

LYDIATE LEARNING TRUST

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31st August 2019



LYDIATE
LEARNING
TRUST

ENGAGE, ENABLE,
EMPOWER

Company Registration Number 07732559 (England & Wales)

LYDIATE LEARNING TRUST

Report and Financial Statements For the year ended 31st August 2019

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Reference and Administrative Details

Members	Date of Appointment	Date of Resignation
John Graham (Chair)	8 th August 2011	
Annette Cunningham	13 th November 2018	
Graham Hewer	1 st January 2015	
Stephen Moss	13 th November 2018	

Directors (Trustees)

John Graham (Chair) *	8 th August 2011	
Helen Heap *	1 st June 2016	
Graham Hewer *	1 st January 2015	
John Pearce	9 th July 2018	
Louise Rooney *	30 th August 2017	15 th July 2019
Ann Stahler (Accounting Officer) *	8 th August 2011	
Hooshang Rahmani	1 st May 2019	

* indicates members of the Finance & Audit Committee

Company Secretary: Mrs D Moss

Senior Management Team:

Executive Head Teacher	Ann Stahler
CSSA Head Teacher	James Kerfoot (to 31 st December 2018)
CSSA Head Teacher	Janette Vincent (from 1 st January 2019)
Deyes High School Head of School	Peter Duffy
Studio@Deyes Head of School	John Parry
Head of AMP SCITT	Pauline Treanor
Director of School Improvement	Wendy Jack
Director of Finance and Operations	Karen Wiggins (to 12 th August 2019)
Director of Finance	John Halstead (from 13 th August 2019)
Director of HR	Vickie Sumner

Company Name: Lydiate Learning Trust

Principal and Registered Office:
Deyes Lane
Maghull
Liverpool
L31 6DE

Company Registration Number: 07732559 (England & Wales)

Academies Operated:
Childwall Sports and Science Academy (CSSA)
Deyes High School (DHS)
Studio@Deyes (S@D)

Independent Auditor:
RSM UK Audit LLP
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Bankers:
Lloyds Bank Plc
1st Floor, 5 St Paul's Square
Liverpool
L3 9SJ

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

LYDIATE LEARNING TRUST

Trustees' Report

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

The Trust operates 3 secondary academies in Liverpool and Sefton and a teaching school from its academy in Sefton. It has a pupil capacity of 2,626 and had a roll of 2,417 in the school census on October 2019.

Structure, Governance and Management

Constitution

The 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 Trust.

The trustees of Lydiate Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Lydiate Learning Trust.

Details of the trustees who served during the year 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

The trustees are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £5,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Trust will recruit and appoint trustees through a process of fair selection using criteria for selection based on the annual skills audit. In the current year several new appointments have been made in this way with the support of the DfE Academy Ambassadors programme.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction, training and support programme for trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned. There are, however some general principles outlined below which should be common to all.

- An induction to the role, a tour of the sites and an introduction to members of the Senior Leadership teams will be provided by the Senior Clerk to the Governing Body.
- It is expected that the incumbent trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new trustees to integrate into a new situation.
- The Trust's Equality and Diversity and related policies will be applicable to all.
- The other trustees and governors will be informed of any new appointments.
- Every trustee and governor should be prepared to offer support to new trustees as appropriate, through our long-established mentoring programme.

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Trustees' Report (continued)

Organisational Structure

The governance structure consists of three levels: Members of the Trust, the Board of the Trust (trustees) and the Local Governing Body of each school. The Executive Head Teacher is accountable to the Trustees and she manages the Executive Team and Heads of each school. A Scheme of Delegation is in place which sets the levels of authority in which all staff, particularly those in senior posts operate. The aim of the structure is to devolve responsibility to those best able to make appropriate decisions. The trustees encourage staff contributions at all levels and collaboration between the schools in the Trust.

The trustees and directors are there to establish the direction and to support and challenge the local governing body, senior management team and the wider community in the running of the Trust.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel comprise: Chief Executive Officer / Executive Head Teacher, Academy Head Teachers and Senior Leadership teams, Executive Director of School Improvement and the Executive Director of Finance and Operations. The rules for determining the pay of key management are set out in the School Teachers' Pay and Conditions Document. The pay committees of the schools (consider Head Teachers and Senior Leaders pay) and Board (consider executive pay) meet annually to review recommendations for pay progression. The Trust Pay Committee consists of 3 trustees including the chair.

Trade Union Facility Time

No employees spent paid time on trade union facilities during the year.

Related Parties and Other Connected Charities and Organisations

The Trust does not currently sponsor any other school. Patricia Graham is an employee and a relation of John Graham. Deborah Moss is an employee and a relation of Stephen Moss. All transactions were made at arms' length.

Details of related party transactions are given in Note 23.

Objectives and Activities

Lydiate Learning Trust was established to provide education for pupils of different abilities between the ages of 11 and 19.

Childwall Sports & Science Academy and Deyes High School admit pupils based on a catchment area. Given the specialist and alternative nature of the provision at Studio@Deyes admissions are based on parental choice.

Objects and Aims

The main objectives and aims of the Trust are summarised below:

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

Objectives, Strategies and Activities

The vision and aims of the Trust rest on the following principles:

- place teaching and learning at the centre of all that we do;

LYDIATE LEARNING TRUST

Trustees' Report (continued)

- make the process of learning vivid, challenging and enjoyable;
- determine the needs of every student and set individual targets;
- encourage students to be active participants in their own learning;
- focus on the development of the whole child;
- have high expectations of every member of our School Community;
- celebrate and reward success in all aspects of school life;
- include everyone and respect difference;
- live the School's Core Values;
- involve everyone in school improvement by informing, listening, valuing and responding; and
- maintain an attractive and well-resourced environment which stimulates and supports teaching and learning.

Key activities and current targets are identified in the Trust's strategic plan and include:

- To further develop governance and the collective commitment across the Trust.
- To ensure the effective deployment of Trust staff and implementation of a school improvement and quality assurance model that yields results.
- To develop a Trust wide teaching, learning and assessment model that provides a framework to improve teaching and outcomes.
- To develop systems of robust real-time intelligence and quality assurance allowing for intervention that increases performance.

Ultimately a Trust that provides a shared support service, valued by all its academies, that raises student achievement and ensures all academies are good or better in Ofsted judgement. Improvement is required specifically at Childwall Sports and Science Academy to achieve a good Ofsted judgement and is a key area of focus for the Trust, along with effectively managing the closure of Studio@Deyes.

Public Benefit

The trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Lydiate Learning Trust is the maintenance and development of high quality education provided by the Academies within the Trust.

We offer not only a broadly based academic education, but a wide-range of extra-curricular activities and educational trips.

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Strategic Report

Achievements and Performance for the Year 2018/2019

Key Performance Indicators

Trust Development Plan Priorities

The Lydiate Learning Trust Board have agreed:

- 1) To develop a clear strategic vision and establish an ethos/culture that people buy into and agree with.
- 2) To increase the quality of provision within all LLT schools and improve academic standards and achievement.
- 3) To further develop a strategic recruitment, retention and succession strategy in order to develop and retain our workforce.
- 4) To ensure a financially viable and sustainable MAT.
- 5) To further develop quality governance across the Trust to provide the support and challenge required to ensure progress.
- 6) To provide a learning environment of the very highest quality.
- 7) To develop new partnerships to aid our development as a MAT and that of LLT schools.

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Trustees' Report (continued)

The Trust is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence. We monitor progress rigorously through the Lydiate Learning Trust self-evaluation plan.

We monitor progress through the Self Evaluation Policy and Standards and Achievement Policy. Whilst we value greatly academic achievement and progression whatever a student's starting point, we also pay great attention to the pastoral development and personal welfare of our students. We pride ourselves on the careers advice and guidance offered to our students and our work in business partners.

In the current year we had three open academies within the Trust, namely Deyes High School, Childwall Sports and Science Academy and Studio@Deyes. The Trust also has a large school centred initial teacher training (SCITT) covering both primary and secondary provision (Associated Merseyside Partnership SCITT) developed in partnership with Holy Rosary Teaching School Alliance (HRTSA).

Analysis of Examination Outcomes for the Academic Year 2018/19

Deyes High School

Key Stage 3

The Trust has further refined the school tracking system to deliver good outcomes for all students with key tracking points along the flight path, which allows for intervention and challenge. Standards remain high in core subjects and achievement in terms of progress and attainment indicates that students are well prepared for KS4.

Key Stage 4

Overall attainment in core subjects has improved further with 68% of students attaining grade 4+ in both English and Maths and 41% attaining grade 5. The dip in progress has been reversed however; progress remains a focus in 2019/20

Key Stage 5

Results in 2018/19 evidence a dip in Value Added score for academic qualifications. The Applied General courses have results significantly above national average.

Childwall Sports and Science Academy

Key Stage 3

The Trust has further refined the school tracking system to deliver good outcomes for all students with key tracking points along the flight path, which allows for intervention and challenge. Standards remain high in core subjects and achievement in terms of progress and attainment indicates that students are well prepared for KS4.

Key Stage 4

Overall performance has improved at the grade 5 boundary with 23% achieving grade 5 in English and Maths. More widely, performance in English is stable and Maths evidenced a dip. However, performance in EBACC subjects led to an overall dip in progress. This remains a focus in 2019/20.

Key Stage 5

Results in 2018/19 show an improvement from 2017/18 however this remains a focus for the school in 2019/20.

Studio@Deyes

Performance in the subject specialisms Business, Fashion, Engineering remains strong. Core subjects have improved outcomes however this remains a focus. Students have progressed to appropriate courses.

Associated Merseyside Partnership SCITT (AMP)

Of the 56 students who started the 2018/19 course a total of 48 students gained qualified teacher status (13 at primary phase and 35 at secondary phase) with 6 trainees withdrawing and 2 deferred due to illness. All trainees were graded outstanding or good, with 65% outstanding overall. With an effective marketing campaign and a strong reputation for quality training AMP SCITT continues to grow with recruitment above

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Trustees' Report (continued)

National and regional levels. Now in the fifth year of operation programmes cover 4 age ranges 3-7 and 7-11 in primary and 11-16 and 14-19 in secondary.

Trust Aims

- 1) Empowering individuals through learning
- 2) Fostering a "can-do" attitude that leads to continuous improvement
- 3) Producing confident young adults with high levels of perseverance, proficiency and integrity
- 4) Encouraging families and our schools to work together to support student learning
- 5) Providing a happy, safe, supportive environment where students can learn effectively
- 6) Developing the whole child with a comprehensive offer of wider curriculum
- 7) Engaging with our students to inspire, contribute and care
- 8) Developing leadership at all levels for Students, Staff, Governors and our Communities
- 9) Promoting an enterprise culture that creates close working partnerships with business and wider partners
- 10) Committing to having honest conversations about our strengths and our opportunities for growth

Financial Review

Most of the Trust's income is obtained from the Department for Education via the Education & Skills Funding Agency in the form of a General Annual Grant (GAG), the use of which is restricted to the objects of the Trust. The GAG received during the period covered by this report and associated expenditure is shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Department of Education, in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charged over the expected useful life of the assets concerned.

During the year ended 31st August 2019, total expenditure of £16,160,000 was covered by grant funding from the Department of Education together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £699,000.

At 31st August 2019 the net book value of fixed assets was £40,176,000. Movements in tangible fixed assets are shown in Note 11 to the accounts. The assets were used exclusively for providing education and the associated support service to pupils of the Trust.

Reserves Policy

The trustees have reviewed the reserve levels of the Trust. This review encompassed the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trust's current level of revenue reserves (total reserves less the amounts held in fixed asset reserve and the pension fund reserve) is £154,000.

Trustees acknowledge that the current level of reserves would be considered to be low and have been significantly negatively affected by the ongoing closure of Studio@Deyes. The Trust Board is making every effort to increase the level of reserves going forward through careful and effective budget monitoring.

Investment Policy

The Trust investment policy is consistent with its Charitable Status. Investments must always be in accordance with written procedures adopted by the trustees and must always ensure that the maximum integrity of such investments. The priority for each school is to have cash invested in liquid investment products that bear no risk with its bankers.

Principal Risks and Uncertainties

The Board, governors and senior managers complete a regular review of the risks the individual school faces and the systems in place or that needed to be implemented, to mitigate against any of the risk the school faces.

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Trustees' Report (continued)

The Board now consider systems are in place to mitigate any of the risks identified. The trustees of the multi-academy trust conduct an annual review of the Trust risks and uncertainties.

The Corporate Risk Map Audit in place identified and reviewed the following risk areas:

- Safeguarding
- Reputational
- Physical
- Infrastructure
- Governance
- Staffing
- Students
- Financial
- Business continuity

Each year an action plan is produced with each action assigned to an individual. The action plan is reviewed by the Board at each of their meetings.

Plans for Future Periods

The Trust will continue striving to improve achievement and progress of its students at all levels. It will also ensure that the impact across the community is positive and that the Trust becomes the school of choice for students in Liverpool and Sefton.

The Trust will continue to seek to build capacity to enable it to support additional schools within the locality or beyond, as appropriate.

The focus in 2019/2020 will be the effective closure of Studio@Deyes. Studio@Deyes will close in August 2020, ensuring a smooth transition and completion of courses for all students involved. Studio@Deyes is closing as a result of the additional costs incurred due to a delayed start and the lower than expected rolls.

Employee Involvement

The Trust encourages the involvement of its employees in its management through regular meetings with employee representatives. The employee representatives have the responsibility for the dissemination of information of particular concern to employees, including financial and economic factors affecting the performance of the Trust, and for receiving their views on important matters of policy.

Equality and Disability Statement

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and the Trust will actively combat bigotry. We also actively combat any discrimination.

The Trust considers all applications from persons with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee has a disability every effort is made to ensure that reasonable adjustments are made. The Trust aims to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Auditor

RSM UK Audit LLP have indicated a willingness to continue in office.

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.

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Trustees' Report (continued)

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18th December 2019 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'John Graham', is written over a solid horizontal line.

Mr John Graham
Chair
18th December 2019

LYDIATE LEARNING TRUST

Governance Statement

Scope of Responsibility

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

We have delegated the day-to-day responsibility to the Chief Executive Officer (CEO), as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The CEO is also responsible for reporting to Directors at the earliest opportunity, 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 Directors have held 8 full Board meetings during the year, including 2 extraordinary. Attendance during the year was as follows:

Director	Meetings Attended	Out of a Possible
John Graham	7	8
Helen Heap	7	8
Graham Hewer	8	8
John Pearce	8	8
Louise Rooney	5	8
Ann Stahler	8	8
Hooshang Rahmani	2	2

The Finance and Audit Committee is a sub-committee of the main Board. The committee operates in accordance with written terms of reference approved by the Board.

The committee met 3 times during the year. The attendance during the year at meetings was as follows:

Director	Meetings Attended	Out of a Possible
John Graham	3	3
Helen Heap	3	3
Graham Hewer	3	3
Louise Rooney	3	3
Ann Stahler	3	3
Hooshang Rahmani	1	1

Review of Value for Money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during 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 Trust has delivered improved value for money during the year by:

- Renegotiating contracts when appropriate, the Trust uses consortia and its multi-academy trust status to obtain economies of scale where appropriate.
- The Trust explores every opportunity to generate income through hire of the school's facilities and applies for any appropriate additional grant funding that may be available.
- The remodelling of staffing structures in individual schools.

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Governance Statement (continued)

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 which is reviewed and agreed by the board of trustees
- periodic financial reports including updates on 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 guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the board of trustees have appointed Moore and Smalley LLP, as Responsible Officer (RO) to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. These checks are carried out to a set schedule and reported through the resources committees.

The trustees confirm that the RO has delivered their schedule of work as planned and has been delivered in line with the ESFA's requirements. The work focussed on sample testing of systems and processing of transactions.

Review of Effectiveness

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

- the work of the Responsible Officer
- the work of the external auditor
- the work of the managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

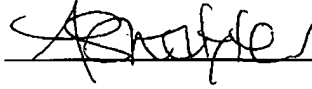
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Governance Statement (continued)

Approved by order of the board of trustees on 18th December 2019 and signed on its behalf by:



John Graham
Chair of Trustees



Ann Stahler
Accounting Officer

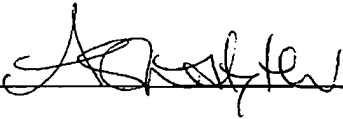
LYDIATE LEARNING TRUST

Statement of Regularity, Propriety and Compliance

As accounting officer of Lydiate Learning Trust I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



Ann Stahler
Accounting Officer
18th December 2019

LYDIATE LEARNING TRUST

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 (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 18th December 2019 and signed on its behalf by:



John Graham
Chair of Trustees

LYDIATE LEARNING TRUST

Independent Auditors' Report to the Members of Lydiate Learning Trust (continued) For the year ended 31st August 2019

Opinion

We have audited the financial statements of Lydiate Learning Trust (the "charitable company") for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2018 to 2019 issued by the Education and 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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees Report, which includes the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

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Independent Auditors' Report to the Members of Lydiate Learning Trust (continued) For the year ended 31st August 2019

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 Strategic Report included within 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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustees

As explained more fully in the Statement of Trustees responsibilities set out on page 13 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

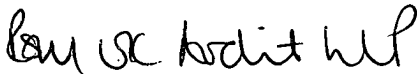
Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Karen Musgrave (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Dated:

19/12/19.

LYDIATE LEARNING TRUST

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

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from :						
Donations and capital grants	2	-	-	1,515	1,515	826
Charitable activities:						
- Funding for the Trust's educational operations	3	-	13,351	-	13,351	13,224
Other trading activities	4	770	-	-	770	647
Investments	5	1	-	-	1	1
Total		771	13,351	1,515	15,637	14,698
Expenditure on :						
Charitable activities :						
- Academy trust educational operations	6,7	605	14,216	1,339	16,160	15,313
Total		605	14,216	1,339	16,160	15,313
Net income / (expenditure)		166	(865)	176	(523)	(615)
Transfers between funds		(381)	354	27	-	-
Other recognised gains and losses						
Remeasurement of net defined benefit obligations	22	-	(2,505)	-	(2,505)	1,095
Net movement in funds		(215)	(3,016)	203	(3,028)	480
Reconciliation of funds						
Total funds brought forward		369	(4,933)	41,027	36,463	35,983
Total funds carried forward		154	(7,949)	41,230	33,435	36,463

LYDIATE LEARNING TRUST

**Balance Sheet
As at 31st August 2019**

Company Number: 07732559

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	11		40,176		40,611
Current assets					
Debtors	12	781		683	
Cash at bank and in hand		2,202		1,438	
		<u>2,983</u>		<u>2,121</u>	
Current Liabilities					
Creditors: Amounts falling due within one year	13	<u>(1,670)</u>		<u>(1,323)</u>	
Net current assets			1,313		798
Total assets less current liabilities			<u>41,489</u>		<u>41,409</u>
Creditors: Amounts falling due after more than one year	14		<u>(105)</u>		<u>(13)</u>
Net assets excluding pension liability			<u>41,384</u>		<u>41,396</u>
Defined benefit pension scheme liability	22		<u>(7,949)</u>		<u>(4,933)</u>
Total net assets			<u>33,435</u>		<u>36,463</u>
Funds of the Trust:					
Restricted funds					
- Restricted fixed asset fund	16	41,230		41,027	
- Restricted general fund	16	-		-	
- Pension reserve	16	<u>(7,949)</u>		<u>(4,933)</u>	
Total restricted funds			<u>33,281</u>		<u>36,094</u>
Unrestricted income funds	16		154		369
Total funds			<u>33,435</u>		<u>36,463</u>

The financial statements on pages 16 to 34 were approved by the board of trustees, and authorised for issue on 18th December 2019 and are signed on their behalf by:



**John Graham
Trustee**

LYDIATE LEARNING TRUST

Statement of Cash Flows For the year ended 31st August 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	152	(220)
Cash flows from investing activities			
Dividend, interest and rents from investments		1	1
Purchase of tangible fixed assets		(904)	(643)
Capital grants from DfE/ESFA		1,515	826
		<u>612</u>	<u>184</u>
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>764</u>	<u>(36)</u>
Cash and cash equivalents at beginning of the year		1,438	1,474
Cash and cash equivalents at the end of the year		<u>2,202</u>	<u>1,438</u>

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019

1. Statement of Accounting Policies

Lydiate Learning Trust (the 'Academy Trust') is a charitable company. The address of its principal place of business is provided on page 1 and the nature of its operations are set out in the trustees' report.

1.1. Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the function currency of the Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2. Going Concern

The trustees have assessed the appropriateness of preparing the financial statements on a going concern basis and have concluded that the trust continues to be a going concern. The closure of Studio@Deyes continues to be the biggest factor in this assessment.

Financial support has been agreed with the ESFA and, when received, will ensure that the trust remains in a positive cash position. Studio@Deyes will remain open until August 2020 to enable all courses of study to be concluded and to ensure students seamlessly transfer to the next stage of their education.

Furthermore the level of financial oversight by trustees has been and continues to be significant, providing adequate scrutiny and challenge to support the going concern assessment.

It is on this basis that the trustees have deemed it appropriate to prepare the financial statements on a going concern basis.

1.3. Income

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

- **Grants**

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

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

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

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

▪ Sponsorship income

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

▪ Donations

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

▪ Other Income

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

▪ Donated Services and Gifts in Kind

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

1.4. Expenditure

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

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

All resources expended are stated inclusive of any irrecoverable VAT.

▪ Expenditure on Raising Funds

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

▪ Charitable Activities

These are costs incurred on the academy Trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the academy Trust apportioned to charitable activities.

1.5. 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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold property	over the remaining lease term
Assets under construction	not depreciated until brought into use
Computer hardware	3 years
Furniture and equipment	8 years
Motor vehicles	4 years

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

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

1.6. Liabilities

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

1.7. 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.

1.8. Leased Assets

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

1.9. Financial Instruments

The academy Trust has adopted Section 11 of FRS 102 in full in respect of financial instruments.

1.10. Financial Assets and Liabilities

Financial assets and financial liabilities are recognised when the academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition of Financial Assets and Liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.11. 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.

1.12. Pension Benefits

Retirement benefits to employees of the 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 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 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 asset/liability 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.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

1.13. Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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.

1.14. 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, which are disclosed in Note 22, 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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Capital grants	-	1,515	1,515	826
	<u>-</u>	<u>1,515</u>	<u>1,515</u>	<u>826</u>

The income from donations and capital grants in 2018 was £826,000 of which £826,000 was restricted fixed asset funds.

3. Funding for the Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
DfE / ESFA grants				
General annual grant (GAG)	-	11,874	11,874	12,014
Other DfE / ESFA grants	-	1,351	1,351	1,105
	<u>-</u>	<u>13,225</u>	<u>13,225</u>	<u>13,119</u>
Other government grants				
Other government grants	-	-	-	-
Local authority grants	-	126	126	105
	<u>-</u>	<u>126</u>	<u>126</u>	<u>105</u>
	<u>-</u>	<u>13,351</u>	<u>13,351</u>	<u>13,224</u>

The income from the Trust's educational operations was £13,351,000 (2018: £13,224,000) all of which was restricted general funds.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

4. Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Hire of facilities	30	-	30	68
Catering income	457	-	457	441
Other income	283	-	283	138
	<u>770</u>	<u>-</u>	<u>770</u>	<u>647</u>

The income from other trading activities was £770,000 (2018:£647,000) all of which was unrestricted funds.

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Bank interest received	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The investment income was £1,000 (2018:£1,000) all of which was unrestricted funds.

6. Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2019 £000	Total 2018 £000
Trust's educational operations:					
- Direct costs	9,121	-	462	9,583	9,292
- Allocated support costs	2,685	2,028	1,864	6,577	6,021
	<u>11,806</u>	<u>2,028</u>	<u>2,326</u>	<u>16,160</u>	<u>15,313</u>

Expenditure on raising funds was £16,160,000 (2018: £15,313,000) of which £605,000 (2018: £577,000) was unrestricted and restricted general funds was £14,216,000 (2018: £13,415,000).

Net expenditure for the period includes:

	Total 2019 £000	Total 2018 £000
Operating lease rentals	14	25
Depreciation	1,339	1,321
Net interest on defined benefit pension liability	132	134
Past service cost on defined benefit pension liability	294	-
Fees payable to auditor for :		
- Audit	14	14
- Other services	2	3
	<u>2,095</u>	<u>1,537</u>

Central services

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

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

7. Charitable Activities

	Total 2019 £000	Total 2018 £000
Direct costs - educational operations	9,583	9,292
Support costs - educational operations	6,577	6,021
	<u>16,160</u>	<u>15,313</u>

Analysis of support costs

Analysis of support costs

	Total 2019 £000	Total 2018 £000
Support staff costs	2,685	2,282
Depreciation	1,339	1,321
Technology costs	139	151
Premises costs	689	665
Other support costs	1,273	1,242
Governance costs	452	360
Total support costs	<u>6,577</u>	<u>6,021</u>

8. Staff Costs

a. Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	8,580	8,515
Social security costs	784	750
Operating costs of defined benefit pension schemes	1,826	1,609
Apprenticeship levy	28	27
	<u>11,218</u>	<u>10,901</u>
Supply staff costs	588	235
Staff restructuring costs	-	-
	<u>11,806</u>	<u>11,136</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	146	140
Administration and support	179	176
Management	20	18
	<u>345</u>	<u>334</u>

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	3	5
£70,001 - £80,000	2	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1

d. Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1, in addition to other key management personnel. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was £776,244 (2018: £774,797)

9. Trustees' Remuneration and Expenses

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

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

Ann Stahler (Chief Executive / Executive Headteacher, Lydiate Learning Trust)
Remuneration: £135,372 (2018: £130,829)
Employer's pension contributions: £22,236 (2018: £21,478)

During the period ended 31st August 2019, travel and subsistence expenses totalling £300 (2018: £1,185) were also incurred. This amounted to 3 different claims by trustees/governors.

Other related party transactions involving the trustees are set out in Note 23.

10. Trustees and Officers Insurance

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

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

11. Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Assets Under Construction £000	2019 Total £000	2018 Total £000
Cost							
At 1 September 2018	44,759	2,295	1,204	16	49	48,323	47,680
Additions	403	45	43	26	387	904	643
Transfer	49	-	-	-	(49)	-	-
Disposals	-	-	-	-	-	-	-
At 31 August 2019	<u>45,211</u>	<u>2,340</u>	<u>1,247</u>	<u>42</u>	<u>387</u>	<u>49,227</u>	<u>48,323</u>
Depreciation							
At 1 September 2018	4,776	1,845	1,076	15	-	7,712	6,391
Charge in year	904	294	134	7	-	1,339	1,321
Disposals	-	-	-	-	-	-	-
At 31 August 2019	<u>5,680</u>	<u>2,139</u>	<u>1,210</u>	<u>22</u>	<u>-</u>	<u>9,051</u>	<u>7,712</u>
Net book values							
At 31 August 2018	39,983	450	128	1	49	40,611	41,289
At 31 August 2019	<u>39,531</u>	<u>201</u>	<u>37</u>	<u>20</u>	<u>387</u>	<u>40,176</u>	<u>40,611</u>

12. Debtors

	Total 2019 £000	Total 2018 £000
Trade debtors	115	21
VAT recoverable	184	113
Other debtors	-	-
Prepayments and accrued income	482	549
	<u>781</u>	<u>683</u>

13. Creditors: amounts falling due within one year

	Total 2019 £000	Total 2018 £000
Trade creditors	630	494
Other taxation and social security	204	209
Other creditors	503	260
Accruals and deferred income	333	360
	<u>1,670</u>	<u>1,323</u>

	Total 2019 £000	Total 2018 £000
Deferred income		
Deferred income at 1 September	130	103
Released from previous years	(130)	(91)
Resources deferred in the year	104	118
Deferred income at 31 August	<u>104</u>	<u>130</u>

Deferred income relates to funded income which has not been fully expended mainly in relation to sixth form bursary income and rates relief.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

14. Creditors: amounts falling due in greater than one year

	Total 2019 £000	Total 2018 £000
Other creditors	105	13
	<u>105</u>	<u>13</u>

Included within Other Creditors are Salix loans of £120,796 (2018: £15,136) of which £15,336 (2018: £1,892) is payable within 1 year and included in Note 13). The loan repayments are payable every 6 months over an 8 year period with repayments commencing on completion of the funded project.

15. Financial instruments

	Total 2019 £000	Total 2018 £000
Financial assets carried at amortised cost	476	214
	<u>476</u>	<u>214</u>
Financial liabilities carried at amortised cost	1,441	997
	<u>1,441</u>	<u>997</u>

16. Funds

	Balance at 1 September 2018 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General annual grant	-	11,874	(12,228)	354	-
Other government grants	-	1,477	(1,477)	-	-
Pension reserve	(4,933)	-	(511)	(2,505)	(7,949)
Other	-	-	-	-	-
	<u>(4,933)</u>	<u>13,351</u>	<u>(14,216)</u>	<u>(2,151)</u>	<u>(7,949)</u>
Restricted fixed asset funds					
Inherited funds	37,248	-	-	-	37,248
DfE/ESFA capital grants	3,577	1,515	(1,339)	27	3,780
Capital expenditure from GAG	202	-	-	-	202
	<u>41,027</u>	<u>1,515</u>	<u>(1,339)</u>	<u>27</u>	<u>41,230</u>
Total restricted funds	<u>36,094</u>	<u>14,866</u>	<u>(15,555)</u>	<u>(2,124)</u>	<u>33,281</u>
Unrestricted funds					
Unrestricted funds	369	771	(605)	(381)	154
Total unrestricted funds	<u>369</u>	<u>771</u>	<u>(605)</u>	<u>(381)</u>	<u>154</u>
Total funds	<u>36,463</u>	<u>15,637</u>	<u>(16,160)</u>	<u>(2,505)</u>	<u>33,435</u>

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General annual grant	-	12,014	(11,908)	(106)	-
Other government grants	-	1,210	(1,210)	-	-
Pension reserve	(5,731)	-	(297)	1,095	(4,933)
Other	-	-	-	-	-
	<u>(5,731)</u>	<u>13,224</u>	<u>(13,415)</u>	<u>989</u>	<u>(4,933)</u>
Restricted fixed asset funds					
Inherited funds	37,248	-	-	-	37,248
DfE/ESFA capital grants	4,066	826	(1,321)	6	3,577
Capital expenditure from GAG	202	-	-	-	202
	<u>41,516</u>	<u>826</u>	<u>(1,321)</u>	<u>6</u>	<u>41,027</u>
Total restricted funds	35,785	14,050	(14,736)	995	36,094
Unrestricted funds					
Unrestricted funds	198	648	(577)	100	369
Total unrestricted funds	198	648	(577)	100	369
Total funds	35,983	14,698	(15,313)	1,095	36,463

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

Restricted general fund

This fund represents grants received for the Academy's operational activities and development.

Fixed assets fund

These grants relate to funding from the DfE, ESFA and private sponsors to carry out works of a capital nature as part of the school improvement plan.

Other restricted funds

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

Unrestricted funds

This fund primarily relates to income from lettings and teaching school income.

Total funds analysis by academy

Fund balances at 31st August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Childwall Sports and Science Academy	554	492
Deyes High School	798	462
Studio@Deyes	(1,198)	(585)
Total before fixed assets and pension reserve	<u>154</u>	<u>369</u>
Restricted fixed asset fund	41,230	41,027
Pension reserve	(7,949)	(4,933)
	<u>33,435</u>	<u>36,463</u>

Studio@Deyes is carrying a net deficit of £1,198,000. With support from the ESFA and the DfE, the trust is now actively managing the process of closing Studio@Deyes.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (including Depreciation) £000	Total 2019 £000	Total 2018 £000
Childwall Sports and Science Academy	3,277	1,026	381	895	5,579	5,387
Deyes High School	5,166	1,557	480	2,083	9,286	8,752
Studio@Deyes	679	101	157	358	1,295	1,174
	9,122	2,684	1,018	3,336	16,160	15,313

17. Analysis of Net Assets between Funds

Fund balances at 31st August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2019 £000
Tangible fixed assets	-	-	40,176	40,176
Current assets	154	1,775	1,054	2,983
Current liabilities	-	(1,670)	-	(1,670)
Non-current liabilities	-	(105)	-	(105)
Pension scheme liability	-	(7,949)	-	(7,949)
Total net assets	154	(7,949)	41,230	33,435

	2018 Unrestricted Funds £000	2018 Restricted General Funds £000	2018 Restricted Fixed Asset Funds £000	2018 Total Funds 2018 £000
Tangible fixed assets	-	-	40,611	40,611
Current assets	369	1,336	416	2,121
Current liabilities	-	(1,323)	-	(1,323)
Non-current liabilities	-	(13)	-	(13)
Pension scheme liability	-	(4,933)	-	(4,933)
Total net assets	369	(4,933)	41,027	36,463

18. Capital Commitments

	Total 2019 £000	Total 2018 £000
Contracted for, but not provided in the financial statements	1,056	389
	1,056	389

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

19. Commitments under Operating Leases

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

	Total 2019 £000	Total 2018 £000
Amounts due within one year	1	14
Amounts due between one and five years	-	1
Amounts due after five years	-	-
	<u>1</u>	<u>15</u>

20. Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

	Total 2019 £000	Total 2018 £000
Net (expenditure) for the reporting period (as per statement of financial activities)	(523)	(615)
Adjusted for :		
Capital grants from DfE and other capital income	(1,515)	(826)
Interest receivable (Note 5)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (Note 22)	379	163
Defined benefit pension scheme finance cost (Note 22)	132	134
Depreciation (Note 11)	1,339	1,321
(Increase)/decrease in debtors	(98)	(181)
(Decrease) in creditors	439	(215)
Net cash provided by / (used in) operating activities	<u>152</u>	<u>(220)</u>

21. Members Liability

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

22. Pension and Similar Obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Teachers' Pension Scheme

Introduction

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

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending. The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19.) DfE has agreed to pay a teachers' pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

The employer's pension costs paid to TPS in the period amounted to £976,037 (2018: £978,880).

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

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme (LGPS)

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 31st August 2019 was £587,000 (2018: £577,000), of which employer's contributions totalled £472,000 (2018: £464,000) and employees' contributions totalled £115,000 (2018: £113,000). The agreed contribution rates for future years range from 13.6% to 20.4% for employers with employee contributions of 5.5% to 12.5%.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Additional past service costs totalling £294,000 (2018: £nil) have been incurred due to the McCloud ruling.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

Principal Actuarial Assumptions

	At 31/08/19	At 31/08/18
Rate of increase in salaries	3.6%	3.6%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.1%

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

	At 31/08/19	At 31/08/18
<i>Retiring today</i>		
Males	22.2	22.0
Females	25.0	24.8
<i>Retiring in 20 years</i>		
Males	25.2	25.0
Females	27.9	27.8

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

	Fair value at 31 August 2019	Fair value at 31 August 2018
Equities	3,315	3,023
Government bonds	662	198
Other bonds	357	685
Property	584	529
Cash and other liquid assets	207	180
Other	1,362	1,196
Total market value of assets	6,487	5,811
Actual return on scheme assets	288	304

Amounts recognised in the statement of financial activities

	Total 2019 £000	Total 2018 £000
Current service cost	547	617
Net interest cost	132	134
Administration Expenses	10	10
Past Service Cost	294	-
Total amount recognised in the SOFA	983	761

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

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

	Total 2019 £000	Total 2018 £000
At 1 September	10,744	10,783
Current service cost	547	617
Interest cost	301	263
Employee contributions	115	113
Actuarial (gain) / loss	2,626	(921)
Benefits paid	(191)	(111)
Past service cost	294	-
Curtailments and settlements	-	-
At 31 August	14,436	10,744

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

	Total 2019 £000	Total 2018 £000
At 1 September	5,811	5,052
Interest income	169	129
Actuarial (loss) / gain	121	174
Employer contributions	472	464
Employee contributions	115	113
Benefits paid	(191)	(111)
Administration Expenses	(10)	(10)
At 31 August	6,487	5,811

23. Related Party Transactions

The Trust does not currently sponsor any other school. It does, however, lead a teacher training centre Associated Merseyside Partnership School Centred Initial Teacher Training (SCITT) working with Holy Rosary Teaching School.

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 Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

Patricia Graham (remuneration £31,877) is an employee and a relation of John Graham. Deborah Moss (remuneration £29,495) is an employee and a relation of Stephen Moss. Amounts outstanding at the end of the year were £nil.

LYDIATE LEARNING TRUST

Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 19th August 2019 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2018 to 2019, to obtain limited assurance about whether the expenditure disbursed and income received by Lydiate Learning Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2018 to 2019 Annex B: Regularity Reporting. We are independent of Lydiate Learning Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Lydiate Learning Trust's accounting officer and trustees¹

The accounting officer is responsible, under the requirements of Lydiate Learning Trust's funding agreement with the Secretary of State for Education dated 1st September 2015 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees¹ (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Lydiate Learning Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

¹ should be amended to be consistent with how described in the accounts being, 'governor, director or trustee, were 'governor' is used, the brackets wording needs to be edited to include that the governors act as trustees for the charitable company.

LYDIATE LEARNING TRUST

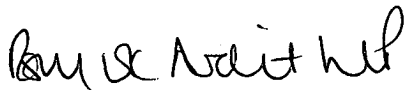
Notes to the Financial Statements for the Year Ended 31st August 2019 (continued)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2018 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2018 to 2019.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Lydiate Learning Trust and the ESFA in accordance with the terms of our engagement letter dated 19th August 2019. Our work has been undertaken so that we might state to the Lydiate Learning Trust 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 Lydiate Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.



RSM UK AUDIT LLP
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

Date: 19/12/19.