7,303</u>	<u>5,698</u>

The actual return on scheme assets was £1,286,000 (2020: £(361,000)).

Amount recognised in the statement of financial activities	2021 £'000s	2020 £'000s
Current service cost	574	573
Interest income	(100)	(107)
Interest cost	208	219
Total operating charge	<u>682</u>	<u>685</u>

Changes in the present value of defined benefit obligations	2021 £'000s	2020 £'000s
At 1 September 2020	11,988	11,898
Current service cost	574	573
Interest cost	208	219
Employee contributions	75	70
Actuarial loss/(gain)	2,233	(626)
Benefits paid	(147)	(146)
At 31 August 2021	<u>14,931</u>	<u>11,988</u>

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21	Pension and similar obligations	(Continued)	
Changes in the fair value of the academy trust's share of scheme assets			
		2021	2020
		£'000s	£'000s
At 1 September 2020		5,698	5,796
Interest income		100	107
Actuarial (gain)/loss		1,186	(468)
Employer contributions		391	339
Employee contributions		75	70
Benefits paid		(147)	(146)
At 31 August 2021		7,303	5,698
22 Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2021	2020
		£'000s	£'000s
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		116	(258)
Adjusted for:			
Capital grants from DfE and other capital income		(403)	(159)
Investment income receivable		-	(2)
Defined benefit pension costs less contributions payable		183	234
Defined benefit pension scheme finance cost		108	112
Depreciation of tangible fixed assets		594	514
(Increase) in stocks		-	(7)
(Increase)/decrease in debtors		(1)	35
(Decrease) in creditors		(297)	(68)
Net cash provided by operating activities		300	401
23 Analysis of changes in net funds			
	1 September 2020	Cash flows	31 August 2021
	£'000s	£'000s	£'000s
Cash	872	(292)	580
Loans falling due within one year	(158)	140	(18)
Loans falling due after more than one year	(348)	276	(72)
	366	124	490

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 24 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any asset for which a Government capital grant was received, the academy trust is required, either to re-invest the proceeds, or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy trust serving notice, the academy trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the academy trust site and premises and other assets held for the purpose of the academy trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 25 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000s	2020 £'000s
Amounts due within one year	177	125
Amounts due in two and five years	387	287
Amounts due after five years	2	40
	<u>566</u>	<u>452</u>

### 26 Capital commitments

	2021 £'000s	2020 £'000s
Expenditure contracted for but not provided in the accounts	<u>589</u>	<u>514</u>

### 27 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

Leicester Diocesan Board of Education (Member of the academy trust):

During the year the academy purchased professional and educational services from Leicester Diocesan Board of Education totalling £1,149 (2020: £1,434). At 31 August 2021 £400 (2020: £400) was owing to the Leicester Diocesan Board of Education.

# THE LUTTERWORTH ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **28 Members' liability**

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