

Ludlow Junior School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
08291623 (England and Wales)

Ludlow Junior School

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	12
Statement on Regularity, Propriety and Compliance	19
Statement of Trustees' Responsibilities	20
Independent Auditor's Report on the Financial Statements	21
Independent Reporting Accountant's Report on Regularity	24
Statement of Financial Activities incorporating Income & Expenditure Account	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements	30

Ludlow Junior School

Reference and Administrative Details

Members:

C Grant
K Mardel-Ferreira
M Silver

Trustees:

C Allen (appointed 11 December 2019)
G Allen
A Butcher (appointed 9 October 2019)
L Cassim (resigned 16 October 2019)
R Hull (resigned 6 November 2019)
A Larus-Hartley (resigned 25 October 2019)
A Lenza (appointed 16 October 2019)
A Simpson (appointed 12 February 2020)
E Stevenson (resigned 16 October 2019)
S Watkins

Company Secretary

K Lewis

Senior Management Team:

S Watkins	Executive Head Teacher
V Chandler	Assistant Head Teacher
G Hotston	Assistant Head Teacher
E Stevenson	Assistant Head Teacher
D Rooke	School Business Manager

Company Name

Ludlow Junior School

Principal and Registered Office

Peeveril Road
Woolston
Southampton
Hampshire
SO19 2DW

Company Registration Number

08291623 (England and Wales)

Ludlow Junior School

Reference and Administrative Details

Independent Auditor
Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers
Lloyds Bank Plc
PO Box 1000
Andover
Hampshire
BX1 1LT

Solicitors
Coffin Mew LLP
Kings Park House
22 Kings Park Road
Southampton
Hampshire
SO15 2UF

Ludlow Junior School

Trustees' Report

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

Ludlow Junior School converted to academy status on 1 December 2012. It operates as an academy for pupils aged 7 to 11.

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 Ludlow Junior School 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

Trustees, Governors and officers benefit from unlimited indemnity insurance provided through the DfE's Risk Protection Arrangement to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in any respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

The academy appoints Trustees in accordance with clauses 50 - 58 of its Articles of Association ("the Articles"). Parent Governor Vacancies are filled through advertisement to all parents and carers of current students and election, whilst staff governor vacancies are advertised internally and appointed on the basis of a staff vote. Community governor appointments are addressed through personal recommendation, promotion through local networks, Governors for Schools, the local Chamber of Commerce and consideration by the whole governing body followed up, where appropriate, with an interview by the Chair of Governors and/or the Executive Head Teacher. Governors commit to complete an annual skills audit, using National Governance Association guidelines, which are used to ensure that the governing body has the mix of skills needed to perform effectively. The results of the skills audit are used to inform appointment to committees, governor link roles and to target governor recruitment. Governors continue to recruit within a challenging climate.

Ludlow Junior School

Trustees' Report

Policies and Procedures Adopted for the Induction and Training of Trustees

New governors are welcomed to the Full Governing Body ("the FGB") by the Chair of Governors and the Executive Head Teacher and are given a guided tour of the school. This visit explores the school's culture and ethos and governors are given an opportunity to look at the daily life of the school. During the year this standard practice was somewhat compromised/adapted due to Covid-19 restrictions but inductions into the school operations have continued remotely. They also have access to a training budget in order to access training provided by third parties. Governor induction training is supported by the school and third parties alongside tailored training throughout the year targeted to issues of focus for the Governing Body, and online training where appropriate. The school will regularly ask governors for targeted training needs and will then facilitate training for them. The Clerk of Governors is required to undertake specific training relevant to the role and to update their knowledge as appropriate with additional learning.

Organisational Structure

In accordance with the Articles of Association, we have a tiered structure - the Trust, the FGB and the Senior Leadership Team. The Trust functions in line with the Articles. The FGB and its committees each have their own terms of reference which govern their remit and operation. The Executive Head Teacher has been appointed as Principal and is also the Academy's Accounting Officer. The day to day management of the Academy is delegated to the Executive Head Teacher and this role is set out in the Articles. Governance is structured to ensure clear strategic leadership and management.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel are paid in line with market standards and reviewed annually through a performance management process, in line with the school's performance management policy. All teachers are paid in line with the boundaries and expectations laid down in the school teachers pay and conditions document (STPCD). The school does not support the long term use of the non qualified teacher pay scale within STPCD.

Trade union facility time

- FTE number of employees who were relevant Union officials: 0
- Percentage of time spent on facility time: 0%
- Percentage of pay bill spent on facility time: 0%
- Time spent on paid Trade Union activities as a percentage of total paid facility time hours: 0%

Ludlow Junior School

Trustees' Report

Related Parties and other Connected Charities and Organisations

Ludlow Junior School is a partner of the locally defined cluster of schools. They work together to raise standards within the area and share expertise within specific subject areas for subject development. The trust also has 2 writing moderators who work in conjunction with the local authority to deliver the statutory writing moderation process across the city. They have worked to improve moderation processes and the planning/teaching of writing in other schools. The trust operates within the Woolston/Weston area of the city and is a member of the local cluster group of schools.

The following declarations of related parties were made in 2019-2020:

- Simon Watkins (Executive Headteacher) – related to Alison Garner, Senior Learning Mentor
- Carmel Allen (Trustee) – related to Gemma Allen (Trustee)

Objectives and Activities

Objects and Aims

The principal activity of the Academy Trust is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The overarching intent for the curriculum can be found on the school's website and the curriculum is underpinned by its intent, implementation, and impact statements.

Objectives, Strategies and Activities

The Academy Trust was set up on 1 December 2012 to advance, for the public and community benefit, education by maintaining, operating and developing Ludlow Junior School.

Since conversion, ongoing planning has been around the continuing need to raise standards, the development of the school site and learning environments for pupils. Trustees have overseen a significant period of investment within the school via the Condition Improvement Fund (CIF) which has focused predominantly on roofing and heating projects. These projects were largely brought to a conclusion in the summer of 2019. Final works are ongoing.

Key Priorities for 2019/20

The following outline the core areas of activity for Ludlow Junior School for the coming year:

1. Sustainability – Continuing with the wide ranging work to secure the long term sustainability of the academy, including financial security and long term planning to build financial reserves. This will include awareness of forward budget position, impacts of costs and reduced funding, and the need to consider structures and contracts to review and secure value for money. Trustees are committed to establishing a long term sustainable model. The school business manager is charged with making effective recommendations to the governing body within these areas.

Ludlow Junior School

Trustees' Report

Objectives, Strategies and Activities (continued)

2. Ensuring pupil attainment – we will continue to work to ensure that all pupils have strong and sustained attainment throughout their time at our school through high quality personalised teaching, supported by coaching, interventions and effective monitoring. This will include strategies to reduce the gap between different groups of pupils within our school and increase higher attainment in core subjects, and closely managing the impacts of financial constraints on teaching and learning. All teachers are subject to rigorous performance management to support the investment in their coaching over time.

3. Attendance – we continue to work hard to increase attendance at our school through a range of strategies. We will continue to work closely with parents, local authority teams and wider support to increase our whole school average attendance to above 96.5%. Our assistant head will work closely with the education welfare officer to tackle attendance related issues. A clear procedure is in place to work with parents to improve overall attendance.

4. Long term sustainability of the school building – in addition to the emergency repair works, the longer term improvement of the school building is also a priority. We will develop plans to ensure the long term sustainability of the school site, and reduce the risk of requiring further emergency repair, including the submission of funding bids and development of the school's site team. The school aims to participate in the Condition Improvement Fund process each year to deliver on identified priorities.

5. Further development of governance structures – governance at the school will be strengthened through restructuring, targeted recruitment and work with external partners to ensure robust and secure oversight of the academy's sustainability and development. Governors will benefit from ongoing training and professional development.

6. Leadership and management – continue to develop high quality distributed leadership and management across the trust in order to raise standards and to support succession planning. Through this target, to be a strong player within system leadership and developing the profile of next generation leaders.

Public Benefit

We confirm that the Trustees and the Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- Maintaining and developing a high quality education
- Offering a broad based academic curriculum which is free from undue pressure or bias
- Providing a community hub for teaching, learning and development

Ludlow Junior School

Trustees' Report

Strategic Report

Achievements and Performance

As a school we continue to look critically at our performance and achievements in all areas. In 2019/20 Trustees ensured that the vast majority key aspects of the school's work were in line with national expectation using a range of resources including Nova, Ofsted feedback and national guidance. Trustees have used these tools in standards meetings to consider the school's position against local and national comparisons and explore in depth how different groups of pupils are progressing and achieving during their time at the school. Trustees are aware of the strengths and development needs of the academy and work in partnership with the senior team to agree development plans and priorities.

During 2019/20 Trustees continued to work closely with the senior team to consider the impacts of increasing financial constraints on schools, and the steps needed to ensure long term financial security of the school. This has included extensive work on the school's budget to reduce/rationalise costs and ensure good value, and engagement with a range of external expertise to ensure close scrutiny and accurate monitoring and development of financial matters. During the year, costs and staffing have been carefully monitored to ensure the school continued with a surplus over the period. The three year budget plan currently reports a surplus position. Trustees will consider the implementation of an investment policy moving forwards in order to ensure best impact from the funding received.

Steps taken during the year included:

- The review of all aspects of the school's budget including staffing and contracts, to ensure value for money and make savings wherever possible to improve sustainability
- Engagement with external partners with specialist expertise to further develop this work.
- Restructuring governance to increase scrutiny and oversight to ensure that all developments deliver good value for money and lead to increased sustainability within a framework of targeted governor recruitment
- Preparation of monthly management accounts and updated forecasts for the current year, which are reviewed by Governors on a regular basis. Improving the financial expertise on the governing body to improve capacity for challenge.

The Academy Trust has continued to work positively with external partners and the responsible officer has worked with the trust to support, monitor and challenge aspects of financial planning and performance to support the scrutiny by Trustees.

Trustees also closely monitored the impact of serious issues with the school building, including emergency building works carried out over the course of the year, and the application and receipt of further funding to ensure other areas of the school site are safe and sustainable. Trustees have also closely monitored the impact of this building work on all aspects of the schools including wellbeing, learning, staffing and budget. This included receiving reports from key members of staff and external agencies, site inspections and carrying out pupil and staff interviews alongside the analysis of data. Trustees noted that no learning time was lost due to the building work and that there were no closures at any point as a result of the projects. The Executive Headteacher and senior team oversaw the logistical planning and delivery of the heating and roofing projects.

Ludlow Junior School

Trustees' Report

Achievements and Performance (continued)

Trustees have also examined and questioned school leaders about other key school priorities including attendance, finance, interventions, the school site, staff development and the impact of pupil premium and PE premium funding on the progress of those groups it is intended to support.

Key achievements during 2019-20 included:

- Whole school attainment figures of pupils meeting or exceeding the national expectation is above the national and local averages in the vast majority of key areas
- Key improvements in aspects of attainment at the higher level
- Writing, maths and combined figures met or exceeded national comparisons

Due to Covid-19 no national tests were administered in the summer term 2020. However, both Ofsted and the local authority improvement officer have validated the school's good performance and ongoing trajectory.

Other key achievements:

- Successful completion of CIF funding projects to secure roofing on all areas of the school site and improve heating.
- Successful bid for CIF funding to carry out fire safety works including renewal of the fire alarm system and detection system and ongoing testing / implementation
- Additional fire exits added to strategic areas of the school
- Wide engagement in a range of sports activities, with all pupils being given the opportunity to engage in extracurricular sporting opportunities and their contributions and achievements celebrated
- Strong performance during the key Covid-19 impacted periods with the opening of the school always being beyond minimum measures and broad opportunities offered to pupils
- Extensive enrichment opportunities for all pupils including music, the arts, residential trips,

Key Performance Indicators

Previous comparative data – summer 2020 data was not completed

- Writing 90% at expected compared to national at 79%
- Maths 82% at expected compared to national at 79%
- RWM combined at 65% compared to national at 65%
- Writing at higher 24% compared to 20% nationally
- Maths at higher 36% compared to 27% nationally
- RWM combined 17% at higher compared to 11% nationally

Ludlow Junior School

Trustees' Report

Going Concern

Considerable work and attention has been given to the academy's financial position, both within the present year and actions needed to ensure financial sustainability for the foreseeable future. Following scrutiny and monitoring of income and expenditure, the school returned a healthy surplus for 2019-2020, however focus must continue to ensure the school operates within its income to reduce the likelihood of a deficit incurring in the future. Trustees will continue to work with external partners to develop a plan to secure long-term financial stability. The current three year budget plan shows the Academy Trust in an ongoing surplus position.

The Trustees have therefore concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and that any uncertainties about the Academy Trust's ability to continue as a going concern are mitigated by the actions they have taken. The Trustees have therefore continued to adopt the going concern basis of accounting in preparing the financial statements. All statements will be submitted ahead of deadline.

Financial Review

The Academy's income is derived from the ESFA in the way of revenue and some capital funding.

As at 31 August 2020 the school had net assets of £1,316,529 (2019: £1,935,639) of which £2,468,714 (2019: £2,742,218) were represented by restricted fixed assets funds necessary for the school to undertake its operating activity, a pension liability of £1,616,000 (2019: £1,042,000), and a surplus on general unrestricted and restricted funds of £463,815 (2019: £235,421).

The net result for the year was a deficit of £619,110 (2019: £1,403,442), of which a deficit of £273,504 (2019: £1,211,429) related to the restricted fixed asset fund, a deficit of £574,000 (2019: £465,000) related to the restricted pension fund, a surplus of £222,232 (2019: £260,690) to the restricted general fund and a surplus of £6,162 (2019: £12,297) to the unrestricted fund.

Reserves Policy

Our aim is to use the allocated funding each year for the full benefit of our current pupils. Any ongoing surplus will be retained for future projects and it is likely that these will be focused on capital works.

The reserves at 31 August 2020 were as follows:

- Unrestricted (free) reserves of £18,459
- A restricted fixed asset fund of £2,468,714, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,616,000
- Other restricted funds of £445,356
- Total funds of £1,316,529

Ludlow Junior School

Trustees' Report

Investment Policy

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

Principal Risks and Uncertainties

The Academy Trust practices through its Board, namely the FGB and the constituted sub committees, risk management principles. Any major risks highlighted at any sub committee are brought to the FGB with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The FGB accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks are dealt with by the Headteacher and Senior Leadership Team.

Risks are managed in accordance with our Risk Management Policy. Risk Registers have been compiled by Governors and Senior Leadership and are reviewed regularly. Currently our principal risks and uncertainties are:

- Financial sustainability
- Resources (including finance and staffing)
- Site (external)
- Site (internal)
- Reputational risk
- Standards

Control procedures are in place to mitigate all risks and the meetings of the governing board are designed to review these.

Fundraising

As part of its work within the community, the Academy Trust works closely with the PTA to undertake fundraising activities, for example, through fetes, cake sales, non uniform days etc. The Academy Trust raises funds in order to support its own operations and also to make donations to local and national charities. The Academy Trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Ludlow Junior School

Trustees' Report

Plans for Future Periods

As a governing body, we spend time in carefully analysing the needs of our school and community. We aim to spend our funding for the benefit of the pupils who are currently in the school but also realise that we must plan prudently for the future needs of the school. In doing this we intend to retain part of our funding as a contingency and some of it for larger improvement tasks.

Areas of planning for the next financial year include:

- Financial planning and extensive ongoing review to ensure financial sustainability.
- Continuing to raise school standards and ensuring the continued growth and development of teaching and learning against financial constraints

Funds Held as Custodian Trustee on Behalf of Others

No funds are held by the academy on behalf of others.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 25 January 2021 and signed on the board's behalf by:


A.Simpson (Jan 26, 2021 12:04 GMT)

A Simpson
Trustee

Ludlow Junior School

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ludlow Junior School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Name	Attended	Out of a possible
C Allen (appointed 11 December 2019)	3	3
G Allen	4	4
A Butcher (appointed 9 October 2019)	4	4
L Cassim (resigned 16 October 2019)	0	0
R Hull (resigned 6 November 2019)	1	1
A Larus-Hartley (resigned 25 October 2019)	1	1
A Lenza (appointed 16 October 2019)	2	4
A Simpson (appointed 12 February 2020)	2	2
E Stevenson (resigned 16 October 2019)	0	0
S Watkins	4	4

Finance & Audit Committee

The Finance and Audit Committee is a sub committee of the full board, and has delegated authority for the approval of the Academies Financial Management for schools, with delegated oversight and monitoring of the management of the school budget share, investments and endorsements. This committee also incorporates the Governing Body's audit function, which maintains an oversight of the school's governance, risk management, internal control and value for money framework. The Finance and Audit Committee considers and presents for FGB approval the annual school budget and budget plans, and report on audit functions and findings. Where spend is significant the Finance & Audit Committee will recommend the plan for FGB approval.

Ludlow Junior School

Governance Statement

Governance (continued)

Areas of focus for the committee in 2019-20 included:

- Close, regular monitoring of the school's budget, including half termly updates and monitoring reports from the school's business manager, including monthly management accounts
- The approval of the anticipated budget for 2019/20, including due consideration of the impact of increased financial constraints and the need to maintain the academy's high standards.
- Development of the internal reviewer function, including the ongoing engagement of an external consultant to ensure robust monitoring, and scrutiny of resulting reports the outcomes of which are reported directly to Trustees to ensure a high level of critical examination
- Overseeing the financial impacts of ongoing building works, including the use of emergency funding during the year and the application for, and allocation of, CIF funding for further work.
- Monitoring the ongoing impact and sustainability of wider extra curriculum activities including the school's catering function, extra curricular trips and after school activities.
- Ensuring the school's compliance against developing national guidance.

Attendance at meetings in the year was as follows:

Name	Attended	Out of a possible
C Allen	2	2
G Allen	4	4
A Butcher	3	3
R Hull	1	1
A Larus-Hartley	1	1
A Lenza	3	3
A Simpson	1	1
E Stevenson	0	1
S Watkins	4	4

Standards Committee

The Standards Committee is a sub committee of the full board, and meets half termly to discuss and monitor the progress and attainment of all pupils. The committee focusses on quality of teaching, analysing data, coaching reports, assessment, quality of provision and parental engagement. It monitors these areas through regular reports and presentations from key members of staff, scrutinising data, pupil and staff interviews and observations.

Ludlow Junior School

Governance Statement

Governance (continued)

Key areas of focus for the committee in 2019-20 included:

- Monitoring pupil progress, attainment and wellbeing.
- Closely monitoring and considering the impact of budgetary changes and constraints against standards development to ensure best value for money and balancing a tight school budget with our commitment to achieving the best possible outcomes for all pupils.
- Continuous development of coaching and its impacts on teaching, learning and staff development.
- Closely monitoring outcomes of the school's QPR process and its impact, including monitoring outcomes of teams, groups and the school as a whole against a changing local and national context.
- Monitoring impacts of areas of whole school focus (e.g. reading) and focussed interventions, to ensure progress and value.
- Monitoring the progress and attainment of different pupil groups, including boys/girls, pupils in receipt of pupil premium and/or free school meals, children with SEN and looked after children.
- Monitoring impacts of building issues on teaching and learning and pupil and staff wellbeing.
- Monitoring attendance.
- Monitoring the impact of the pupil premium funding on pupil progress and attainment.
- Monitoring evidence of the impact of financial investments on pupil learning and development, including staffing, ICT and resources.

Attendance at meetings in the year was as follows:

Name	Attended	Out of a possible
C Allen	2	2
G Allen	4	4
A Butcher	3	3
R Hull	1	1
A Lenza	3	3
A Simpson	1	1
S Watkins	4	4
E Stevenson	0	1
L Cassim	0	1

Ludlow Junior School

Governance Statement

Governance (continued)

Governance reviews:

A governance review and restructure will take place in 2020/21.

Governance in 2020/21

Trustees will be reviewing governance structures to ensure robust and focussed overview of the academy and compliance against changing national guidance on academy structures. This includes widening the trustee body through targeted recruitment, and development of the structure and roles of both members and Trustees to ensure a strong and sustainable structure of control and oversight. Adverts will be placed with parents, Governors for Schools and the local Chamber of Commerce. Trustees will also liaise with the governance representative from the local authority.

Trustees will continue to form two sub committees which will meet half termly throughout the academic year, in addition to half termly full board meetings and termly members meetings. Committees in 2020/21 will include:

- Finance & Audit
- Standards

Trustees also hold link roles, appointed based on skill sets, knowledge and areas of focus for the school. In 2020/21 these will include, but not be limited to:

- Safeguarding & Looked After Children
- WISH (Incorporating SEN and Pupil Premium)
- Site
- Sports & PE
- Curriculum
- Attendance
- Wellbeing
- Covid-19
- Development and Training

Link trustee reports will be made to full board and relevant committees on a regular basis.

Ludlow Junior School

Governance Statement

Review of Value for Money

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

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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Ensuring high standards of teaching across the school, leading to improvements in pupil attainment across the majority of key subjects. This has been developed through an extensive staff development and coaching programme, careful analysis of progress and attainment data and targeted areas of focus.
- Ensuring the continued progress of pupil groups such as those in receipt of pupil premium through a range of strategies.
- Leading an extensive review of spending across all areas of the school to identify and carry out measures to reduce costs and develop plans towards a sustainable budget.
- Ensuring the constant positive development of all areas of teaching and learning through robust quality assurance processes and resulting coaching, shared learning and development opportunities.

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 Ludlow Junior School for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Ludlow Junior School

Governance Statement

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Sandra Richardson, an independent consultant with relevant expertise, as internal reviewer to carry out internal audit responsibilities. She will also support the production and distribution of monthly management accounts which act as a check and balance in relation to the financial performance and health of the trust

The internal reviewer'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 purchase systems
- testing of control account/bank reconciliations
- testing of compliance with the Academies Financial Handbook

On a termly basis, the internal reviewer reports to the board of Trustees, through the finance and audit committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

Ludlow Junior School

Governance Statement

Review of Effectiveness

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

- the work of the internal reviewer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the senior leadership team which has responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 25 January 2021 and signed on its behalf by:


A. Simpson (Jan 26, 2021 12:04 GMT)

A Simpson
Trustee


S J Watkins (Jan 26, 2021 12:40 GMT)

S Watkins
Accounting Officer

Ludlow Junior School

Statement of Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

During the year ended 31 August 2018, the academy trust entered into a lease for the purchase of IT equipment, with total rentals of £47,878 over three years. The independent auditor concluded that this lease was a finance lease, and the lease has been presented as a finance lease in the financial statements. No prior approval had been obtained from the ESFA on the basis that the academy trust believed it was an operating lease. During the year ended 31 August 2020, the academy trust entered into a memorandum of variation with the lessor with the effect that the amended lease could be classified as an operating lease.

S J Watkins

S J Watkins (Jan 26, 2021 12:40 GMT)

S Watkins

Accounting Officer

25 January 2021

Ludlow Junior School

Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 25 January 2021 and signed on its behalf by:


A.Simpson (Jan 26, 2021 12:04 GMT)

A Simpson
Trustee

Ludlow Junior School

Independent Auditor's Report on the Financial Statements to the Members of Ludlow Junior School

Opinion

We have audited the financial statements of Ludlow Junior School ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Ludlow Junior School

Independent Auditor's Report on the Financial Statements to the Members of Ludlow Junior School

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Ludlow Junior School

Independent Auditor's Report on the Financial Statements to the Members of Ludlow Junior School

Responsibilities of the trustees

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

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

Our responsibilities for the audit of the financial statements

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

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

Use of our report

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

Michaela Johns

M Johns FCCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 26/01/2021

Ludlow Junior School

Independent Reporting Accountant's Assurance Report on Regularity to Ludlow Junior School and the Education & Skills Funding Agency

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

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

Respective responsibilities of Ludlow Junior School's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of Ludlow Junior School's funding agreement with the Secretary of State for Education dated 7 December 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Ludlow Junior School

Independent Reporting Accountant's Assurance Report on Regularity to Ludlow Junior School and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the 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:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Ludlow Junior School

Independent Reporting Accountant's Assurance Report on Regularity to Ludlow Junior School and the Education & Skills Funding Agency

Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year ended 31 August 2018, the academy trust entered into a lease for the purchase of IT equipment, with total rentals of £47,878 over three years. We concluded that this lease was a finance lease, and the lease has been presented as a finance lease in the financial statements. No prior approval had been obtained from the ESFA on the basis that the academy trust believed it was an operating lease. During the year ended 31 August 2020, the academy trust entered into a memorandum of variation with the lessor with the effect that the amended lease could be classified as an operating lease.

Michaela Johns

M Johns FCCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 26/01/2021

Ludlow Junior School

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un-restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	2	-	250	-	(19,901)	(19,651)	252,640
Charitable activities:							
Funding for the academy trust's educational operations	3	-	2,750,149	-	-	2,750,149	2,597,359
Other trading activities	4	5,904	-	-	-	5,904	12,018
Investments	5	258	-	-	-	258	279
Total		6,162	2,750,399	-	(19,901)	2,736,660	2,862,296
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	2,497,135	143,000	284,635	2,924,770	3,931,738
Net income / (expenditure)		6,162	253,264	(143,000)	(304,536)	(188,110)	(1,069,442)
Transfers between funds	15	-	(31,032)	-	31,032	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	24	-	-	(431,000)	-	(431,000)	(334,000)
Net movement in funds		6,162	222,232	(574,000)	(273,504)	(619,110)	(1,403,442)
Reconciliation of funds							
Total funds brought forward		12,297	223,124	(1,042,000)	2,742,218	1,935,639	3,339,081
Total funds carried forward		18,459	445,356	(1,616,000)	2,468,714	1,316,529	1,935,639

The notes on pages 30 to 52 form part of these financial statements.

Ludlow Junior School

Balance Sheet as at 31 August 2020

Company Number 08291623

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		2,463,033		2,477,695
Current assets					
Debtors	12	173,223		275,531	
Cash at bank and in hand		<u>623,083</u>		<u>477,761</u>	
		796,306		753,292	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(326,810)</u>		<u>(249,358)</u>	
Net current assets			<u>469,496</u>		<u>503,934</u>
Total assets less current liabilities			2,932,529		2,981,629
Creditors:					
Amounts falling due after more than one year	14		<u>-</u>		<u>(3,990)</u>
Net assets excluding pension liability			2,932,529		2,977,639
Defined benefit pension scheme liability	24		(1,616,000)		(1,042,000)
Total net assets			<u>1,316,529</u>		<u>1,935,639</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	2,468,714		2,742,218	
Restricted income fund	15	445,356		223,124	
Pension reserve	15	<u>(1,616,000)</u>		<u>(1,042,000)</u>	
Total restricted funds			1,298,070		1,923,342
Unrestricted income funds	15		18,459		12,297
Total funds			<u>1,316,529</u>		<u>1,935,639</u>

The financial statements on pages 27 to 52 were approved by the trustees and authorised for issue on 25 January 2021 and are signed on their behalf by:

A. Simpson

A.Simpson (Jan 26, 2021 12:04 GMT)

A Simpson
Trustee

The notes on pages 30 to 52 form part of these financial statements.

Ludlow Junior School

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	198,822	67,973
Cash flows from investing activities	20	(53,500)	(15,723)
Change in cash and cash equivalents in the reporting period		<u>145,322</u>	<u>52,250</u>
Cash and cash equivalents at 1 September 2019		477,761	425,511
Cash and cash equivalents at 31 August 2020	21	<u>623,083</u>	<u>477,761</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

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

Basis of Preparation

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

Going Concern

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

Income

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

- 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.

- Grants

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

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

Capital grants are recognised 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.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

- Other Income
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- Donated goods, facilities and services
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Leasehold Land and Buildings	2% straight line on buildings; not provided on land
Furniture and Equipment	25% straight line
Computer Equipment	33% straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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

Liabilities

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

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

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.

Taxation

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

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

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	(19,901)	(19,901)	252,171
Other donations	-	250	250	469
	-	(19,651)	(19,651)	252,640
Total 2019	-	252,640	252,640	

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	2,227,742	2,227,742	2,095,054
Pupil Premium	-	280,495	280,495	287,285
Other DfE Group grants	-	128,730	128,730	37,670
	-	2,636,967	2,636,967	2,420,009
Other government grants				
Local authority grants	-	46,907	46,907	47,048
Other income from the academy trust's educational operations				
Trip income	-	13,887	13,887	56,910
Other income	-	52,388	52,388	73,392
	-	66,275	66,275	130,302
	-	2,750,149	2,750,149	2,597,359
Total 2019	-	2,597,359	2,597,359	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Other trading income	5,904	-	5,904	12,018
Total 2019	12,018	-	12,018	

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	258	-	258	279
Total 2019	279	-	279	

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other	2019/20	2018/19
	£	£	£	£	£
Academy's educational operations:					
Direct costs	1,615,621	-	70,892	1,686,513	1,600,189
Allocated support costs	670,616	343,454	224,187	1,238,257	2,331,549
	<u>2,286,237</u>	<u>343,454</u>	<u>295,079</u>	<u>2,924,770</u>	<u>3,931,738</u>
Total 2019	<u>2,043,032</u>	<u>1,522,523</u>	<u>366,183</u>	<u>3,931,738</u>	

Net income/(expenditure) for the period includes:

	2019/20	2018/19
	£	£
Operating lease rentals	27,467	115,819
Depreciation	68,162	65,824
Fees payable to auditor for:		
Audit	7,270	10,135
Other services	<u>2,601</u>	<u>7,037</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20	2018/19
	Total	Total
	£	£
Direct costs	1,686,513	1,600,189
Support costs	1,238,257	2,331,549
	<u>2,924,770</u>	<u>3,931,738</u>

Analysis of support costs:

	Educational operations	2019/20	2018/19
		Total	Total
	£	£	£
Support staff costs	670,616	670,616	619,479
Depreciation	68,162	68,162	29,719
Technology costs	3,733	3,733	4,045
Premises costs	343,454	343,454	1,522,523
Other support costs	142,421	142,421	138,611
Governance costs	9,871	9,871	17,172
Total support costs	<u>1,238,257</u>	<u>1,238,257</u>	<u>2,331,549</u>

Total 2019	<u>2,331,549</u>	<u>2,331,549</u>
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Premises costs includes £216,473 (2019: £1,407,776) in respect of expenditure on capital projects, which were funded by capital grants from the ESFA.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	1,609,387	1,547,214
Social security costs	104,373	93,069
Pension costs	483,932	378,539
	<u>2,197,692</u>	<u>2,018,822</u>
Agency staff costs	79,389	24,210
Staff restructuring costs	9,156	-
	<u>2,286,237</u>	<u>2,043,032</u>

Staff restructuring costs comprise:

Redundancy payments	6,156	-
Severance payments	3,000	-
	<u>9,156</u>	<u>-</u>

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,000 (2019: £nil). Individually, the payments were: £3,000.

c) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	29	28
Administration and support	45	44
Management	5	6
	<u>79</u>	<u>78</u>

d) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	1	-
£80,001 - £90,000	1	1

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £370,547 (2019: £399,347).

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

9 Related Party Transactions – Trustees’ remuneration and expenses

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

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

		2019/20	2018/19
		£000	£000
Louis Cassim	Remuneration	0-5	15-20
(Staff trustee 1 Dec 2018 to 16 Oct 2019)	Employer’s pension contributions paid	0-5	0-5
Abbie Lenza	Remuneration	35-40	-
(Staff trustee from 16 October 2019)	Employer’s pension contributions paid	5-10	-
Emma Stevenson née Renouf	Remuneration	5-10	50-55
(Staff trustee 21 Dec 2017 to 16 Oct 2019)	Employer’s pension contributions paid	0-5	5-10
Simon Watkins	Remuneration	85-90	80-85
(Staff trustee)	Employer’s pension contributions paid	20-25	10-15

During the period ended 31 August 2020, no trustees received any reimbursement of expenses (2019: none).

10 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 business, and provides cover up to £10m. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

11 Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Total £
Cost				
At 1 September 2019	2,671,235	112,027	137,058	2,920,320
Acquisitions	25,329	28,171	-	53,500
At 31 August 2020	<u>2,696,564</u>	<u>140,198</u>	<u>137,058</u>	<u>2,973,820</u>
Depreciation				
At 1 September 2019	239,578	107,410	95,637	442,625
Charged in year	36,400	6,284	25,478	68,162
At 31 August 2020	<u>275,978</u>	<u>113,694</u>	<u>121,115</u>	<u>510,787</u>
Net book values				
At 31 August 2019	2,431,657	4,617	41,421	2,477,695
At 31 August 2020	<u>2,420,586</u>	<u>26,504</u>	<u>15,943</u>	<u>2,463,033</u>

12 Debtors

	2019/20 £	2018/19 £
Trade debtors	164	625
VAT recoverable	21,830	66,453
Other debtors	-	210
Prepayments and accrued income	151,229	208,243
	<u>173,223</u>	<u>275,531</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

13 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	118,935	39,691
Other taxation and social security	29,920	30,564
Finance leases falling due within one year	3,990	15,959
Other creditors falling due within one year	97,247	25,000
Accruals and deferred income	76,718	138,144
	<u>326,810</u>	<u>249,358</u>

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	13,122	23,682
Released from previous years	(13,122)	(23,682)
Resources deferred in the year	2,521	13,122
Deferred income at 31 August 2020	<u>2,521</u>	<u>13,122</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips and business rates for the forthcoming year.

14 Creditors: amounts falling due in greater than one year

	2019/20	2018/19
	£	£
Finance leases falling due in greater than one year	<u>-</u>	<u>3,990</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	223,124	2,227,742	(1,978,758)	(31,032)	-	441,076
Pupil Premium	-	280,495	(280,495)	-	-	-
Other DfE/ESFA grants	-	128,730	(124,450)	-	-	4,280
Other government grants	-	46,907	(46,907)	-	-	-
Other educational activities	-	66,525	(66,525)	-	-	-
	223,124	2,750,399	(2,497,135)	(31,032)	-	445,356
Pension reserve	(1,042,000)	-	(143,000)	-	(431,000)	(1,616,000)
	(818,876)	2,750,399	(2,640,135)	(31,032)	(431,000)	(1,170,644)
Restricted fixed asset funds						
Fixed asset fund	2,477,695	-	(68,162)	53,500	-	2,463,033
ESFA capital grants (DFC)	16,672	10,390	-	(27,062)	-	-
CIF - Emergency funding	1,770	-	-	(1,770)	-	-
CIF - Phase 2 roofing	8,389	(11,209)	5,995	-	-	3,175
CIF - Phase 2 heating	43,672	(8,496)	(41,540)	6,364	-	-
CIF - Fire Risk Assessments	96,775	-	(94,524)	-	-	2,251
CIF - Change of scope	97,245	(10,586)	(86,404)	-	-	255
	2,742,218	(19,901)	(284,635)	31,032	-	2,468,714
Total restricted funds	1,923,342	2,730,498	(2,924,770)	-	(431,000)	1,298,070
Total unrestricted funds	12,297	6,162	-	-	-	18,459
Total funds	1,935,639	2,736,660	(2,924,770)	-	(431,000)	1,316,529

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted 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 could carry forward at 31 August 2020.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	-	2,095,054	(1,861,930)	(10,000)	-	223,124
Pupil Premium	-	287,285	(287,285)	-	-	-
Other DfE/ESFA grants	-	37,670	(37,670)	-	-	-
Other government grants	-	47,048	(47,048)	-	-	-
Other educational activities	(37,566)	130,771	(93,205)	-	-	-
	(37,566)	2,597,828	(2,327,138)	(10,000)	-	223,124
Pension reserve	(577,000)	-	(131,000)	-	(334,000)	(1,042,000)
	(614,566)	2,597,828	(2,458,138)	(10,000)	(334,000)	(818,876)
Restricted fixed asset funds						
Fixed asset fund	2,527,796	-	(65,824)	15,723	-	2,477,695
ESFA capital grants (DFC)	-	31,594	-	(14,922)	-	16,672
CIF - Emergency funding	62,912	-	-	(61,142)	-	1,770
CIF - Phase 2 roofing	870,098	107,000	(936,694)	(32,015)	-	8,389
CIF - Phase 2 heating	492,841	-	(445,219)	(3,950)	-	43,672
CIF - Fire Risk Assessments	-	113,577	(16,802)	-	-	96,775
CIF - Change of scope	-	-	(9,061)	106,306	-	97,245
	3,953,647	252,171	(1,473,600)	10,000	-	2,742,218
Total restricted funds	3,339,081	2,849,999	(3,931,738)	-	(334,000)	1,923,342
Total unrestricted funds	-	12,297	-	-	-	12,297
Total funds	3,339,081	2,862,296	(3,931,738)	-	(334,000)	1,935,639

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	2,463,033	2,463,033
Current assets	18,459	772,166	-	5,681	796,306
Current liabilities	-	(326,810)	-	-	(326,810)
Pension scheme liability	-	-	(1,616,000)	-	(1,616,000)
Total net assets	18,459	445,356	(1,616,000)	2,468,714	1,316,529

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	2,477,695	2,477,695
Current assets	12,297	476,472	-	264,523	753,292
Current liabilities	-	(249,358)	-	-	(249,358)
Non-current liabilities	-	(3,990)	-	-	(3,990)
Pension scheme liability	-	-	(1,042,000)	-	(1,042,000)
Total net assets	12,297	223,124	(1,042,000)	2,742,218	1,935,639

17 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	-	247,851

18 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	14,497	24,720
Amounts due between one and five years	27,291	21,266
	41,788	45,986

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019/20	2018/19
	£	£
Net expenditure for the reporting period	(188,110)	(1,069,442)
Adjusted for:		
Depreciation	68,162	65,824
Defined benefit pension scheme cost less contributions payable	125,000	117,000
Defined benefit pension scheme finance cost	18,000	14,000
Decrease in debtors	102,308	1,287,416
Increase / (decrease) in creditors	73,462	(346,825)
Net cash provided by Operating Activities	<u>198,822</u>	<u>67,973</u>

20 Cash flows from investing activities

	2019/20	2018/19
	£	£
Purchase of tangible fixed assets	(53,500)	(15,723)
Net cash used in investing activities	<u>(53,500)</u>	<u>(15,723)</u>

21 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>623,083</u>	<u>477,761</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	477,761	145,322	-	-	-	623,083
Finance lease obligations	(19,949)	15,959	-	-	-	(3,990)
Total	457,812	161,281	-	-	-	619,093

23 Members liability

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

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

24 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 Hampshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £54,578 were payable to the schemes at 31 August 2020 (2019: £nil) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The 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% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- 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. 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 TPS in the period amounted to £229,151 (2019: £159,177).

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.

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	109,000	103,000
Employees' contributions	35,000	32,000
	<u>144,000</u>	<u>135,000</u>

The agreed contribution rates for future years are 18.9% 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.2%	3.5%
Rate of increase for pensions in payment/inflation	2.2%	2.0%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	<u>2.2%</u>	<u>2.0%</u>

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

	2020	2019
Retiring today		
Males	23.0	23.1
Females	<u>25.5</u>	<u>25.8</u>
Retiring in 20 years		
Males	24.7	24.7
Females	<u>27.2</u>	<u>27.6</u>

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Sensitivity analysis

Increase/(reduction) in defined benefit obligation

	2020	2019
	£	£
Discount rate +0.1%	(94,000)	(104,000)
Discount rate -0.1%	97,000	24,000
Mortality assumption – 1 year increase	109,000	35,000
Mortality assumption – 1 year decrease	(109,000)	(116,000)

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

	2020	2019
	£	£
Equities	881,000	775,000
Property	93,000	93,000
Government bonds	301,000	265,000
Cash	25,000	24,000
Other	253,000	131,000
Total market value of assets	1,553,000	1,288,000

The actual return on scheme assets was £124,000 (2019: £68,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	234,000	145,000
Past service cost	-	75,000
Interest income	(26,000)	(32,000)
Interest cost	44,000	46,000
Total amount recognised in the SOFA	252,000	234,000

Ludlow Junior School

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	2,330,000	1,672,000
Current service cost	234,000	145,000
Interest cost	44,000	46,000
Employee contributions	35,000	32,000
Actuarial loss	529,000	370,000
Benefits paid	(3,000)	(10,000)
Past service cost	-	75,000
At 31 August	<u>3,169,000</u>	<u>2,330,000</u>

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

	2019/20	2018/19
	£	£
At 1 September	1,288,000	1,095,000
Interest income	26,000	32,000
Actuarial gain	98,000	36,000
Employer contributions	109,000	103,000
Employee contributions	35,000	32,000
Benefits paid	(3,000)	(10,000)
At 31 August	<u>1,553,000</u>	<u>1,288,000</u>

25 Related party transactions

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

Expenditure Related Party Transactions:

During the year, a close family member of S Watkins was employed by the academy. Remuneration of £13,734 (2019: £13,629) was paid and employer's pension contributions amounted to £2,429 (2019: £2,058).