

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

England & Wales · Charity number 518076

## Details

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Other names	LUCTON PIERREPOINT SCHOOL EDUCATIONAL TRUST, LUCTON SCHOOL
Status	Registered
Legal form	Charitable company
Company number	<a href="#">02059659</a>
Registered	1986-10-10
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address Lucton School  
Lucton  
Leominster  
HR6 9PN

Phone 01568782000

Email [enquiries@luctonschool.org](mailto:enquiries@luctonschool.org)

Website [www.luctonschool.org](http://www.luctonschool.org)

## Activities

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**Objects:** THE TRUST IS ESTABLISHED TO PROMOTE AND PROVIDE FOR THE ADVANCEMENT OF EDUCATION OF CHILDREN IN THE UNITED KINGDOM AND ELSEWHERE, SUCH EDUCATION TO BE DESIGNED TO GIVE A SOUND RELIGIOUS AND MORAL BASIS TO ALL PUPILS.

**Activities:** Lucton Pierrepont School Educational Trust operates Lucton School in North Herefordshire, where local children from 6 months are taken into the nursery and school pupils are able to study from leaving nursery, right up to taking their A-levels, prior to leaving for higher and further education. The school is co-educational and also provides boarding for nearly one-third of the school's pupils.

## Classification

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- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

## Geography

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- **Area of benefit:** UNITED KINGDOM AND ELSEWHERE
- Herefordshire

## Finances

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Period end	Income	Expenditure	Assets	Employees
2024-08-31	£3,302,154	£4,231,392	£-2,829,720	45
2023-08-31	£2,883,997	£3,946,289	£-1,896,479	55
2022-08-31	£3,457,076	£4,262,758	£-834,461	50
2021-08-31	£3,939,699	£4,274,340	£-36,571	103
2020-08-31	£4,698,059	£4,790,339	£298,070	112

## Trustees

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Name	Role	Appointed
Ali Khan	Chair	2021-11-29
Paul Buss		2021-11-29
Robin Stattersfield		2021-11-29

## Linked charities

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- PORTRAIT OF THE SCHOOL'S FOUNDER (518076-1)

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

England & Wales - Charity number 518076

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# Accounts

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Charity registration number 518076 (England and Wales)

Company registration number 02059659

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2024**

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	P Buss A Khan The Reverend Prebendary M J Kneen R J Stattersfield
<b>Head Teacher</b>	A Allman
<b>Charity number</b>	518076
<b>Company number</b>	02059659
<b>Principal address</b>	Lucton School Leominster Herefordshire HR6 9PN
<b>Auditor</b>	Richard Place Dobson Services Limited Ground Floor 1 - 7 Station Road Crawley West Sussex RH10 1HT
<b>Bankers</b>	Lloyds TSB Bank Plc Ariel House 2138 Coventry Road Sheldon B26 3JW
<b>Solicitors</b>	Harrison Clark Rickerbys Solicitors Thorpe House 29 Broad Street Hereford HR4 9AR

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## CONTENTS

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	<b>Page</b>
Trustees report	1 - 3
Statement of trustees responsibilities	4
Independent auditor's report	5 - 7
Statement of financial activities	8 - 9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 28

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

*FOR THE YEAR ENDED 31 AUGUST 2024*

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The trustees present their annual report and financial statements for the year ended 31 August 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the school's memorandum and articles of association, the Companies Act 2006 and "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)" (effective 1 January 2019).

### **Objectives and activities**

To promote and provide for advancement of education of children in the United Kingdom and elsewhere, such education to be designed to give a sound religious and moral basis to all pupils.

Beyond the teaching of traditional academic subjects and some vocational qualifications, pupils are expected to develop in the broadest educational sense, preparing them for adult life in an ever-changing world. In addition to academic and co-curricular excellence, the school seeks to provide awareness of technological advancement and environmental issues, thereby equipping pupils for an increasingly global setting as they transition on adulthood.

The strategies employed to achieve the charity's aims and objectives and to support long-term goals are to:

- Provide excellent teaching through the recruitment and retention of high-quality classroom practitioners at all age ranges
- Adopt and promote high standards of behaviour amongst the pupils.
- Inculcate a culture of integration between local and overseas students.
- Enhance the nursery provision to provide healthy numbers entering the school at the age 4/5.
- Invest in the staff and support self-improvement by providing inset training and funding external courses.
- Improve the facilities on offer at the school.
- Conserve and improve the building of the school.
- Introduce the benefits of the school to as wide an audience as possible, including overseas markets and those in the UK who might not be able to afford an independent school education.

Either directly, or through certain members of staff, the school holds membership of the association of Governing Bodies of Independent Schools (AGBIS), the Independent School Council (ISC), The Independent Schools Association (ISA), The Boarding Schools Association (BSA), The Independent Schools Bursars' Association (ISBA) and through the Head of the Prep School, the Independent Association of Prep Schools (IAPS), thus providing access to many support and CPD opportunities for staff. Collectively, these organisations provide immense support, from courses to policy guidance and a whole raft of advice and assistance.

Success is measured through external academic results, places secured at universities and other higher education institutions, alongside other less metric aspects, particularly well-being.

Public benefit is achieved through the provision of subsidised and full place awards to pupils otherwise unable to attend the school, alongside provision of the assets of the school for local primary schools and the wider local community, primarily achieved through sports facilities.

The Directors of the Company present their annual report for the year ended 31st August 2021, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with Charities SORP (FRS 102).

### *Public benefit*

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the school should undertake.

### **Achievements and performance**

Due to the passing of the headteacher, we are unable to provide an updated achievements and performance for the year, but the activities of the school are reflected in the financial statements below.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2024**

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### **Financial review**

The unrestricted funds of the school are at negative £2,840,797 (2023: Negative of £1,911,559) with restricted funds standing at £11,077 (2023: £11,077).

### *Going concern*

The trustees are satisfied that the schools' operating cash flows, external finance facilities and agreement with Alpha Schools are sufficient to meet the schools day to day working capital requirements.

### *Reserves policy*

The reserves policy is to sustain funding between reserves held and bank debt to ensure the ongoing activities of the charity.

### *Major risks*

The board of trustees is responsible for the management of the risks faced by the group. Detailed considerations of risk are delegated to the Senior Management of the school. Risks are identified, assessed and controls established throughout the year.

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Senior Management Team ensures that the school complies with all relevant legislation. This process is also monitored by the trustees through termly reports provided by the Head Teacher and the Bursar, as well as through individual Trustees taking responsibility for certain key areas. Trustee sub-committees also ensure that the areas within their remit maintain full compliance

The most significant risks identified are as follows;

1. The ongoing impact of the global pandemic in both educational and financial terms.
2. Fee affordability, particularly for parents based in the local catchment area.
3. The ability to attract pupils from overseas whilst travel restrictions continue to be imposed.
4. Continuing financial pressure being applied through central government policy and loss of charitable business rate reductions.

Through the risk management processes established for the school, and the group, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary.

### **Plans for future periods**

As Lucton School Shanghai passed the three-figure pupil roll in 2020/21, Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

Alpha Schools working with the Head have the following plans in place:

- Alpha have already invested £550k of its own money into the School to keep it open. This shows huge commitment and belief to the School.
- By resetting Lucton's cost base and natural wastage, as well as the redundancy of administrative roles (now covered by the Alpha central support team), steps have already been made in improving Lucton and developing financial stability.
- In order to improve Lucton's income, it is necessary to consider a multi-faceted approach that utilises the existing assets and strengths of the school.

With these in mind, Alpha's aims for Lucton are:

1. To increase pupil numbers in classes:
2. To improve the school's FFE (Full Time Fee Equivalent) percentage
3. To improve boarding numbers, by doubling these in three year period

Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2024*

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

Lucton Pierrepont School Educational Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 July 1986, revised in 2013 and on November 29th 2021. It is a registered charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

P Buss

A Khan

The Reverend Prebendary M J Kneen

R S Sherrey

(Resigned 8 October 2023)

R J Stattersfield

### *Recruitment and appointment of trustees*

The appointment of the trustees is managed by the board to maintain a strong and effective blend of professional and lay skills to ensure robust and informed governance. From November 29th 2021, when the school became part of the Alpha Schools Group, Trustee numbers were reduced from nine to five, with three Alpha nominated Governors joining two retained existing Lucton School Governors to form the new board.

The Chairman or a nominated substitute will be the trustees' representatives with AGBIS, the Association of Governing Bodies of Independent Schools, and will be responsible for keeping up to date with best practice and cascading the knowledge down to fellow trustees.

### *Organisational structure*

The full board meets termly and there are three sub-committees, one covering Education, one covers Well Being & HR and the third is The Resources Committee, which includes all financial matters. The trustees appoint a Headteacher and Bursar to manage the day-to-day operations of the school. To facilitate effective operations, the Headteacher has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and academic performance-related activity. Trustees of the school are also Directors of the subsidiary entities.

### **Auditor**

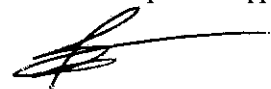
In accordance with the company's articles, a resolution proposing that Richard Place Dobson Services Limited be reappointed as auditor of the company will be put at a General Meeting.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Small companies' exemptions have been applied when preparing this Director's Report.

The trustees report was approved by the Board of Trustees.



P Buss

Trustee

Date: ..... 31/10/2025 .....

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2024***

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The trustees, who are also the directors of Lucton Pierrepont School Educational Trust for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the school 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 school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Lucton Pierrepont Education Trust (the Charitable Company), which comprise the statement of financial activities, the balance sheet and the Cash flow statements as at 31 August 2024, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Charitable Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

#### **Basis for Disclaimer of Opinion**

Due to time restraints imposed, in meeting the requirement to get accounts ready for filing has meant we have been unable to satisfy ourselves as to the completeness, existence and valuation of key balances in the financial statements. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances, and the elements making up the statement of financial activities, and statement of cash flows.

#### **Material Uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that at 31 August 2024 the Charitable Company had net liabilities of £2,829,720 and made a deficit for the year then ended of £929,238. As stated in note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included confirming that banking facilities remained in place for at least 12 months from the date of signing the financial statements and receiving confirmations from a connected party that they would continue to support the charitable company in paying all of its debts as they fall due.

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of the school for the purpose 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 school'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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our responsibility is to conduct an audit of the Charitable Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. 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 United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We have made enquiries of management, and directors, regarding the procedures relating to identifying, evaluating and complying with

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

Discussion among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential significant risks for fraud in the following areas:

#### **1. Management override of the controls in place**

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures planned included, but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside of the normal course of business.

#### **2. Revenue recognition**

Audit procedures planned included, but were not limited to performing walk through tests to identify the control procedures in place and once an understanding of the pupil fee income recognition process was obtained, substantive procedures to be carried out.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### 3. Going concern

Another significant risk identified by the audit engagement team was going concern, as a result of falling pupil numbers and rising costs. In order to test that the accounts being prepared on the going concern basis was correct the following testing was planned: Obtain and review cashflow forecasts and budgets for a period through to July 2025; Obtain and review management accounts for future periods up to the date of signing of the accounts to review against budgets and identify any further funding issues; review correspondence with the bank regarding their willingness to continue providing banking facilities; Obtaining a letter of support, up to date management accounts and year end accounts from Alpha Schools to confirm their willingness and ability to continue to support the School.

#### 4. Laws and regulations

The audit engagement team identified laws and regulations as a significant risk. In order to test that the financial statements were not materially misstated through fraud or error arising from a breach of laws and regulations, the following testing procedures were planned; A review of any recent results issued by ISI (Independent Schools Inspectorate); review of correspondence from legal advisors, to look for evidence of breaches; review of board minutes to identify any breaches in laws and regulations.

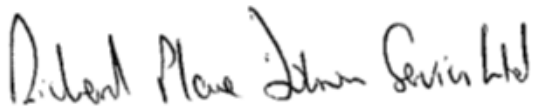
#### 5. Valuation of property

The audit engagement team also identified the valuation of property as a significant risk. In order to test that the valuation of property per the accounts is valued reasonably, the following procedures were planned; a visit to the school premises to analyse indications of impairment; review documentation to any professional valuation undertaken; analyse property market to identify any potential indications of impairment of the school property.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Richard Place Dobson Services Limited**  
**Chartered Accountants**  
**Ground Floor**  
**1 - 7 Station Road**  
**Crawley**  
**West Sussex**  
**RH10 1HT**

03/11/2025  
.....  
Date

Richard Place Dobson Services Limited is eligible for appointment as auditor of the school by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2024

Current financial year	Notes	Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Total 2023 £
<b>Income from:</b>					
Donations and legacies	3	-	-	-	36
<u>Charitable activities</u>					-
Fees	4	3,001,363	-	3,001,363	2,635,546
Other educational income	4	269,902	-	269,902	251,220
Other trading activities	5	30,889	-	30,889	14,472
<b>Total income</b>		<u>3,302,154</u>	<u>-</u>	<u>3,302,154</u>	<u>2,901,274</u>
<b>Expenditure on:</b>					
Raising funds	6	11,500	-	11,500	17,198
Charitable activities	7	4,219,892	-	4,219,892	3,950,097
<b>Total expenditure</b>		<u>4,231,392</u>	<u>-</u>	<u>4,231,392</u>	<u>3,967,295</u>
<b>Net expenditure and movement in funds</b>		<u>(929,238)</u>	<u>-</u>	<u>(929,238)</u>	<u>(1,066,021)</u>
<b>Reconciliation of funds:</b>					
Fund balances at 1 September 2023		(1,911,559)	11,077	(1,900,482)	(834,461)
<b>Fund balances at 31 August 2024</b>		<u>(2,840,797)</u>	<u>11,077</u>	<u>(2,829,720)</u>	<u>(1,900,482)</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2024

Prior financial year	Notes	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b>Income from:</b>				
Donations and legacies	3	36	-	36
Charitable activities				-
Fees	4	2,635,546	-	2,635,546
Other educational income	4	251,220	-	251,220
Other trading activities	5	14,472	-	14,472
<b>Total income</b>		<u>2,901,274</u>	<u>-</u>	<u>2,901,274</u>
<b>Expenditure on:</b>				
Raising funds	6	17,198	-	17,198
Charitable activities	7	3,950,097	-	3,950,097
<b>Total expenditure</b>		<u>3,967,295</u>	<u>-</u>	<u>3,967,295</u>
<b>Net income and movement in funds</b>		(1,066,021)	-	(1,066,021)
<b>Reconciliation of funds:</b>				
Fund balances at 1 September 2022		(845,538)	11,077	(834,461)
<b>Fund balances at 31 August 2023</b>		<u>(1,911,559)</u>	<u>11,077</u>	<u>(1,900,482)</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2024

	Notes	2024		2023	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		3,179,758		3,239,039
Investments	14		166,743		166,743
			<u>3,346,501</u>		<u>3,405,782</u>
<b>Current assets</b>					
Debtors	15	904,432		316,157	
Cash at bank and in hand		344,526		-	
		<u>1,248,958</u>		<u>316,157</u>	
<b>Creditors: amounts falling due within one year</b>	16	(6,489,846)		(4,628,150)	
<b>Net current liabilities</b>			<u>(5,240,888)</u>		<u>(4,311,993)</u>
<b>Total assets less current liabilities</b>			<u>(1,894,387)</u>		<u>(906,211)</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(935,333)		(994,271)
<b>Net liabilities</b>			<u>(2,829,720)</u>		<u>(1,900,482)</u>
<b>The funds of the school</b>					
Restricted income funds	20		11,077		11,077
Unrestricted funds	21		(2,840,797)		(1,911,559)
			<u>(2,829,720)</u>		<u>(1,900,482)</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2024.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 31/10/2025

  
P Buss  
Trustee

Company registration number 02059659 (England and Wales)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2024

	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		875,028		105,089
<b>Investing activities</b>					
Purchase of tangible fixed assets		(6,119)		(3,145)	
Proceeds from disposal of tangible fixed assets		-		576	
<b>Net cash used in investing activities</b>			(6,119)		(2,569)
<b>Financing activities</b>					
Repayment of bank loans		(57,020)		(41,144)	
Payment of finance leases obligations		-		(210,037)	
<b>Net cash used in financing activities</b>			(57,020)		(251,181)
<b>Net increase/(decrease) in cash and cash equivalents</b>			811,889		(148,661)
Cash and cash equivalents at beginning of year			(467,363)		(318,702)
<b>Cash and cash equivalents at end of year</b>			<u>344,526</u>		<u>(467,363)</u>
<b>Relating to:</b>					
Cash at bank and in hand			344,526		-
Bank overdrafts included in creditors payable within one year			-		(467,363)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2024*

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### 1 Accounting policies

#### Charity information

Lucton Pierrepont School Educational Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the school's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (effective 1 January 2019). The school is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the school. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

#### Basis of consolidation

These accounts are for Lucton Pierrepont School Educational Trust and do not include the results of its subsidiaries on the basis that the subsidiaries have not traded during the year and are not material to the group.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the school will continue in operational existence for the foreseeable future, however, the trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

With funding requirements reaching levels beyond that which the bank would support, Trustees acted proactively to safeguard the long-term future of the school, commencing negotiations with alternative funders. Bank support has been extended to allow due process, an approach rewarded by intervention of Alpha Schools, a national education group, providing greater certainty for the school and its lenders. Alpha Schools have agreed to continue supporting the school for the foreseeable future.

The Trustees have reviewed the forecasts prepared by management which have been sensitised to reflect possible downside scenarios as a result of reduced pupil numbers and income levels. These demonstrate that additional cash injections are required by Alpha Schools but with this, the school is able to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. As such, the trustees are satisfied that the School has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for the preparation of these financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Income

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships and Bursaries. Where fees are paid in advance, the income is deferred until the term to which it relates. These deferred amounts are shown on the Balance Sheet within creditors.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants, including government 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

#### 1.5 Expenditure

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

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

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% - 2% straight line on cost
Plant and equipment	2% - 5% straight line on cost
Fixtures and fittings	20% on cost and 20% on reducing balance
Motor vehicles	25% reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Fixed asset investments

Investments in subsidiaries are all held at cost less impairment.

A subsidiary is an entity controlled by the school. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting end date, the school reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

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### 1 Accounting policies

(Continued)

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The school has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the school's balance sheet when the school becomes party to the contractual provisions of the instrument.

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

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Basic financial liabilities*

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the school's contractual obligations expire or are discharged or cancelled.

#### 1.11 Taxation

The school is exempt from corporation tax on its charitable activities.

#### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the school is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

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### 1 Accounting policies

(Continued)

#### 1.13 Retirement benefits

##### Teaching staff

The School contributes to the Teachers' Pension Scheme at the advised rates and also makes contributions to a 'money purchase' scheme for support staff. As it is not possible to separately identify the assets and liabilities of the Teachers' Pension Agency Scheme, it is accounted for as if it were a defined contribution scheme under FRS 102. The Schools' contributions to the schemes are charged in the financial statements as they accrue. For further information see note 24.

##### Support staff

The School operates a pension scheme for its support staff, a defined contributions scheme. Contributions payable to the School's defined contributions scheme are charged to the Statement of Financial Activities.

### 2 Critical accounting estimates and judgements

In the application of the school's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

##### Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation, and the physical condition of the assets.

##### Impairment of debtors

The school makes an estimate of the recoverable value of fee debtors, trade and other debtors. When assessing the impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

##### Impairment of assets and the assessment of property valuations

The school has a market valuation performed every three years and ensures that the carrying value of their assets remains lower than the fair value of the assets on the open market, and therefore that there is no impairment. Between the valuations, management is required to review the assets for impairment, and therefore this remains an area of judgement.

##### Assessment of pension liability

The school is provided with a liability schedule by the pensions provider, payable over the next 7 years. The amount is material and therefore must be discounted to net present value using an appropriate discount rate. Management have decided that the most appropriate discount rate is 2.1%, the same rate as their current borrowings.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 3 Income from donations and legacies

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Donations and gifts	-	36

### 4 Income from charitable activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
<b>Fees</b>		
Gross fees	3,143,783	3,334,862
Less: bursaries and other allowances	(142,420)	(699,316)
<b>Other educational income</b>		
Music, dance & drama, school outings and clubs	97,324	147,429
Examinations and extra lessons	20,569	7,107
Horse riding and stable fees	26,345	1,853
Transport	88,464	52,303
Uniforms and other income	37,200	42,528
	<u>3,271,265</u>	<u>2,886,766</u>

### 5 Income from other trading activities

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Rental income	30,889	14,472

### 6 Expenditure on raising funds

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
<b>Fundraising and publicity</b>		
Cost of raising funds	11,500	17,198

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 7 Expenditure on charitable activities

	Teaching 2024 £	Welfare 2024 £	Premises 2024 £	Total 2024 £
<b>Direct costs</b>				
Staff costs	2,393,673	-	90,634	2,484,307
Depreciation and impairment	-	19,620	45,780	65,400
Other costs	183,599	377,531	563,090	1,124,220
	<u>2,577,272</u>	<u>397,151</u>	<u>699,504</u>	<u>3,673,927</u>
<b>Share of support and governance costs (see note 8)</b>				
Support	319,361	49,334	86,892	455,587
Governance	63,354	9,787	17,237	90,378
	<u>2,959,987</u>	<u>456,272</u>	<u>803,633</u>	<u>4,219,892</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>2,959,987</u>	<u>456,272</u>	<u>803,633</u>	<u>4,219,892</u>
	Teaching 2023 £	Welfare 2023 £	Premises 2023 £	Total 2023 £
<b>Direct costs</b>				
Staff costs	2,241,588	-	84,875	2,326,463
Depreciation and impairment	-	19,620	61,860	81,480
Other costs	118,389	338,441	508,975	965,805
	<u>2,359,977</u>	<u>358,061</u>	<u>655,710</u>	<u>3,373,748</u>
Grant funding of activities (see note )	-	-	-	-
<b>Share of support and governance costs (see note 8)</b>				
Support	341,374	51,794	94,849	488,017
Governance	61,789	9,375	17,168	88,332
	<u>2,763,140</u>	<u>419,230</u>	<u>767,727</u>	<u>3,950,097</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>2,763,140</u>	<u>419,230</u>	<u>767,727</u>	<u>3,950,097</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 8 Support costs allocated to activities

	2024	2023
	£	£
Staff costs	161,902	151,614
Other support costs	293,685	336,403
Governance costs	90,378	88,332
	<u>545,965</u>	<u>576,349</u>
<b>Analysed between:</b>		
Teaching	382,715	403,163
Welfare	59,121	61,169
Premises	104,129	112,017
	<u>545,965</u>	<u>576,349</u>
	2024	2023
	£	£
<b>Governance costs comprise:</b>		
Audit fees	6,000	21,346
Legal and professional	67,994	66,986
Interest payable	16,384	-
	<u>90,378</u>	<u>88,332</u>

Governance costs includes payments to the auditor of £6,000 (2023: £21,346) for the preparation and audit of the school's annual accounts.

### 9 Net movement in funds

	2024	2023
	£	£
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	6,000	21,346
Depreciation of owned tangible fixed assets	65,400	81,480
	<u>71,400</u>	<u>102,826</u>

### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the school during the year.

During the year, no expenses were reimbursed or paid directly to any of the trustees (2023: £nil).

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 11 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Teaching	70	70
Support and ancillary	31	31
Total	<u>101</u>	<u>101</u>

### Employment costs

	2024 £	2023 £
Wages and salaries	2,285,932	2,119,567
Social security costs	198,178	193,831
Other pension costs	162,099	164,679
	<u>2,646,209</u>	<u>2,478,077</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£80,000 - £90,000	-	1
£70,001 - £80,000	<u>1</u>	<u>-</u>

### Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2024 £	2023 £
Aggregate compensation	<u>136,529</u>	<u>136,529</u>

Key management personnel comprised the Headteacher and the Bursar.

### 12 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 13 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2023	2,842,570	416,210	1,090,772	388,869	4,738,421
Additions	-	-	6,119	-	6,119
At 31 August 2024	2,842,570	416,210	1,096,891	388,869	4,744,540
<b>Depreciation and impairment</b>					
At 1 September 2023	110,843	76,520	958,506	353,513	1,499,382
Depreciation charged in the year	29,460	-	16,320	19,620	65,400
At 31 August 2024	140,303	76,520	974,826	373,133	1,564,782
<b>Carrying amount</b>					
At 31 August 2024	2,702,267	339,690	122,065	15,736	3,179,758
At 31 August 2023	2,731,727	339,690	132,266	35,356	3,239,039

### 14 Fixed asset investments

		Other investments £
<b>Cost or valuation</b>		
At 1 September 2023 & 31 August 2024		166,743
<b>Carrying amount</b>		
At 31 August 2024		166,743
At 31 August 2023		166,743
<b>Other investments comprise:</b>		
	Notes	2024 £
Investments in subsidiaries	25	166,743
		2023 £
		166,743

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

15 Debtors		2024	2023
		£	£
<b>Amounts falling due within one year:</b>			
Trade debtors		411,828	270,844
Amounts owed by fellow group undertakings		474,737	20,000
Other debtors		5,360	-
Prepayments and accrued income		12,507	25,313
		<u>904,432</u>	<u>316,157</u>
Included within trade debtors is a provision for bad debts totalling £43,240 (2023: £43,697)			
16 Creditors: amounts falling due within one year		2024	2023
	Notes	£	£
Bank loans and overdrafts	18	59,190	524,635
Other taxation and social security		51,111	154,738
Deferred income	19	1,379,835	988,410
Trade creditors		643,455	325,820
Other creditors		4,334,983	2,634,547
Accruals		21,272	-
		<u>6,489,846</u>	<u>4,628,150</u>
17 Creditors: amounts falling due after more than one year		2024	2023
	Notes	£	£
Bank loans	18	935,333	994,271
18 Loans and overdrafts		2024	2023
		£	£
Bank overdrafts		-	467,363
Bank loans		994,523	1,051,543
		<u>994,523</u>	<u>1,518,906</u>
Payable within one year		59,190	524,635
Payable after one year		935,333	994,271
		<u>994,523</u>	<u>1,518,906</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 18 Loans and overdrafts

(Continued)

Included within bank loans are:

A bank loan with Lloyds Bank commencing on 1 May 2019, repayable by monthly instalments. The interest rate on the loan is fixed at 2.1% above the base rate.

A Bounce Back loan of £50,000 commencing on 7 May 2020, repayable by 72 monthly repayments at 2.5% fixed interest.

These loans were secured by the following:

- A first legal charge over the freehold property of the school.
- A first legal charge over the equestrian land owned by the subsidiary.
- An unlimited debenture from the school.
- An unlimited debenture from Lucton School Limited.
- An unlimited all monies guarantee from the subsidiary.

### 19 Deferred income

	2024	2023
	£	£
Arising from school fees deferred	1,379,835	988,410

Deferred income is included in the financial statements as follows:

	2024	2023
	£	£
Deferred income is included within:		
Current liabilities	1,379,835	988,410
Movements in the year:		
Deferred income at 1 September 2023	988,410	914,544
Released from previous periods	(988,410)	(914,544)
Resources deferred in the year	1,379,835	988,410
Deferred income at 31 August 2024	1,379,835	988,410

### 20 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 September 2023	At 31 August 2024
	£	£
Portrait of the founder donated to school	11,077	11,077

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 20 Restricted funds (Continued)

Previous year:	At 1 September 2022	At 31 August 2023
	£	£
Portrait of the founder donated to school	11,077	11,077

The purpose of the restricted fund of £11,077 is to hold and maintain the Portrait of the Founder for the future benefit of the school. This restriction was imposed by the Charity Commission when the charity acquired the portrait from the charitable organisation previously responsible for the school.

### 21 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2023	Incoming resources	Resources expended	At 31 August 2024
	£	£	£	£
Revaluation reserve	387,828	-	-	387,828
General funds	(2,299,387)	3,302,154	(4,231,392)	(3,228,625)
	<u>(1,911,559)</u>	<u>3,302,154</u>	<u>(4,231,392)</u>	<u>(2,840,797)</u>
<b>Previous year:</b>	<b>At 1 September 2022</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>At 31 August 2023</b>
	£	£	£	£
Revaluation reserve	387,828	-	-	387,828
General funds	(1,233,366)	2,901,274	(3,967,295)	(2,299,387)
	<u>(845,538)</u>	<u>2,901,274</u>	<u>(3,967,295)</u>	<u>(1,911,559)</u>

### 22 Analysis of net assets between funds

	Unrestricted funds 2024	Restricted funds 2024	Total 2024
	£	£	£
<b>At 31 August 2024:</b>			
Tangible assets	3,168,681	11,077	3,179,758
Investments	166,743	-	166,743
Current assets/(liabilities)	(5,240,888)	-	(5,240,888)
Long term liabilities	(935,333)	-	(935,333)
	<u>(2,840,797)</u>	<u>11,077</u>	<u>(2,829,720)</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 22 Analysis of net assets between funds

(Continued)

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b>At 31 August 2023:</b>			
Tangible assets	3,227,962	11,077	3,239,039
Investments	166,743	-	166,743
Current assets/(liabilities)	(4,311,993)	-	(4,311,993)
Long term liabilities	(994,271)	-	(994,271)
	<u>(1,911,559)</u>	<u>11,077</u>	<u>(1,900,482)</u>

### 23 Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £264,585 (2023: £264,585) and at the year end £31,417 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme regulations 2014 (as amended). Members contribute on a 'pay as you go' basis with contribution from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sergeant Case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to the Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sergeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the government accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 23 Pension commitments

(Continued)

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitable revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPD. Accordingly no provision for any additional past benefit pensions cost is included in these financial statements.

#### Non - Teaching Staff

Certain non-academic staff are members of The Independent Schools' Pension Scheme (ISPEN). This is an industry-wide funded defined benefits scheme. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributed to the school.

The last formal valuation of the scheme was performed as at 30 September 2014 by a professionally qualified actuary. The market value of the scheme's assets at the valuation date was £110 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37 million, equivalent to a past service funding level of 75%.

Annual funding updates of the scheme are carried out using approximate actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation. The following notes relate to the formal actuarial valuation as at 30 September 2014.

The financial assumptions underlying the last valuation as at 30 September 2014 were as follows:

	% p.a
Investment return pre-retirement	5.1%
Investment return post retirement - non-pensioner	3.3%
Investment return post retirement - pensioner	3.3%
Rate of pension increases	
RPI	3.1%
CPI	2.2%

The ongoing future service contributions rate has been assessed and if the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 August 2029.

The pension charge for the year represents the School's contributions payable to the scheme of £24,071 (2023: £24,071) and at the year end £nil was accrued in respect of contributions to this scheme. Included in this is a fixed monthly amount of £1,829, being £1,018 in respect of deficit amounts and £117 in respect of administrative expenses. From 1 September 2021 the fixed monthly amount has increased to £1,572 being £1,338 in respect of deficit amounts and £152 in respect of administrative expenses.

In accordance with FRS 102 the school has recognised a liability in relation to the deficit, measured at amortised cost and included within other creditors.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 24 Related party transactions

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2024	2023
	£	£
AS Southern Limited	204,868	-
Alpha Schools (Holdings) Limited	3,492,388	1,896,220
Sherrardswood Limited	25,000	-
	<u>3,722,256</u>	<u>1,896,220</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2024	2023
	£	£
Moor Allerton Preparatory School Limited	22,037	-
Beechwood School Limited	126,000	-
Lady Lane Park School Limited	22,000	-
Trinity School Limited	139,000	-
Sackville School Limited	133,000	-
Wellesley Haddon Dene School Limited	20,000	-
St Edwards Senior School Limited	12,700	-
TPS Realisations 2024	-	20,000
	<u>474,737</u>	<u>20,000</u>

The children of staff and trustees may attend the school. In such cases trustees pay school fees at the standard rates available to all parents, but staff members may receive a fee remission at an agreed rate.

During the year ended 31 August 2023, no expenses were reimbursed or paid directly to any of the trustees (2023: £nil).

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2024

### 25 Subsidiaries

Details of the school's subsidiaries at 31 August 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Lucton School Limited	Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	
Lucton International Schools Limited	Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Lucton School Limited	-	168,167
Lucton International Schools Limited	-	(671)

### 26 Cash generated from operations

	2024	2023
	£	£
Deficit for the year	(929,238)	(1,066,021)
<b>Adjustments for:</b>		
Depreciation and impairment of tangible fixed assets	65,400	81,480
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(588,275)	356,110
Increase in creditors	1,935,716	659,654
Increase in deferred income	391,425	73,866
<b>Cash generated from operations</b>	<b>875,028</b>	<b>105,089</b>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2024**

**27 Analysis of changes in net (debt)/funds**

	At 1 September 2023	Cash flows At 31 August 2024	
	£	£	£
Cash at bank and in hand	-	344,526	344,526
Bank overdrafts	(467,363)	467,363	-
	<u>(467,363)</u>	<u>811,889</u>	<u>344,526</u>
Loans falling due within one year	(57,272)	(1,918)	(59,190)
Loans falling due after more than one year	(994,271)	58,938	(935,333)
	<u>(1,518,906)</u>	<u>868,909</u>	<u>(649,997)</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

England & Wales - Charity number 518076

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# Accounts

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Charity registration number 518076

Company registration number 02059659 (England and Wales)

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	P Buss A Khan The Reverend Prebendary M J Kneen R J Stattersfield
<b>Head Teacher</b>	Mrs D J Marten
<b>Charity number</b>	518076
<b>Company number</b>	02059659
<b>Principal address</b>	Lucton School Leominster Herefordshire HR6 9PN
<b>Auditor</b>	Richard Place Dobson Services Limited Ground Floor 1 - 7 Station Road Crawley West Sussex RH10 1HT
<b>Bankers</b>	Lloyds TSB Bank Plc Ariel House 2138 Coventry Road Sheldon B26 3JW
<b>Solicitors</b>	Harrison Clark Rickerbys Solicitors Thorpe House 29 Broad Street Hereford HR4 9AR

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## CONTENTS

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	<b>Page</b>
Statement of trustees responsibilities	4
Independent auditor's report	5 - 7
Statement of financial activities	8 - 9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 29

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

*FOR THE YEAR ENDED 31 AUGUST 2023*

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The trustees present their annual report and financial statements for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the school's memorandum and articles of association, the Companies Act 2006 and "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)" (effective 1 January 2019).

### **Objectives and activities**

To promote and provide for advancement of education of children in the United Kingdom and elsewhere, such education to be designed to give a sound religious and moral basis to all pupils.

Beyond the teaching of traditional academic subjects and some vocational qualifications, pupils are expected to develop in the broadest educational sense, preparing them for adult life in an ever-changing world. In addition to academic and co-curricular excellence, the school seeks to provide awareness of technological advancement and environmental issues, thereby equipping pupils for an increasingly global setting as they transition on adulthood.

The strategies employed to achieve the charity's aims and objectives and to support long-term goals are to:

- Provide excellent teaching through the recruitment and retention of high-quality classroom practitioners at all age ranges
- Adopt and promote high standards of behaviour amongst the pupils.
- Inculcate a culture of integration between local and overseas students.
- Enhance the nursery provision to provide healthy numbers entering the school at the age 4/5.
- Invest in the staff and support self-improvement by providing inset training and funding external courses.
- Improve the facilities on offer at the school.
- Conserve and improve the building of the school.
- Introduce the benefits of the school to as wide an audience as possible, including overseas markets and those in the UK who might not be able to afford an independent school education.

Either directly, or through certain members of staff, the school holds membership of the association of Governing Bodies of Independent Schools (AGBIS), the Independent School Council (ISC), The Independent Schools Association (ISA), The Boarding Schools Association (BSA), The Independent Schools Bursars' Association (ISBA) and through the Head of the Prep School, the Independent Association of Prep Schools (IAPS), thus providing access to many support and CPD opportunities for staff. Collectively, these organisations provide immense support, from courses to policy guidance and a whole raft of advice and assistance.

Success is measured through external academic results, places secured at universities and other higher education institutions, alongside other less metric aspects, particularly well-being,

Public benefit is achieved through the provision of subsidised and full place awards to pupils otherwise unable to attend the school, alongside provision of the assets of the school for local primary schools and the wider local community, primarily achieved through sports facilities.

The Directors of the Company present their annual report for the year ended 31st August 2021, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with Charities SORP (FRS 102).

### *Public benefit*

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the school should undertake.

### **Achievements and performance**

Due to the passing of the headteacher, we are unable to provide an updated achievements and performance for the year, but the activities of the school are reflected in the financial statements below.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2023*

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### **Financial review**

The unrestricted funds of the school are at negative £1,911,559 (2022: Negative of £845,538) with restricted funds standing at £11,077 (2022: £11,077).

### *Going concern*

The trustees are satisfied that the schools' operating cash flows, external finance facilities and agreement with Alpha Schools are sufficient to meet the schools day to day working capital requirements.

### *Reserves policy*

The reserves policy is to sustain funding between reserves held and bank debt to ensure the ongoing activities of the charity.

### *Major risks*

The board of trustees is responsible for the management of the risks faced by the group. Detailed considerations of risk are delegated to the Senior Management of the school. Risks are identified, assessed and controls established throughout the year.

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Senior Management Team ensures that the school complies with all relevant legislation. This process is also monitored by the trustees through termly reports provided by the Head Teacher and the Bursar, as well as through individual Trustees taking responsibility for certain key areas. Trustee sub-committees also ensure that the areas within their remit maintain full compliance

The most significant risks identified are as follows;

1. The ongoing impact of the global pandemic in both educational and financial terms.
2. Fee affordability, particularly for parents based in the local catchment area.
3. The ability to attract pupils from overseas whilst travel restrictions continue to be imposed.
4. Continuing financial pressure being applied through central government policy and loss of charitable business rate reductions.

Through the risk management processes established for the school, and the group, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary.

### **Plans for future periods**

As Lucton School Shanghai passed the three-figure pupil roll in 2020/21, Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

Alpha Schools working with the Head have the following plans in place:

- Alpha have already invested £550k of its own money into the School to keep it open. This shows huge commitment and belief to the School.
- By resetting Lucton's cost base and natural wastage, as well as the redundancy of administrative roles (now covered by the Alpha central support team), steps have already been made in improving Lucton and developing financial stability.
- In order to improve Lucton's income, it is necessary to consider a multi-faceted approach that utilises the existing assets and strengths of the school.

With these in mind, Alpha's aims for Lucton are:

1. To Increase pupil numbers in classes:
2. To improve the school's FFE (Full Time Fee Equivalent) percentage
3. To improve boarding numbers, by doubling these in three year period

Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2023*

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

Lucton Pierrepont School Educational Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 July 1986, revised in 2013 and on November 29th 2021. It is a registered charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

P Buss

A Khan

The Reverend Prebendary M J Kneen

R S Sherrey

(Resigned 8 October 2023)

R J Stattersfield

### *Recruitment and appointment of trustees*

The appointment of the trustees is managed by the board to maintain a strong and effective blend of professional and lay skills to ensure robust and informed governance. From November 29th 2021, when the school became part of the Alpha Schools Group, Trustee numbers were reduced from nine to five, with three Alpha nominated Governors joining two retained existing Lucton School Governors to form the new board.

The Chairman or a nominated substitute will be the trustees' representatives with AGBIS, the Association of Governing Bodies of Independent Schools, and will be responsible for keeping up to date with best practice and cascading the knowledge down to fellow trustees.

### *Organisational structure*

The full board meets termly and there are three sub-committees, one covering Education, one covers Well Being & HR and the third is The Resources Committee, which includes all financial matters. The trustees appoint a Headteacher and Bursar to manage the day-to-day operations of the school. To facilitate effective operations, the Headteacher has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and academic performance related activity. Trustees of the school are also Directors of the subsidiary entities.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Richard Place Dobson Services Limited be reappointed as auditor of the company will be put at a General Meeting.

### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Small companies' exemptions have been applied when preparing this Director's Report.

The trustees report was approved by the Board of Trustees.



P Buss

Trustee

Date: 2/12/2024

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 AUGUST 2023***

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The trustees, who are also the directors of Lucton Pierrepont School Educational Trust for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the school 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 school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Lucton Pierrepont Education Trust (the Charitable Company), which comprise the statement of financial activities, the balance sheet and the Cash flow statements as at 31 August 2023, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Charitable Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

#### **Basis for Disclaimer of Opinion**

We were not appointed as auditors of the Charitable Company until after 31 August 2023. This fact together with the death of the headmaster, changes in personnel and the requirement to get accounts completed for filing has meant we have been unable to satisfy ourselves as to the completeness, existence and valuation of key balances in the financial statements. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances, and the elements making up the statement of financial activities, and statement of cash flows.

#### **Material Uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that at 31 August 2023 the Charitable Company had net liabilities of £1,900,482 and made a deficit for the year then ended of £1,066,021. As stated in note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included confirming that banking facilities remained in place for at least 12 months from the date of signing the financial statements and receiving confirmations from a connected party that they would continue to support the charitable company in paying all of its debts as they fall due.

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of the school for the purpose 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 school'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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our responsibility is to conduct an audit of the Charitable Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. 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 United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We have made enquiries of management, and directors, regarding the procedures relating to identifying, evaluating and complying with

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

Discussion among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential significant risks for fraud in the following areas:

#### 1. Management override of the controls in place

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures planned included, but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside of the normal course of business.

#### 2. Revenue recognition

Audit procedures planned included, but were not limited to performing walk through tests to identify the control procedures in place and once an understanding of the pupil fee income recognition process was obtained, substantive procedures to be carried out.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### 3. Going concern

Another significant risk identified by the audit engagement team was going concern, as a result of falling pupil numbers and rising costs.. In order to test that the accounts being prepared on the going concern basis was correct the following testing was planned: Obtain and review cashflow forecasts and budgets for a period through to July 2025; Obtain and review management accounts for future periods up to the date of signing of the accounts to review against budgets and identify any further funding issues; review correspondence with the bank regarding their willingness to continue providing banking facilities; Obtaining a letter of support, up to date management accounts and year end accounts from Alpha Schools to confirm their willingness and ability to continue to support the School.

#### 4. Laws and regulations

The audit engagement team identified laws and regulations as a significant risk. In order to test that the financial statements were not materially misstated through fraud or error arising from a breach of laws and regulations, the following testing procedures were planned; A review of any recent results issued by ISI (Independent Schools Inspectorate); review of correspondence from legal advisors, to look for evidence of breaches; review of board minutes to identify any breaches in laws and regulations.

#### 5. Valuation of property

The audit engagement team also identified the valuation of property as a significant risk. In order to test that the valuation of property per the accounts is valued reasonably, the following procedures were planned; a visit to the school premises to analyse indications of impairment; review documentation to any professional valuation undertaken; analyse property market to identify any potential indications of impairment of the school property.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Richard Place Dobson Services Ltd*

**Richard Place Dobson Services Limited**  
**Chartered Accountants**  
**Ground Floor**  
**1 - 7 Station Road**  
**Crawley**  
**West Sussex**  
**RH10 1HT**

3 December 2024

.....  
Date

Richard Place Dobson Services Limited is eligible for appointment as auditor of the school by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

Current financial year		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
	Notes				
<b>Income from:</b>					
Donations and legacies	3	36	-	36	54,974
<u>Charitable activities</u>					-
Fees	4	2,635,546	-	2,635,546	3,065,897
Other educational income	4	251,220	-	251,220	307,485
Other trading activities	5	14,472	-	14,472	28,603
Investments	6	-	-	-	117
<b>Total income</b>		<u>2,901,274</u>	<u>-</u>	<u>2,901,274</u>	<u>3,457,076</u>
<b>Expenditure on:</b>					
Raising funds	7	17,198	-	17,198	75,251
Charitable activities	8	3,950,097	-	3,950,097	4,055,696
Takeover related expenses		-	-	-	131,811
<b>Total expenditure</b>		<u>3,967,295</u>	<u>-</u>	<u>3,967,295</u>	<u>4,262,758</u>
<b>Net expenditure and movement in funds</b>		<u>(1,066,021)</u>	<u>-</u>	<u>(1,066,021)</u>	<u>(805,682)</u>
<b>Reconciliation of funds:</b>					
Fund balances at 1 September 2022		<u>(845,538)</u>	<u>11,077</u>	<u>(834,461)</u>	<u>(28,779)</u>
<b>Fund balances at 31 August 2023</b>		<u>(1,911,559)</u>	<u>11,077</u>	<u>(1,900,482)</u>	<u>(834,461)</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

Prior financial year		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes			
<b>Income from:</b>				
Donations and legacies	3	54,974	-	54,974
<u>Charitable activities</u>				-
Fees	4	3,065,897	-	3,065,897
Other educational income	4	307,485	-	307,485
Other trading activities	5	28,603	-	28,603
Investments	6	117	-	117
<b>Total income</b>		<u>3,457,076</u>	<u>-</u>	<u>3,457,076</u>
<b>Expenditure on:</b>				
Raising funds	7	75,251	-	75,251
Charitable activities	8	4,055,696	-	4,055,696
Takeover related expenses		131,811	-	131,811
<b>Total expenditure</b>		<u>4,262,758</u>	<u>-</u>	<u>4,262,758</u>
<b>Net income and movement in funds</b>		(805,682)	-	(805,682)
<b>Reconciliation of funds:</b>				
Fund balances at 1 September 2021		(39,856)	11,077	(28,779)
<b>Fund balances at 31 August 2022</b>		<u>(845,538)</u>	<u>11,077</u>	<u>(834,461)</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2023

	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		3,239,039		3,317,950
Investments	15		166,743		166,743
			<u>3,405,782</u>		<u>3,484,693</u>
<b>Current assets</b>					
Debtors	16	316,157		672,267	
Cash at bank and in hand		-		24	
		<u>316,157</u>		<u>672,291</u>	
<b>Creditors: amounts falling due within one year</b>	18	(4,628,150)		(3,807,974)	
<b>Net current liabilities</b>			<u>(4,311,993)</u>		<u>(3,135,683)</u>
<b>Total assets less current liabilities</b>			<u>(906,211)</u>		<u>349,010</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(994,271)		(1,183,471)
<b>Net liabilities</b>			<u>(1,900,482)</u>		<u>(834,461)</u>
<b>The funds of the school</b>					
Restricted income funds	21		11,077		11,077
Unrestricted funds			(1,911,559)		(845,538)
			<u>(1,900,482)</u>		<u>(834,461)</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2023, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 2/12/2024



P Buss  
Trustee

Company registration number 02059659 (England and Wales)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

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		2023		2022	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29		105,089		155,525
<b>Investing activities</b>					
Purchase of tangible fixed assets		(3,145)		-	
Proceeds from disposal of tangible fixed assets		576		731	
Investment income received		-		117	
		<u>          </u>		<u>          </u>	
<b>Net cash (used in)/generated from investing activities</b>			(2,569)		848
<b>Financing activities</b>					
Repayment of bank loans		(41,144)		(64,846)	
Payment of finance leases obligations		(210,037)		(36,530)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in financing activities</b>			(251,181)		(101,376)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(148,661)		54,997
Cash and cash equivalents at beginning of year			(318,702)		(373,699)
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			(467,363)		(318,702)
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			-		24
Bank overdrafts included in creditors payable within one year			(467,363)		(318,726)
			<u>          </u>		<u>          </u>

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2023*

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### 1 Accounting policies

#### Charity information

Lucton Pierrepont School Educational Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the school's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (effective 1 January 2019). The school is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the school. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

#### Basis of consolidation

These accounts are for Lucton Pierrepont School Educational Trust and do not include the results of its subsidiaries on the basis that the subsidiaries have not traded during the year and are not material to the group.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the school will continue in operational existence for the foreseeable future, however, the trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

With funding requirements reaching levels beyond that which the bank would support, Trustees acted proactively to safeguard the long-term future of the school, commencing negotiations with alternative funders. Bank support has been extended to allow due process, an approach rewarded by intervention of Alpha Schools, a national education group, providing greater certainty for the school and its lenders. Alpha Schools have agreed to continue supporting the school for the foreseeable future.

The Trustees have reviewed the forecasts prepared by management which have been sensitised to reflect possible downside scenarios as a result of reduced pupil numbers and income levels. These demonstrate that additional cash injections are required by Alpha Schools but with this, the school is able to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. As such, the trustees are satisfied that the School has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for the preparation of these financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Income

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships and Bursaries. Where fees are paid in advance, the income is deferred until the term to which it relates. These deferred amounts are shown on the Balance Sheet within creditors.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants, including government 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

#### 1.5 Expenditure

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

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

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% - 2% straight line on cost
Plant and equipment	2% - 5% straight line on cost
Fixtures and fittings	20% on cost and 20% on reducing balance
Motor vehicles	25% reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Fixed asset investments

Investments in subsidiaries are all held at cost less impairment.

A subsidiary is an entity controlled by the school. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting end date, the school reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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### 1 Accounting policies

(Continued)

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The school has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the school's balance sheet when the school becomes party to the contractual provisions of the instrument.

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

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Basic financial liabilities*

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the school's contractual obligations expire or are discharged or cancelled.

#### 1.11 Taxation

The school is exempt from corporation tax on its charitable activities.

#### 1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the school is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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### 1 Accounting policies

(Continued)

#### 1.13 Retirement benefits

##### Teaching staff

The School contributes to the Teachers' Pension Scheme at the advised rates and also makes contributions to a 'money purchase' scheme for support staff. As it is not possible to separately identify the assets and liabilities of the Teachers' Pension Agency Scheme, it is accounted for as if it were a defined contribution scheme under FRS 102. The Schools' contributions to the schemes are charged in the financial statements as they accrue. For further information see note XXX.

##### Support staff

The School operates a pension scheme for its support staff, a defined contributions scheme. Contributions payable to the School's defined contributions scheme are charged to the Statement of Financial Activities.

#### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on straight-line basis over the period of the lease.

### 2 Critical accounting estimates and judgements

In the application of the school's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

##### Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation, and the physical condition of the assets.

##### Impairment of debtors

The school makes an estimate of the recoverable value of fee debtors, trade and other debtors. When assessing the impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 2 Critical accounting estimates and judgements (Continued)

#### Impairment of assets and the assessment of property valuations

The school has a market valuation performed every three years and ensures that the carrying value of their assets remains lower than the fair value of the assets on the open market, and therefore that there is no impairment. Between the valuations, management is required to review the assets for impairment, and therefore this remains an area of judgement.

#### Assessment of pension liability

The school is provided with a liability schedule by the pensions provider, payable over the next 7 years. The amount is material and therefore must be discounted to net present value using an appropriate discount rate. Management have decided that the most appropriate discount rate is 2.1%, the same rate as their current borrowings.

### 3 Income from donations and legacies

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Donations and gifts	36	10,989
Grants	-	43,985
	<u>36</u>	<u>54,974</u>
<b>Grants</b>		
Kickstart Scheme	-	43,985
	<u>-</u>	<u>43,985</u>

### 4 Income from charitable activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<b>Fees</b>		
Gross fees	3,334,862	3,744,802
Less: bursaries and other allowances	(699,316)	(678,905)
<b>Other educational income</b>		
Music, dance & drama, school outings and clubs	147,429	104,825
Examinations and extra lessons	7,107	37,736
Horse riding and stable fees	1,853	25,904
Transport	52,303	73,079
Uniforms and other income	42,528	65,941
	<u>2,886,766</u>	<u>3,373,382</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 5 Income from other trading activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Rental income	14,472	28,603

### 6 Income from investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Interest receivable	-	117

### 7 Expenditure on raising funds

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<b>Fundraising and publicity</b>		
Cost of raising funds	17,198	75,251

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 8 Expenditure on charitable activities

	Teaching 2023 £	Welfare 2023 £	Premises 2023 £	Total 2023 £
<b>Direct costs</b>				
Staff costs	2,241,588	-	84,875	2,326,463
Depreciation and impairment	-	19,620	61,860	81,480
Other costs	118,389	338,441	508,975	965,805
	<u>2,359,977</u>	<u>358,061</u>	<u>655,710</u>	<u>3,373,748</u>
<b>Share of support and governance costs (see note 9)</b>				
Support	341,374	51,794	94,849	488,017
Governance	61,789	9,375	17,168	88,332
	<u>2,763,140</u>	<u>419,230</u>	<u>767,727</u>	<u>3,950,097</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>2,763,140</u>	<u>419,230</u>	<u>767,727</u>	<u>3,950,097</u>
	Teaching 2022 £	Welfare 2022 £	Premises 2022 £	Total 2022 £
<b>Direct costs</b>				
Staff costs	2,508,150	-	94,968	2,603,118
Depreciation and impairment	-	21,255	86,060	107,315
Other costs	181,747	247,005	415,651	844,403
	<u>2,689,897</u>	<u>268,260</u>	<u>596,679</u>	<u>3,554,836</u>
Grant funding of activities (see note )	-	-	-	-
<b>Share of support and governance costs (see note 9)</b>				
Support	337,931	33,701	74,961	446,593
Governance	41,063	4,095	9,109	54,267
	<u>3,068,891</u>	<u>306,056</u>	<u>680,749</u>	<u>4,055,696</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>3,068,891</u>	<u>306,056</u>	<u>680,749</u>	<u>4,055,696</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

**9 Support costs allocated to activities**

	2023	2022
	£	£
Staff costs	151,614	169,644
Other support costs	336,403	276,949
Governance costs	88,332	54,267
	<u>576,349</u>	<u>500,860</u>
<b>Analysed between:</b>		
Teaching	403,163	378,994
Welfare	61,169	37,796
Premises	112,017	84,070
	<u>576,349</u>	<u>500,860</u>
	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Governance costs comprise:</b>		
Audit fees	21,346	23,421
Accountancy	-	3,827
Legal and professional	66,986	26,985
Trustees' expenses	-	34
	<u>88,332</u>	<u>54,267</u>

Governance costs includes payments to the auditor of £21,346 (2022: £27,248) for the preparation and audit of the school's annual accounts.

**10 Net movement in funds**

	2023	2022
	£	£
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	21,346	23,421
Depreciation of owned tangible fixed assets	81,480	107,315
	<u>102,826</u>	<u>130,736</u>

**11 Trustees**

None of the trustees (or any persons connected with them) received any remuneration or benefits from the school during the year.

During the year, no expenses were reimbursed or paid directly to any of the trustees (2021: £34 to 1 trustee).

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 12 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Teaching	70	73
Support and ancillary	31	33
Total	<u>101</u>	<u>106</u>

Employment costs	2023 £	2022 £
Wages and salaries	2,119,567	2,355,818
Social security costs	193,831	216,422
Other pension costs	164,679	200,522
	<u>2,478,077</u>	<u>2,772,762</u>

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2023 Number	2022 Number
£80,000 - £90,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
	<u></u>	<u></u>

#### Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2023 £	2022 £
Aggregate compensation	<u>136,529</u>	<u>219,466</u>

Key management personnel comprised the Headteacher and the Bursar.

### 13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 14 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2022	2,842,570	416,210	1,088,203	388,869	4,735,852
Additions	-	-	3,145	-	3,145
Disposals	-	-	(576)	-	(576)
At 31 August 2023	2,842,570	416,210	1,090,772	388,869	4,738,421
<b>Depreciation and impairment</b>					
At 1 September 2022	81,383	60,200	942,426	333,893	1,417,902
Depreciation charged in the year	29,460	16,320	16,080	19,620	81,480
At 31 August 2023	110,843	76,520	958,506	353,513	1,499,382
<b>Carrying amount</b>					
At 31 August 2023	2,731,727	339,690	132,266	35,356	3,239,039
At 31 August 2022	2,761,187	356,010	145,777	54,976	3,317,950

### 15 Fixed asset investments

		Other investments
		£
<b>Cost or valuation</b>		
At 1 September 2022 & 31 August 2023		166,743
<b>Carrying amount</b>		
At 31 August 2023		166,743
At 31 August 2022		166,743
Other investments comprise:	Notes	
Investments in subsidiaries	28	166,743

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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16 Debtors	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	270,844	587,814
Amounts owed by fellow group undertakings	20,000	22,830
Other debtors	-	19,251
Prepayments and accrued income	25,313	42,372
	<u>316,157</u>	<u>672,267</u>

Included within trade debtors is a provision for bad debts totalling £43,697 (2022: £26,995)

17 Loans and overdrafts	2023	2022
	£	£
Bank overdrafts	467,363	318,726
Bank loans	1,051,543	1,092,687
	<u>1,518,906</u>	<u>1,411,413</u>
Payable within one year	524,635	374,463
Payable after one year	994,271	1,036,950

Included within bank loans are:

A bank loan with Lloyds Bank commencing on 1 May 2019, repayable by monthly instalments. The interest rate on the loan is fixed at 2.1% above the base rate.

A Bounce Back loan of £50,000 commencing on 7 May 2020, repayable by 72 monthly repayments at 2.5% fixed interest.

These loans were secured by the following:

- A first legal charge over the freehold property of the school.
- A first legal charge over the equestrian land owned by the subsidiary.
- An unlimited debenture from the school.
- An unlimited debenture from Lucton School Limited.
- An unlimited all monies guarantee from the subsidiary.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

	Notes	2023 £	2022 £
Bank loans and overdrafts	17	524,635	374,463
Obligations under finance leases		-	63,516
Other taxation and social security		154,738	95,167
Deferred income	20	988,410	914,544
Trade creditors		325,820	235,224
Other creditors		2,634,547	2,074,066
Accruals		-	50,994
		<u>4,628,150</u>	<u>3,807,974</u>

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

	Notes	2023 £	2022 £
Bank loans	17	994,271	1,036,950
Obligations under finance leases		-	146,521
		<u>994,271</u>	<u>1,183,471</u>

### 20 Deferred income

	2023 £	2022 £
Arising from school fees deferred	<u>988,410</u>	<u>914,544</u>

Deferred income is included in the financial statements as follows:

	2023 £	2022 £
Deferred income is included within:		
Current liabilities	<u>988,410</u>	<u>914,544</u>
Movements in the year:		
Deferred income at 1 September 2022	914,544	596,671
Released from previous periods	(914,544)	(596,671)
Resources deferred in the year	<u>988,410</u>	<u>914,544</u>
Deferred income at 31 August 2023	<u>988,410</u>	<u>914,544</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 21 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 September 2022 £	At 31 August 2023 £
Portrait of the founder donated to school	11,077	11,077
	<u>11,077</u>	<u>11,077</u>
<b>Previous year:</b>	<b>At 1 September 2021 £</b>	<b>At 31 August 2022 £</b>
Portrait of the founder donated to school	11,077	11,077
	<u>11,077</u>	<u>11,077</u>

The purpose of the restricted fund of £11,077 is to hold and maintain the Portrait of the Founder for the future benefit of the school. This restriction was imposed by the Charity Commission when the charity acquired the portrait from the charitable organisation previously responsible for the school.

### 22 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2022 £	Incoming resources £	Resources expended £	At 31 August 2023 £
Revaluation reserve	387,828	-	-	387,828
General funds	(1,233,366)	2,901,274	(3,967,295)	(2,299,387)
	<u>(845,538)</u>	<u>2,901,274</u>	<u>(3,967,295)</u>	<u>(1,911,559)</u>
<b>Previous year:</b>	<b>At 1 September 2021 £</b>	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>At 31 August 2022 £</b>
Revaluation reserve	414,101	-	(26,273)	387,828
General funds	(453,957)	3,457,076	(4,236,485)	(1,233,366)
	<u>(39,856)</u>	<u>3,457,076</u>	<u>4,262,758</u>	<u>(845,538)</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 23 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
<b>At 31 August 2023:</b>			
Tangible assets	3,227,962	11,077	3,239,039
Investments	166,743	-	166,743
Current assets/(liabilities)	(4,311,993)	-	(4,311,993)
Long term liabilities	(994,271)	-	(994,271)
	<u>(1,911,559)</u>	<u>11,077</u>	<u>(1,900,482)</u>
	<u><u>(1,911,559)</u></u>	<u><u>11,077</u></u>	<u><u>(1,900,482)</u></u>
	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
<b>At 31 August 2022:</b>			
Tangible assets	3,306,873	11,077	3,317,950
Investments	166,743	-	166,743
Current assets/(liabilities)	(3,135,683)	-	(3,135,683)
Long term liabilities	(1,183,471)	-	(1,183,471)
	<u>(845,538)</u>	<u>11,077</u>	<u>(834,461)</u>
	<u><u>(845,538)</u></u>	<u><u>11,077</u></u>	<u><u>(834,461)</u></u>

### 24 Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £264,585 (2022: £392,051) and at the year end £15,619 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme regulations 2014 (as amended). Members contribute on a 'pay as you go' basis with contribution from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sergeant Case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to the Public Service Pensions including the Teachers' Pensions.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 24 Pension commitments

(Continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sergeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the government accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitable revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPD. Accordingly no provision for any additional past benefit pensions cost is included in these financial statements.

#### Non - Teaching Staff

Certain non-academic staff are members of The Independent Schools' Pension Scheme (ISPEN). This is an industry-wide funded defined benefits scheme. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributed to the school.

The last formal valuation of the scheme was performed as at 30 September 2014 by a professionally qualified actuary. The market value of the scheme's assets at the valuation date was £110 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37 million, equivalent to a past service funding level of 75%.

Annual funding updates of the scheme are carried out using approximate actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation. The following notes relate to the formal actuarial valuation as at 30 September 2014.

The financial assumptions underlying the last valuation as at 30 September 2014 were as follows:

	% p.a
Investment return pre-retirement	5.1%
Investment return post retirement - non-pensioner	3.3%
Investment return post retirement - pensioner	3.3%
Rate of pension increases	
RPI	3.1%
CPI	2.2%

The ongoing future service contributions rate has been assessed and if the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 August 2029.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 24 Pension commitments

(Continued)

The pension charge for the year represents the School's contributions payable to the scheme of £24,071 (2022: £26,469) and at the year end £17,438 was accrued in respect of contributions to this scheme. Included in this is a fixed monthly amount of £1,829, being £1,018 in respect of deficit amounts and £117 in respect of administrative expenses. From 1 September 2021 the fixed monthly amount has increased to £1,572 being £1,338 in respect of deficit amounts and £152 in respect of administrative expenses.

In accordance with FRS 102 the school has recognised a liability in relation to the deficit, measured at amortised cost and included within other creditors.

### 25 Operating lease commitments

#### Lessee

At the reporting end date the school had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	-	925
	<u>          </u>	<u>          </u>

### 26 Events after the reporting date

After the balance sheet date, the Head Teacher of the school sadly passed away. The school are currently going through the process of recruiting a new Head Teacher.

### 27 Related party transactions

During the year the school entered into the followings transactions with related parties:

During the year purchases of £23,030 (2022: £28,676) were made from Markham Garages Limited, a company in which Bryan Markham, a Director of Lucton School Limited who resigned on 9th September 2021, has a controlling interest. There is an amount owed to Markham Garages Limited of £1,704 (2022: £5,781) included in trade creditors at the year end.

The children of staff and trustees may attend the school. In such cases trustees pay school fees at the standard rates available to all parents, but staff members may receive a fee remission at an agreed rate.

During the year ended 31 August 2023, no expenses were reimbursed or paid directly to any of the trustees (2022: £34 was reimbursed to 1 trustees).

Intercompany balances at the year end were £nil (2022: £15,201) owed by Lucton School Limited and £nil (2022: £7,628) owed by Lucton International Limited.

At the year end, the school owed £1,896,220 (2022: £1,240,380) to Alpha Schools Holdings Limited.

The school was owed £20,000 from TPS Realisations 2024, an associated company, at the balance sheet date.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 28 Subsidiaries

Details of the school's subsidiaries at 31 August 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Luction School Limited	Luction School, Luction, Leominster, Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	
Luction International Schools Limited	Luction School, Luction, Leominster, Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Luction School Limited	-	168,167
Luction International Schools Limited	-	(671)

### 29 Cash generated from operations

	2023 £	2022 £
Deficit for the year	(1,066,021)	(805,682)
Adjustments for:		
Investment income recognised in statement of financial activities	-	(117)
Depreciation and impairment of tangible fixed assets	81,480	107,315
Movements in working capital:		
(Increase)/decrease in stocks	-	39,730
Decrease/(increase) in debtors	356,110	(495,354)
Increase in creditors	659,654	991,760
Increase in deferred income	73,866	317,873
<b>Cash generated from operations</b>	<b>105,089</b>	<b>155,525</b>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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**30 Analysis of changes in net (debt)/funds**

	At 1 September 2022	Cash flows At 31 August 2023	
	£	£	£
Cash at bank and in hand	24	(24)	-
Bank overdrafts	(318,726)	(148,637)	(467,363)
	<u>(318,702)</u>	<u>(148,661)</u>	<u>(467,363)</u>
Loans falling due within one year	(55,737)	(1,535)	(57,272)
Loans falling due after more than one year	(1,036,950)	42,679	(994,271)
Obligations under finance leases	(210,037)	210,037	-
	<u>(1,621,426)</u>	<u>102,520</u>	<u>(1,518,906)</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

England & Wales - Charity number 518076

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# Accounts

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Charity registration number 518076

Company registration number 02059659 (England and Wales)

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2022**

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	P Buss A Khan The Reverend Prebendary M J Kneen R S Sherrey R J Stattersfield	(Appointed 29 November 2021) (Appointed 29 November 2021)   (Appointed 29 November 2021)
<b>Head Teacher</b>	Mrs D J Marten	
<b>Charity number</b>	518076	
<b>Company number</b>	02059659	
<b>Auditor</b>	Richard Place Dobson Services Limited Ground Floor 1 - 7 Station Road Crawley West Sussex RH10 1HT	
<b>Bankers</b>	Lloyds TSB Bank Plc Ariel House 2138 Coventry Road Sheldon B26 3JW	
<b>Solicitors</b>	Harrison Clark Rickerbys Solicitors Thorpe House 29 Broad Street Hereford HR4 9AR	

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## CONTENTS

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	Page
Statement of trustees responsibilities	5
Independent auditor's report	6 - 8
Statement of financial activities	9 - 10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13 - 30

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

*FOR THE YEAR ENDED 31 AUGUST 2022*

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The trustees present their annual report and financial statements for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the school's [governing document], the Companies Act 2006 and "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)" (effective 1 January 2019).

### **Objectives and activities**

To promote and provide for advancement of education of children in the United Kingdom and elsewhere, such education to be designed to give a sound religious and moral basis to all pupils.

Beyond the teaching of traditional academic subjects and some vocational qualifications, pupils are expected to develop in the broadest educational sense, preparing them for adult life in an ever-changing world. In addition to academic and co-curricular excellence, the school seeks to provide awareness of technological advancement and environmental issues, thereby equipping pupils for an increasingly global setting as they transition on adulthood.

The strategies employed to achieve the charity's aims and objectives and to support long-term goals are to:

- Provide excellent teaching through the recruitment and retention of high-quality classroom practitioners at all age ranges
- Adopt and promote high standards of behaviour amongst the pupils.
- Inculcate a culture of integration between local and overseas students.
- Enhance the nursery provision to provide healthy numbers entering the school at the age 4/5.
- Invest in the staff and support self-improvement by providing inset training and funding external courses.
- Improve the facilities on offer at the school.
- Conserve and improve the building of the school.
- Introduce the benefits of the school to as wide an audience as possible, including overseas markets and those in the UK who might not be able to afford an independent school education.

Either directly, or through certain members of staff, the school holds membership of the association of Governing Bodies of Independent Schools (AGBIS), the Independent School Council (ISC), The Independent Schools Association (ISA), The Boarding Schools Association (BSA), The Independent Schools Bursars' Association (ISBA) and through the Head of the Prep School, the Independent Association of Prep Schools (IAPS), thus providing access to many support and CPD opportunities for staff. Collectively, these organisations provide immense support, from courses to policy guidance and a whole raft of advice and assistance.

Success is measured through external academic results, places secured at universities and other higher education institutions, alongside other less metric aspects, particularly well-being.

Public benefit is achieved through the provision of subsidised and full place awards to pupils otherwise unable to attend the school, alongside provision of the assets of the school for local primary schools and the wider local community, primarily achieved through sports facilities.

The Directors of the Company present their annual report for the year ended 31st August 2021, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with Charities SORP (FRS 102).

### *Public benefit*

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the school should undertake.

### **Achievements and performance**

Due to the passing of the headteacher, we are unable to provide an updated achievements and performance for the year, but the activities of the school are reflected in the financial statements below.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2022*

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### **Financial review**

The unrestricted funds of the school are at negative £845,538 (2021: Negative of £39,856) with restricted funds standing at £11,077 (2021: £11,077).

### *Going concern*

The trustees are satisfied that the schools' operating cash flows, external finance facilities and agreement with Alpha Schools are sufficient to meet the schools day to day working capital requirements.

### *Reserves policy*

The reserves policy is to sustain funding between reserves held and bank debt to ensure the ongoing activities of the charity.

### *Major risks*

The board of trustees is responsible for the management of the risks faced by the group. Detailed considerations of risk are delegated to the Senior Management of the school. Risks are identified, assessed and controls established throughout the year.

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Senior Management Team ensures that the school complies with all relevant legislation. This process is also monitored by the trustees through termly reports provided by the Head Teacher and the Bursar, as well as through individual Trustees taking responsibility for certain key areas. Trustee sub-committees also ensure that the areas within their remit maintain full compliance

The most significant risks identified are as follows;

1. The ongoing impact of the global pandemic in both educational and financial terms.
2. Fee affordability, particularly for parents based in the local catchment area.
3. The ability to attract pupils from overseas whilst travel restrictions continue to be imposed.
4. Continuing financial pressure being applied through central government policy and loss of charitable business rate reductions.

Through the risk management processes established for the school, and the group, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary.

### **Plans for future periods**

As Lucton School Shanghai passed the three-figure pupil roll in 2020/21, Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

Alpha School's working with the Head have the following plans in place:

- Alpha have already invested £550k of its own money into the School to keep it open. This shows huge commitment and belief to the School.
- By resetting Lucton's cost base and natural wastage, as well as the redundancy of administrative roles (now covered by the Alpha central support team), steps have already been made in improving Lucton and developing financial stability.
- In order to improve Lucton's income, it is necessary to consider a multi-faceted approach that utilises the existing assets and strengths of the school.

With these in mind, Alpha's aims for Lucton are:

1. To increase pupil numbers in classes;
2. To improve the school's FFE (Full Time Fee Equivalent) percentage
3. To improve boarding numbers, by doubling these in three year period

Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2022*

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

Lucton Pierrepont School Educational Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 July 1986, revised in 2013 and on November 29th 2021. It is a registered charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

P Buss	(Appointed 29 November 2021)
A Khan	(Appointed 29 November 2021)
The Reverend Prebendary M J Kneen	
R S Sherrey	
R J Stattersfield	(Appointed 29 November 2021)
G S F Bell	(Resigned 29 November 2021)
M T Boobbyer	(Resigned 29 November 2021)
A J Furniss	(Resigned 29 November 2021)
D J Marten	(Resigned 29 November 2021)
A D Miles	(Resigned 29 November 2021)
P D Morris	(Resigned 21 November 2021)
Dr A Paterson	(Resigned 29 November 2021)

### *Recruitment and appointment of trustees*

The appointment of the trustees is managed by the board to maintain a strong and effective blend of professional and lay skills to ensure robust and informed governance. From November 29th 2021, when the school became part of the Alpha Schools Group, Trustee numbers were reduced from nine to five, with three Alpha nominated Governors joining two retained existing Lucton School Governors to form the new board.

The Chairman or a nominated substitute will be the trustees' representatives with AGBIS, the Association of Governing Bodies of Independent Schools, and will be responsible for keeping up to date with best practice and cascading the knowledge down to fellow trustees.

### *Organisational structure*

The full board meets termly and there are three sub-committees, one covering Education, one covers Well Being & IIR and the third is The Resources Committee, which includes all financial matters. The trustees appoint a Headteacher and Bursar to manage the day-to-day operations of the school. To facilitate effective operations, the Headteacher has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and academic performance related activity. Trustees of the school are also Directors of the subsidiary entities.

### **Auditor**

In accordance with the company's articles, a resolution proposing that Richard Place Dobson Services Limited be reappointed as auditor of the company will be put at a General Meeting.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 AUGUST 2022*

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### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Small companies' exemptions have been applied when preparing this Director's Report.

The trustees report was approved by the Board of Trustees.

P Buss  
Trustee

12 July 2024

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF TRUSTEES RESPONSIBILITIES

*FOR THE YEAR ENDED 31 AUGUST 2022*

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The trustees, who are also the directors of Lucton Pierrepont School Educational Trust for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the school 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 school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Disclaimer of Opinion**

We were engaged to audit the financial statements of Lucton Pierrepont Education Trust (the Charitable Company), which comprise the statement of financial activities, the balance sheet and the Cash flow statements as at 31 August 2022, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Charitable Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

#### **Basis for Disclaimer of Opinion**

We were not appointed as auditors of the Charitable Company until after 31 August 2022. This fact together with the death of the headmaster, changes in personnel and the requirement to get accounts completed for filing has meant we have been unable to satisfy ourselves as to the completeness, existence and valuation of key balances in the financial statements. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances, and the elements making up the statement of financial activities, and statement of cash flows.

#### **Material Uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that at 31 August 2022 the Charitable Company had net liabilities of £834,461 and made a deficit for the year then ended of £805,682. As stated in note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included confirming that banking facilities remained in place for at least 12 months from the date of signing the financial statements and receiving confirmations from a connected party that they would continue to support the charitable company in paying all of its debts as they fall due.

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of the school for the purpose 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 school'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**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our responsibility is to conduct an audit of the Charitable Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. 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 United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We have made enquiries of management, and directors, regarding the procedures relating to identifying, evaluating and complying with

1. laws and regulations and whether they were aware of any instances of non-compliance;
2. detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
3. the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

Discussion among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential significant risks for fraud in the following areas:

1. Management override of the controls in place

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures planned included, but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside of the normal course of business.

2. Revenue recognition

Audit procedures planned included, but were not limited to performing walk through tests to identify the control procedures in place and once an understanding of the pupil fee income recognition process was obtained, substantive procedures to be carried out.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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#### 3. Going concern

Another significant risk identified by the audit engagement team was going concern, as a result of falling pupil numbers and rising costs. In order to test that the accounts being prepared on the going concern basis was correct the following testing was planned: Obtain and review cashflow forecasts and budgets for a period through to July 2025; Obtain and review management accounts for future periods up to the date of signing of the accounts to review against budgets and identify any further funding issues; review correspondence with the bank regarding their willingness to continue providing banking facilities; Obtaining a letter of support, up to date management accounts and year end accounts from Alpha Schools to confirm their willingness and ability to continue to support the School.

#### 4. Laws and regulations

The audit engagement team identified laws and regulations as a significant risk. In order to test that the financial statements were not materially misstated through fraud or error arising from a breach of laws and regulations, the following testing procedures were planned; A review of any recent results issued by ISI (Independent Schools Inspectorate); review of correspondence from legal advisors, to look for evidence of breaches; review of board minutes to identify any breaches in laws and regulations.

#### 5. Valuation of property

The audit engagement team also identified the valuation of property as a significant risk. In order to test that the valuation of property per the accounts is valued reasonably, the following procedures were planned; a visit to the school premises to analyse indications of impairment; review documentation to any professional valuation undertaken; analyse property market to identify any potential indications of impairment of the school property.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Darren Harding (Senior Statutory Auditor)**  
for and on behalf of **Richard Place Dobson Services Limited**  
**Chartered Accountants**  
**Statutory Auditor**  
**Ground Floor**  
**1 - 7 Station Road**  
**Crawley**  
**West Sussex**  
**RH10 1HT**

12 July 2024  
Date

Richard Place Dobson Services Limited is eligible for appointment as auditor of the school by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

### STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

*FOR THE YEAR ENDED 31 AUGUST 2022*

Current financial year		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
	Notes				
<b>Income from:</b>					
Donations and legacies	3	54,974	-	54,974	131,325
<u>Charitable activities</u>					-
Fees	4	3,065,897	-	3,065,897	3,308,333
Other educational income	4	307,485	-	307,485	333,301
Other trading activities	5	28,603	-	28,603	85,949
Investments	6	117	-	117	66
<b>Total income</b>		<u>3,457,076</u>	<u>-</u>	<u>3,457,076</u>	<u>3,858,974</u>
<b>Expenditure on:</b>					
Raising funds	7	75,251	-	75,251	141,532
Charitable activities	8	4,055,696	-	4,055,696	3,995,780
Takeover related expenses		131,811	-	131,811	-
<b>Total expenditure</b>		<u>4,262,758</u>	<u>-</u>	<u>4,262,758</u>	<u>4,137,312</u>
<b>Net expenditure</b>		<u>(805,682)</u>	<u>-</u>	<u>(805,682)</u>	<u>(278,338)</u>
<b>Net movement in funds</b>	10	(805,682)	-	(805,682)	(278,338)
<b>Reconciliation of funds:</b>					
Fund balances at 1 September 2021		(39,856)	11,077	(28,779)	249,559
<b>Fund balances at 31 August 2022</b>		<u>(845,538)</u>	<u>11,077</u>	<u>(834,461)</u>	<u>(28,779)</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

## LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

### STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

*FOR THE YEAR ENDED 31 AUGUST 2022*

Prior financial year	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<b>Income from:</b>				
Donations and legacies	3	131,325	-	131,325
Charitable activities				-
Fees	4	3,308,333	-	3,308,333
Other educational income	4	333,301	-	333,301
Other trading activities	5	85,949	-	85,949
Investments	6	66	-	66
<b>Total income</b>		3,858,974	-	3,858,974
<b>Expenditure on:</b>				
Raising funds	7	141,532	-	141,532
Charitable activities	8	3,995,780	-	3,995,780
<b>Total expenditure</b>		4,137,312	-	4,137,312
<b>Net income</b>		(278,338)	-	(278,338)
Transfers between funds		27,126	(27,126)	-
<b>Net movement in funds</b>	10	(251,212)	(27,126)	(278,338)
<b>Reconciliation of funds:</b>				
Fund balances at 1 September 2020		211,356	38,203	249,559
<b>Fund balances at 31 August 2021</b>		(39,856)	11,077	(28,779)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	14		3,317,950		3,425,996
Investments	15		166,743		166,743
			<u>3,484,693</u>		<u>3,592,739</u>
<b>Current assets</b>					
Stocks	16	-		39,730	
Debtors	17	672,267		176,913	
Cash at bank and in hand		24		724	
			<u>672,291</u>	<u>217,367</u>	
<b>Creditors: amounts falling due within one year</b>	19		<u>(3,807,974)</u>	<u>(3,312,016)</u>	
<b>Net current liabilities</b>			<u>(3,135,683)</u>	<u>(3,094,649)</u>	
<b>Total assets less current liabilities</b>			<u>349,010</u>	<u>498,090</u>	
<b>Creditors: amounts falling due after more than one year</b>	20		<u>(1,183,471)</u>	<u>(526,869)</u>	
<b>Net liabilities</b>			<u><u>(834,461)</u></u>	<u><u>(28,779)</u></u>	
<b>The funds of the school</b>					
Restricted income funds	23		11,077		11,077
Unrestricted funds			<u>(845,538)</u>		<u>(39,856)</u>
			<u><u>(834,461)</u></u>	<u><u>(28,779)</u></u>	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the trustees on 12 July 2024

P Buss  
Trustee

Company registration number 02059659 (England and Wales)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	30		155,525		(110,095)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(4,371)	
Proceeds from disposal of tangible fixed assets		731		5,374	
Investment income received		117		66	
		<u>          </u>		<u>          </u>	
<b>Net cash generated from investing activities</b>			848		1,069
<b>Financing activities</b>					
Repayment of bank loans		(64,846)		(214,004)	
Payment of finance leases obligations		(36,530)		(51,912)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in financing activities</b>			(101,376)		(265,916)
			<u>          </u>		<u>          </u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			54,997		(374,942)
Cash and cash equivalents at beginning of year			(373,699)		1,243
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			(318,702)		(373,699)
			<u>          </u>		<u>          </u>
<b>Relating to:</b>					
Cash at bank and in hand			24		724
Bank overdrafts included in creditors payable within one year			(318,726)		(374,423)
			<u>          </u>		<u>          </u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2022*

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### 1 Accounting policies

#### Charity information

Lucton Pierrepont School Educational Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the school's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (effective 1 January 2019). The school is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the school. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties at fair value. The principal accounting policies adopted are set out below.

#### Basis of consolidation

These accounts are for Lucton Pierrepont School Educational Trust and do not include the results of its subsidiaries on the basis that the subsidiaries have not traded during the year and are not material to the group.

#### 1.2 Going concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the school will continue in operational existence for the foreseeable future, however, the trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

With funding requirements reaching levels beyond that which the bank would support, Trustees acted proactively to safeguard the long-term future of the school, commencing negotiations with alternative funders. Bank support has been extended to allow due process, an approach rewarded by intervention of Alpha Schools, a national education group, providing greater certainty for the school and its lenders. Alpha Schools have agreed to continue supporting the school for the foreseeable future.

The Trustees have reviewed the forecasts prepared by management which have been sensitised to reflect possible downside scenarios as a result of reduced pupil numbers and income levels. These demonstrate that additional cash injections are required by Alpha Schools but with this, the school is able to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. As such, the trustees are satisfied that the School has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for the preparation of these financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Income

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships and Bursaries. Where fees are paid in advance, the income is deferred until the term to which it relates. These deferred amounts are shown on the Balance Sheet within creditors.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 1 Accounting policies

(Continued)

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants, including government 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

#### 1.5 Expenditure

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

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

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	1% - 2% straight line on cost
Plant and equipment	2% - 5% straight line on cost
Fixtures and fittings	20% on cost and 20% on reducing balance
Motor vehicles	25% reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Fixed asset investments

Investments in subsidiaries are all held at cost less impairment.

A subsidiary is an entity controlled by the school. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting end date, the school reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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### 1 Accounting policies (Continued)

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The school has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the school's balance sheet when the school becomes party to the contractual provisions of the instrument.

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

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Basic financial liabilities*

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the school's contractual obligations expire or are discharged or cancelled.

#### 1.12 Taxation

The school is exempt from corporation tax on its charitable activities.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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### 1 Accounting policies (Continued)

#### 1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the school is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

##### Teaching staff

The School contributes to the Teachers' Pension Scheme at the advised rates and also makes contributions to a 'money purchase' scheme for support staff. As it is not possible to separately identify the assets and liabilities of the Teachers' Pension Agency Scheme, it is accounted for as if it were a defined contribution scheme under FRS 102. The Schools' contributions to the schemes are charged in the financial statements as they accrue. For further information see note XXX.

##### Support staff

The School operates a pension scheme for its support staff, a defined contributions scheme. Contributions payable to the School's defined contributions scheme are charged to the Statement of Financial Activities.

#### 1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on straight-line basis over the period of the lease.

### 2 Critical accounting estimates and judgements

In the application of the school's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 2 Critical accounting estimates and judgements

(Continued)

#### Critical judgements

##### Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation, and the physical condition of the assets.

##### Impairment of debtors

The school makes an estimate of the recoverable value of fee debtors, trade and other debtors. When assessing the impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

##### Impairment of assets and the assessment of property valuations

The school has a market valuation performed every three years and ensures that the carrying value of their assets remains lower than the fair value of the assets on the open market, and therefore that there is no impairment. Between the valuations, management is required to review the assets for impairment, and therefore this remains an area of judgement.

##### Assessment of pension liability

The school is provided with a liability schedule by the pensions provider, payable over the next 7 years. The amount is material and therefore must be discounted to net present value using an appropriate discount rate. Management have decided that the most appropriate discount rate is 2.1%, the same rate as their current borrowings.

### 3 Income from donations and legacies

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Donations and gifts	10,989	12,200
Government grants	43,985	119,125
	<u>54,974</u>	<u>131,325</u>
<b>Grants receivable for core activities</b>		
Nursery Early Years Funding	-	105,767
Coronavirus Job Retention Scheme	-	13,358
Kickstart Scheme	43,985	-
	<u>43,985</u>	<u>119,125</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 4 Income from charitable activities

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<b>Fees</b>		
Gross fees	3,744,802	4,703,970
Less bursaries and other allowances	(678,905)	(1,395,637)
<b>Other educational income</b>		
Music, dance & drama, school outings and clubs	104,825	83,955
Examinations and extra lessons	37,736	41,932
Horse riding and stable fees	25,904	43,294
Transport	73,079	101,479
Uniforms and other income	65,941	62,641
	<u>3,373,382</u>	<u>3,641,634</u>

### 5 Income from other trading activities

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Biomass income	-	44,472
Rental income	28,603	41,477
	<u>28,603</u>	<u>85,949</u>
Other trading activities	<u>28,603</u>	<u>85,949</u>

### 6 Income from investments

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Interest receivable	117	66
	<u>117</u>	<u>66</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 7 Expenditure on raising funds

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
<b>Fundraising and publicity</b>		
Cost of raising funds	75,251	141,532

### 8 Expenditure on charitable activities

	Teaching 2022 £	Welfare 2022 £	Premises 2022 £	Total 2022 £
<b>Direct costs</b>				
Staff costs	2,508,150	-	94,968	2,603,118
Depreciation and impairment	-	21,255	86,060	107,315
Other costs	181,747	247,005	415,651	844,403
	<u>2,689,897</u>	<u>268,260</u>	<u>596,679</u>	<u>3,554,836</u>
<b>Share of support and governance costs (see note 9)</b>				
Support	337,931	33,701	74,961	446,593
Governance	41,063	4,095	9,109	54,267
	<u>3,068,891</u>	<u>306,056</u>	<u>680,749</u>	<u>4,055,696</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>3,068,891</u>	<u>306,056</u>	<u>680,749</u>	<u>4,055,696</u>
	<u>Teaching 2021 £</u>	<u>Welfare 2021 £</u>	<u>Premises 2021 £</u>	<u>Total 2021 £</u>
<b>Direct costs</b>				
Staff costs	2,155,057	-	238,427	2,393,484
Depreciation and impairment	-	22,120	84,518	106,638
Other costs	123,527	323,552	266,564	713,643
	<u>2,278,584</u>	<u>345,672</u>	<u>589,509</u>	<u>3,213,765</u>
Grant funding of activities (see note 9)	-	-	-	-
<b>Share of support and governance costs (see note 9)</b>				
Support	491,802	74,609	127,238	693,649
Governance	62,652	9,505	16,209	88,366
	<u>2,833,038</u>	<u>429,786</u>	<u>732,956</u>	<u>3,995,780</u>
<b>Analysis by fund</b>				
Unrestricted funds	<u>2,833,038</u>	<u>429,786</u>	<u>732,956</u>	<u>3,995,780</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 9 Support costs allocated to activities

	2022	2021
	£	£
Staff costs	169,644	329,230
Other support costs	276,949	364,419
Governance costs	54,267	88,366
	<u>500,860</u>	<u>782,015</u>
<b>Analysed between:</b>		
Teaching	378,994	554,454
Welfare	37,796	84,114
Premises	84,070	143,447
	<u>500,860</u>	<u>782,015</u>
	2022	2021
	£	£
<b>Governance costs comprise:</b>		
Audit fees	23,421	29,592
Accountancy	3,827	4,836
Legal and professional	26,985	53,574
Trustees' expenses	34	364
	<u>54,267</u>	<u>88,366</u>

Governance costs includes payments to the auditor of £23,421 (2021: £29,592) for the audit of the school's annual accounts and £3,827 (2021: £4,836) for other non-audit services.

### 10 Net movement in funds

	2022	2021
	£	£
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	23,421	29,592
Depreciation of owned tangible fixed assets	107,315	106,638
Profit on disposal of tangible fixed assets	(731)	-
	<u>130,005</u>	<u>236,268</u>

### 11 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the school during the year.

During the year, expenses totalling £34 were reimbursed or paid directly to 1 trustees (2021: £364 to 3 trustees). Expenses related to travel and stationery.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 12 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Teaching	73	72
Support and ancillary	33	31
Total	<u>106</u>	<u>103</u>

### Employment costs

	2022 £	2021 £
Wages and salaries	2,355,818	2,198,698
Social security costs	216,422	189,439
Other pension costs	200,522	334,577
	<u>2,772,762</u>	<u>2,722,714</u>

Redundancy and termination payments totalling £Nil (2021: £1,166) were made in the reporting period.

There were no employees whose annual remuneration was more than £60,000.

### Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2022 £	2021 £
Aggregate compensation	<u>219,466</u>	<u>179,736</u>

Key management personnel comprised the Headteacher and the Bursar.

### 13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

14 Tangible fixed assets	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2021	2,842,570	416,210	1,088,203	397,864	4,744,847
Disposals	-	-	-	(8,995)	(8,995)
At 31 August 2022	<u>2,842,570</u>	<u>416,210</u>	<u>1,088,203</u>	<u>388,869</u>	<u>4,735,852</u>
<b>Depreciation and impairment</b>					
At 1 September 2021	50,768	60,200	886,981	320,902	1,318,851
Depreciation charged in the year	30,615	-	55,445	21,255	107,315
Eliminated in respect of disposals	-	-	-	(8,264)	(8,264)
At 31 August 2022	<u>81,383</u>	<u>60,200</u>	<u>942,426</u>	<u>333,893</u>	<u>1,417,902</u>
<b>Carrying amount</b>					
At 31 August 2022	<u>2,761,187</u>	<u>356,010</u>	<u>145,777</u>	<u>54,976</u>	<u>3,317,950</u>
At 31 August 2021	<u>2,791,802</u>	<u>356,010</u>	<u>201,222</u>	<u>76,962</u>	<u>3,425,996</u>
15 Fixed asset investments				<b>Other investments</b>	
					£
<b>Cost or valuation</b>					
At 1 September 2021 & 31 August 2022					166,743
<b>Carrying amount</b>					
At 31 August 2022					<u>166,743</u>
At 31 August 2021					<u>166,743</u>
Other investments comprise:		<b>Notes</b>		<b>2022</b>	<b>2021</b>
				£	£
Investments in subsidiaries		29		<u>166,743</u>	<u>166,743</u>
16 Stocks				<b>2022</b>	<b>2021</b>
				£	£
School uniforms				<u>-</u>	<u>39,730</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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17 Debtors	2022	2021
Amounts falling due within one year:	£	£
Trade debtors	587,814	62,196
Amounts owed by fellow group undertakings	22,830	12,584
Other debtors	19,251	21,856
Prepayments and accrued income	42,372	80,277
	<u>672,267</u>	<u>176,913</u>

Included within trade debtors is a provision for bad debts totalling £26,995 (2021: £26,995)

18 Loans and overdrafts	2022	2021
	£	£
Bank overdrafts	318,726	374,423
Bank loans	1,092,687	1,157,533
	<u>1,411,413</u>	<u>1,531,956</u>
Payable within one year	374,463	1,494,456
Payable after one year	1,036,950	37,500

Included within bank loans are:

A bank loan with Lloyds Bank commencing on 1 May 2019, repayable by monthly instalments. The interest rate on the loan is fixed at 2.1% above the base rate.

A Bounce Back loan of £50,000 commencing on 7 May 2020, repayable by 72 monthly repayments at 2.5% fixed interest.

These loans were secured by the following:

- A first legal charge over the freehold property of the school.
- A first legal charge over the equestrian land owned by the subsidiary.
- An unlimited debenture from the school.
- An unlimited debenture from Lucton School Limited.
- An unlimited all monies guarantee from the subsidiary.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

	Notes	2022 £	2021 £
Bank loans and overdrafts	18	374,463	1,494,456
Obligations under finance leases		63,516	50,023
Other taxation and social security		95,167	308,893
Deferred income	21	914,544	596,671
Trade creditors		235,224	273,969
Other creditors		2,074,066	500,785
Accruals and deferred income		50,994	87,219
		<u>3,807,974</u>	<u>3,312,016</u>

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

	Notes	2022 £	2021 £
Bank loans	18	1,036,950	37,500
Obligations under finance leases		146,521	196,544
Other creditors		-	292,825
		<u>1,183,471</u>	<u>526,869</u>

### 21 Deferred income

	2022 £	2021 £
Arising from school fees deferred	<u>914,544</u>	<u>596,671</u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Current liabilities	<u>914,544</u>	<u>596,671</u>
Movements in the year:		
Deferred income at 1 September 2021	596,671	577,528
Released from previous periods	(596,671)	(577,528)
Resources deferred in the year	<u>914,544</u>	<u>596,671</u>
Deferred income at 31 August 2022	<u>914,544</u>	<u>596,671</u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 22 Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
<b>At 31 August 2022:</b>			
Tangible assets	3,306,873	11,077	3,317,950
Investments	166,743	-	166,743
Current assets/(liabilities)	(3,135,683)	-	(3,135,683)
Long term liabilities	(1,183,471)	-	(1,183,471)
	<u>(845,538)</u>	<u>11,077</u>	<u>(834,461)</u>
	<u><u>(845,538)</u></u>	<u><u>11,077</u></u>	<u><u>(834,461)</u></u>
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<b>At 31 August 2021:</b>			
Tangible assets	3,414,919	11,077	3,425,996
Investments	166,743	-	166,743
Current assets/(liabilities)	(3,094,649)	-	(3,094,649)
Long term liabilities	(526,869)	-	(526,869)
	<u>(39,856)</u>	<u>11,077</u>	<u>(28,779)</u>
	<u><u>(39,856)</u></u>	<u><u>11,077</u></u>	<u><u>(28,779)</u></u>

### 23 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 September 2021 £	Transfers £	At 31 August 2022 £
Portrait of the founder donated to school	11,077	-	11,077
	<u>11,077</u>	<u>-</u>	<u>11,077</u>
<b>Previous year:</b>	At 1 September 2020 £	Transfers £	At 31 August 2021 £
Portrait of the founder donated to school	11,077	-	11,077
Sports hall project	25,626	(25,626)	-
Outside play equipment	1,500	(1,500)	-
	<u>38,203</u>	<u>(27,126)</u>	<u>11,077</u>
	<u><u>38,203</u></u>	<u><u>(27,126)</u></u>	<u><u>11,077</u></u>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 23 Restricted funds

(Continued)

The purpose of the restricted fund of £11,077 is to hold and maintain the Portrait of the Founder for the future benefit of the school. This restriction was imposed by the Charity Commission when the charity acquired the portrait from the charitable organisation previously responsible for the school.

Transfers between funds are to reflect the restricted funds which have been fully utilised on capital items and their restrictions fulfilled. These have therefore been reclassified to unrestricted funds.

### 24 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 September 2021	Incoming resources	Resources expended	Transfers	At 31 August 2022
	£	£	£	£	£
Revaluation reserve	414,101	-	(26,273)	-	387,828
General funds	(453,957)	3,457,076	(4,236,485)	-	(1,233,366)
	<u>(39,856)</u>	<u>3,457,076</u>	<u>(4,262,758)</u>	<u>-</u>	<u>(845,538)</u>
<b>Previous year:</b>	<b>At 1 September 2020</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>At 31 August 2021</b>
	£	£	£	£	£
Revaluation reserve	444,298	-	(26,273)	(3,924)	414,101
General funds	(232,942)	3,858,974	(4,111,039)	31,050	(453,957)
	<u>211,356</u>	<u>3,858,974</u>	<u>(4,137,312)</u>	<u>27,126</u>	<u>(39,856)</u>

### 25 Pension commitments

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £392,051 (2021: £308,108) and at the year end £59,210 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme regulations 2014 (as amended). Members contribute on a 'pay as you go' basis with contribution from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament,

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sergeant Case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to the Public Service Pensions including the Teachers' Pensions.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 25 Pension commitments

(Continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sergeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the government accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitable revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPD. Accordingly no provision for any additional past benefit pensions cost is included in these financial statements.

#### Non - Teaching Staff

Certain non-academic staff are members of The Independent Schools' Pension Scheme (ISPEN). This is an industry-wide funded defined benefits scheme. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributed to the school.

The last formal valuation of the scheme was performed as at 30 September 2014 by a professionally qualified actuary. The market value of the scheme's assets at the valuation date was £110 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37 million, equivalent to a past service funding level of 75%.

Annual funding updates of the scheme are carried out using approximate actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation. The following notes relate to the formal actuarial valuation as at 30 September 2014.

The financial assumptions underlying the last valuation as at 30 September 2014 were as follows:

	% p.a
Investment return pre-retirement	5.1%
Investment return post retirement - non-pensioner	3.3%
Investment return post retirement - pensioner	3.3%
Rate of pension increases	
RPI	3.1%
CPI	2.2%

The ongoing future service contributions rate has been assessed and if the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 August 2029.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 25 Pension commitments

(Continued)

The pension charge for the year represents the School's contributions payable to the scheme of £26,469 (2021: £26,469) and at the year end £17,438 was accrued in respect of contributions to this scheme. Included in this is a fixed monthly amount of £1,829, being £1,018 in respect of deficit amounts and £117 in respect of administrative expenses. From 1 September 2021 the fixed monthly amount has increased to £1,572 being £1,338 in respect of deficit amounts and £152 in respect of administrative expenses.

In accordance with FRS 102 the school has recognised a liability in relation to the deficit, measured at amortised cost and included within other creditors.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the school had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	925	35,952
Between two and five years	-	925
	<u>925</u>	<u>36,877</u>

### 27 Events after the reporting date

After the balance sheet date, the Head Teacher of the school sadly passed away. The school are currently going through the process of recruiting a new Head Teacher.

### 28 Related party transactions

During the year the school entered into the followings transactions with related parties:

During the year purchases of £28,676 (2021: £18,104) were made from Markham Garages Limited, a company in which Bryan Markham, a Director of Lucton School Limited who resigned on 9th September 2021, has a controlling interest. There is an amount owed to Markham Garages Limited of £5,781 (2021: £3,724) included in trade creditors at the year end.

The children of staff and trustees may attend the school. In such cases trustees pay school fees at the standard rates available to all parents, but staff members may receive a fee remission at an agreed rate.

During the year ended 31 August 2022, expenses totalling £34 were reimbursed or paid directly to 1 trustee. Expenses relate to travel and stationery (2021: £364 was reimbursed to 3 trustees)

Intercompany balances at the year end were £15,201 (2021: £12,584) owed by Lucton School Limited and £7,628 (2021: £10,554) owed by Lucton International Limited.

At the year end, the charity owed £1,240,380 to Alpha Schools Holdings Limited.

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

### 29 Subsidiaries

Details of the school's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Lucton School Limited	Lucton School, Lucton, Leominster. Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	
Lucton International Schools Limited	Lucton School, Lucton, Leominster. Herefordshire, HR6 9PN	Education	Ordinary shares	100.00	

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Lucton School Limited	-	168,167
Lucton International Schools Limited	-	(671)

30 Cash generated from operations	2022	2021
	£	£
Deficit for the year	(805,682)	(278,338)
Adjustments for:		
Investment income recognised in statement of financial activities	(117)	(66)
Depreciation and impairment of tangible fixed assets	107,315	106,638
Movements in working capital:		
Decrease/(increase) in stocks	39,730	(11,944)
(Increase)/decrease in debtors	(495,354)	79,161
Increase/(decrease) in creditors	991,760	(24,689)
Increase in deferred income	317,873	19,143
<b>Cash generated from/(absorbed by) operations</b>	<b>155,525</b>	<b>(110,095)</b>

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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31 Analysis of changes in net (debt)/funds	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	724	(700)	24
Bank overdrafts	(374,423)	55,697	(318,726)
	<u>(373,699)</u>	<u>54,997</u>	<u>(318,702)</u>
Loans falling due within one year	(1,120,033)	1,064,296	(55,737)
Loans falling due after more than one year	(37,500)	(999,450)	(1,036,950)
Obligations under finance leases	(246,567)	36,530	(210,037)
	<u>(1,777,799)</u>	<u>156,373</u>	<u>(1,621,426)</u>

### 32 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to assist with the preparation of the financial statements.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

England & Wales - Charity number 518076

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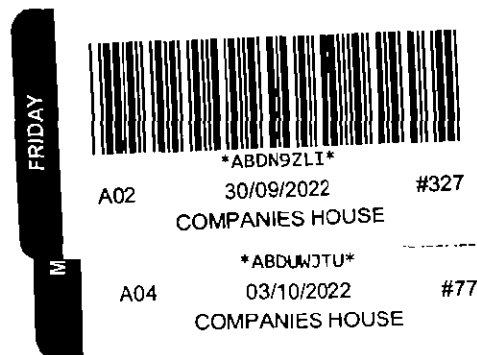
# Accounts

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Registered number: 02059659 (England and Wales)  
Charity number: 518076

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details of the School, its Trustees and advisers</b>	1
<b>Trustees' report</b>	2 - 9
<b>Independent auditor's report on the financial statements</b>	10 - 13
<b>Consolidated statement of financial activities</b>	14
<b>Consolidated balance sheet</b>	15 - 16
<b>School balance sheet</b>	17 - 18
<b>Consolidated statement of cash flows</b>	19
<b>Notes to the financial statements</b>	20 - 46

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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<b>Trustees</b>	Mr A J Furniss Mr R S Sherrey Mr M T Boobbyer Mr P D Morris Dr A Paterson Mr A D Miles Mrs D J Marten Revd M Kneen Mr G S F Bell (appointed 9 June 2020) Mr A Khan
<b>Company registered number</b>	02059659 (England and Wales)
<b>Charity registered number</b>	518076
<b>Company secretary</b>	Mr K P Thome (resigned 31 August 2020) Mrs D J Marten (appointed 1 November 2020)
<b>Head Teacher</b>	Mr J H Goode (Acting Head Teacher from 1 September 2020) Mrs E Niblett (Acting Head Teacher from 1 September 2020)
<b>Independent auditor</b>	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham Gloucestershire GL50 3PR
<b>Bankers</b>	Lloyds TSB Bank PLC Ariel House 2138 Coventry Road Sheldon B26 3JW
<b>Solicitors</b>	Harrison Clark Rickerbys Solicitors Thorpe House 29 Broad Street Hereford HR4 9AR

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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) (effective 1 January 2019)".

**Objects, Aims, Objectives and Activities**

The objects of the charity are:

To promote and provide for the advancement of education of children in the United Kingdom and elsewhere, such education to be designed to give a sound religious and moral basis to all pupils.

Aims and Objectives for the Year

Beyond the teaching of traditional academic subjects and some vocational qualifications, pupils are expected to develop in the broadest educational sense, preparing them for adult life in an ever-changing world. In addition to academic and co-curricular excellence, the school seeks to provide awareness of technological advancement and environmental issues, thereby equipping pupils for an increasingly global setting as they transition to adulthood.

The strategies employed to achieve the charity's aims and objectives and to support long-term goals are to:

- Provide excellent teaching through the recruitment and retention of high-quality classroom practitioners at all age ranges.
- Adopt and promote high standards of behaviour amongst the pupils.
- Inculcate a culture of integration between local and overseas students.
- Enhance the nursery provision to provide healthy numbers entering the school at age 4/5.
- Invest in staff and support self-improvement by providing inset training and funding external courses.
- Improve the facilities on offer at the school.
- Conserve and improve the buildings of the school.
- Introduce the benefits of the school to as wide an audience as possible, including overseas markets and those in the UK who might not be able to afford an independent school education.

Either directly, or through certain members of staff, the school holds membership of the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Schools Council (ISC), The Independent Schools Association (ISA), The Boarding Schools Association (BSA), The Independent Schools Bursars' Association (ISBA) and through the Head of the Prep School, the Independent Association of Prep Schools (IAPS), thus providing access to many support and CPD opportunities for staff. Collectively, these organisations provide immense support, from courses to policy guidance and a whole raft of advice and assistance.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Success is measured through external academic results, places secured at universities and other higher education institutions, alongside other less metric aspects, particularly well-being.

Public benefit is achieved through the provision of subsidised and full place awards to pupils otherwise unable to attend the school, alongside provision of the assets of the school for local primary schools and the wider local community, primarily achieved through sports facilities.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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

The Directors of the Company present their annual report for the year ended 31st August 2021, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with Charities SORP (FRS 102).

**Activities, Achievements and Performance**

With the global pandemic continuing to dominate the national economic agenda, we were delighted that the latter part of the school year returned to something like normal. Full on-site teaching was restored, although the national exams system again relied on assessment over formal examinations. Nonetheless the pandemic impacted hugely on our ability to attract overseas students, with some not returning compounded by an inability to market and recruit effectively. Particular thanks go to Mr Goode, Mrs Niblett and Mrs Lund for their senior leadership bridging roles, enabling some cost relief in a very difficult year.

GCSE

Fantastic news for our Year 11 pupils who achieved a 92% pass rate in their GCSEs with 93% of the year group attaining 5 or more passes including English and Mathematics.

A Levels

Huge congratulations to our Year 13 students who, once again, have achieved fantastic results in their A Levels! With a 100% pass rate, almost 40% of Lucton students received A\*-A grades.

Head of Sixth Form, Michael Wolstenholme, commented: "After two tumultuous years of hard work, it was wonderful to see so many Sixth Formers collect their A level results today. Whether talking amongst each other, to their teachers or with their parents, it was clear that the Lucton experience had produced well-rounded, polite and highly capable young men and women, ready to set out into the great unknown."

Amongst the many excellent results, notable mentions include pupils who achieved (A\*,A\*,A\*,B) and (A\*,A,A) with places secured at some top UK universities. There was a plentiful supply of A\* grades in the arts, with Higher Education destinations in this field, as well as other specialities including Engineering.

"Congratulations again to all of our Year 13 students on a wonderful set of exam results; we wish them the very best in the future and will miss them greatly!"

Lucton School has a long and proud record of not only delivering strong external examination results but also for the value-added scores inherent in those results. The results this year, as usual, fully endorse Lucton's ambition to enable every pupil to achieve their full potential, with many students gaining outcomes significantly ahead of expectations on arriving at the school. The ethos of the school inculcates a culture of equal pride and satisfaction in students maximising their own potential as it does for a high-flying student gaining optimum grades. Lucton is proud to have a healthy mix of each category of students.

Boarding

The fully integrated nature of the boarding houses at Lucton are an enormous part of the "quietly confident" aspirations of the staff and students at the school. The restrictions brought about by the pandemic did not deter Mrs Webb-Rogers and her team, with all sorts of innovative use of on-site facilities replacing off-site trips for the first two terms, including a tie dye t-shirt event and lots of sports and other activities. Mr Rogers, ably supported by the maintenance team in building the fire, led a chilly Bonfire Night extravaganza.

Summer term saw trips back on the agenda, with paintballing and West Midlands the highlights of an excellent co-curricular provision offered by the boarding team.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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Co-Curricular

During such a challenging year it would have been easy for staff and students to focus efforts on the additional challenges of online teaching and learning to the detriment of wider educational outcomes. As always, and befitting of the rounded education provided at the school, classroom activity was heavily punctuated by significant amounts of extra-curricular activity.

The Arts

A heavily disrupted programme of Drama did not detract from the enjoyment of the formal learning environment but the production of "Teachers", by John Godber will wait for a future airing, as this year's plans were scuppered by the pandemic.

Lamda enjoyed better luck than their Drama department counterparts, with an outdoor production of Peter Pan the clear highlight, being as it was, blessed with glorious weather, all delivered under the watchful eye of Mrs Rogers and Mrs Sharman. Some of the most beautiful swans imaginable, in the form of Prep School staff, were put to good effect in a Red Nose Day revamping of "Swan Lake", whilst Fetch Theatre's highly entertaining and educational "Insect Safari" proved hugely popular with students and staff alike.

As with other departments, the Music team led by Mr Wall continued to provide pupils with stimulation outside the classroom, despite the best efforts of Covid. The Picnic Concert provided an opportunity to hear some high-quality music from 6th Form leavers, a group that will be sorely missed and have contributed enormously over eight years. Music for all at Lucton was very much evident in formal instrument assessment, with awards achieved from Grade 1 all the way up to Grade 8, with the beginners no doubt inspired in some way by those at the top of the tree.

Sport

Much of the sport was either restricted by social distancing driven temporary rules or geographically led fixtures. Nonetheless the teams put up their usual proud Luctonian performances in all disciplines. Mrs Connop is rightly proud of the depth and breadth of opportunity at Lucton, as well as the talent that emerges from it.

With horses free from the restrictions of self-isolation and mask wearing, the Equestrian Centre found itself busier than ever during the last academic year. The Lucton Pony Camp was a successful new initiative under the leadership of Ms Coates. The equestrian team performed well at NSEA Show Jumping events, including the hallowed ground of Hickstead.

Once again proving Lucton's ability to punch above its weight, the U15 tennis team, under the tutelage of Mrs Bassett, won their league, a league including the mighty Bromsgrove School and King's, Worcester.

Our cricketers made county plate finals at U13 and U15 level, whilst footballers, netballers, as well as lacrosse and rounders players took great pride, with mixed degrees of success in a range of fixtures. An inter-form Sports Day enabled spirited but friendly competition to close the year.

The trustees extend their warmest congratulations to all the sporting endeavours performed at and on behalf of Lucton School, feats which show the depth and breadth of education on offer at the school.

Beyond the arts and sporting headlines pupils enjoyed a superb year in a range of other extra-curricular activities, within a mixed provision of online and live forums. The Combined Cadet Force (CCF) is hugely subscribed, with approaching 150 pupils participating during the year. Plans and energy levels are eager to explore much more as the nation moves out of lockdown.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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Prep School

A summary of the year for our younger learners could not be summed up any better than by Prep Head, Mr Bicker-Caarten in the Luctonian magazine. "In a world where we couldn't go anywhere, what could we do? Plenty as it turns out and if there were obstacles, then we would around them." In addition to the plethora of innovative learning activities delivered on site, trips to Carding Mill Valley were very welcome to provide some off-site variety in a very challenging year for the little people of Lucton School.

The Nursery continues to go from strength to strength, with more and more pupils joining the tireless Mrs Powell and her team of helpers. This augurs well for the long term success of Lucton School.

**Fundraising**

During the year ended 31 August 2021 no fundraising activities were undertaken. All fundraising, when fundraising is undertaken, is managed by Lucton School. No professional or commercial fundraisers are used. No complaints have been received. Lucton School does not carry out direct marketing activity by mail or in person and we ensure that no undue pressure is ever placed on any person to give money or other resources to the school. The school is not voluntarily subscribed to any fundraising standards or schemes which regulate fundraising.

**Lucton International Schools Limited**

2020/21 was the third full year for Lucton Shanghai, with 117 pupils on role during the academic year. Further pupil roll growth should see increased revenues in future years, complemented by the doors to Lucton School Chongqing being set to open in September 2022.

**Lucton School Limited**

There has been no activity in 2020/21 within this subsidiary company, although as the pandemic continues to relent, opportunities are being explored for increased trading and events.

**Financial Review and Results for the Year**

The ongoing global pandemic has significantly affected the operational finances of the school, with the charity suffering an investment loss (the widely recognised and benchmarked performance measure in the sector, being net movement in funds plus depreciation) for the year of £334k deficit (2019/20 £92k deficit). The inclusion of the introduction of a historical VAT liability position, the write off of goodwill, as well as pension interest on the defined benefit scheme for support staff have exacerbated the poor headline result by around £150k. With many boarding pupils not returning for the year and considerably reduced government subsidy available, achieving this loss required prudent management and some significant cost cutting measures. Support from the bank was secured to buffer the school against this downturn, allowing time for longer term financial improvements as pupil roll returns to normal in future years.

With the impact of Covid-19 extending well in to the new financial year and possibly beyond, generating a modest surplus would be a considerable achievement for the foreseeable future.

**Going Concern**

The global pandemic necessitated the closure of the school in March 2020, with boarding pupil roll significantly impacted in to and beyond 2020/21. The impact on the school was significant, so despite savings plans implemented immediately, a breach of the loan covenants occurred.

With funding requirements reaching levels beyond that which the bank would support, Trustees acted proactively to safeguard the long-term future of the school, commencing negotiations alternative funders, as well as

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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exploring options for the merger of the charity into a larger entity. Bank support was extended to October 2022 to allow due process, an approach rewarded by the intervention of Alpha Schools, a national education group, providing financial, operational and governance support, providing greater certainty for the school and its lenders. A legal agreement completed on 29th November 2021 includes a commitment from Alpha Schools to provide required cash inputs to maintain the "Going Concern" status of the school for the next five years.

#### **Reserves**

The reserves policy is to sustain sufficient funding between reserves held and bank debt to ensure the ongoing activities of the charity.

The unrestricted funds of the school and its subsidiaries are £30,832 (2020: £259,867) with restricted funds standing at £11,977 (2020: £38,203). Negative free reserves stand at £3,637,821 (2020: £3,470,514 negative) being unrestricted reserves less intangible assets, tangible fixed assets and investments.

The trustees are satisfied that the schools' operating cash flows, external finance facilities and agreement with Alpha Schools are sufficient to meet the schools day to-day working capital requirements.

#### **Future Developments**

At the end of 2021, Alpha took control of Lucton school and immediately brought relief to the school's situation. Founded in 2003 by Ali Khan, Alpha Schools has grown to become one of the biggest and leading independent schools groups in the UK, with 19 schools.

Alpha Schools working with the Head have the following plans in place:

- Alpha have already invested £550k of its own money into the School to keep it open. This shows huge commitment and belief to the School.
- By resetting Lucton's cost base and natural wastage, as well as the redundancy of administrative roles (now covered by the Alpha central support team), steps have already been made in improving Lucton and developing financial stability.
- In order to improve Lucton's income, it is necessary to consider a multi-faceted approach that utilises the existing assets and strengths of the school. With these in mind, Alpha's aims for Lucton are:
  1. To increase pupil numbers in classes:
  2. To improve the school's FFE (Full Time Fee Equivalent) percentage
  3. To improve boarding numbers, by doubling these in three year period

With the focus firmly on the future of Lucton and how to further improve income, we are confident that we will move the school to a position of strength, not just within the group but in the Education sector.

When many in the sector were heading off for a well-earned break, the Trustees of Lucton School were busy securing the services of the school's next Head. Following a competitive and comprehensive recruitment process, the Governors were delighted to appoint Mr Jon Tyler, previously Academic Deputy at Dauntsey's School in Wiltshire. Jon brings with him experience across a range of academic management disciplines, strong working knowledge of both independent and maintained sector education, as well as an experience curve working with some truly outstanding Heads.

Links with Alpha Schools will form a prominent part of the new Head's agenda, with the ability to operate in a shared culture of academic, extra and co-curricular excellence. Nearer home, the restoring the boarding house to fuller occupancy will be a primary objective, and in so doing, leading Lucton School out of the ravages of the pandemic, returning to a prosperous and successful future for pupils and staff at the school.

Restoring community links will also be key to success, both in promoting the school but also in generating much needed revenues through letting of the superb asset base used by pupils in term-time but available to wider stakeholders during evenings, weekends and holiday periods.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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As Lucton School Shanghai passed the three-figure pupil roll in 2020/21, Trustees look ahead to the opening of Lucton School, Chongqing in September 2022, providing even stronger links with China, as well as generating additional revenues to support the charity in the UK. Alpha School's connections in China and Hong Kong will aim to bring greater benefits from this established Joint Venture project.

**Risk management**

The board of trustees is responsible for the management of the risks faced by the group. Detailed considerations of risk are delegated to the Senior Management of the school. Risks are identified, assessed and controls established throughout the year.

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Senior Management Team ensures that the school complies with all relevant legislation. This process is also monitored by the trustees through termly reports provided by the Head Teacher and the Bursar, as well as through individual Trustees taking responsibility for certain key areas. Trustee sub-committees also ensure that the areas within their remit maintain full compliance.

The most significant risks identified are as follows;

1. The ongoing impact of the global pandemic in both educational and financial terms.
2. Fee affordability, particularly for parents based in the local catchment area.
3. The ability to attract pupils from overseas whilst travel restrictions continue to be imposed.
4. Continuing financial pressure being applied through central government policy and loss of charitable business rate reductions.

Through the risk management processes established for the school, and the group, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary.

**Structure, governance and management Governing document**

Lucton Pierrepont School Educational Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 July 1986, revised in 2013 and on November 29th 2021. It is a registered charity with the Charity Commission.

**Recruitment and appointment of new trustees**

The appointment of the trustees is managed by the board to maintain a strong and effective blend of professional and lay skills to ensure robust and informed governance. From November 29th 2021, when the school became part of the Alpha Schools Group, Trustee numbers were reduced from nine to five, with three Alpha nominated Governors joining two retained existing Lucton School Governors to form the new board.

**Induction and training of new trustees**

The Chairman or a nominated substitute will be the trustees' representatives with AGBIS, the Association of Governing Bodies of Independent Schools, and will be responsible for keeping up to date with best practice and cascading the knowledge down to fellow trustees.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**Key management personnel remuneration policy**

The pay of key management personnel is reviewed annually by the trustees. The school benchmarks remuneration against other similar sized independent schools, using both the AGBIS and the Baines Cutler salary surveys, together with local comparisons.

**Organisational structure**

The full board meets termly and there are three sub-committees, one covering Education, one covers Well Being & HR and the third is The Resources Committee, which includes all financial matters. The trustees appoint a Headteacher and Bursar to manage the day-to-day operations of the school. To facilitate effective operations, the Headteacher has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and academic performance related activity. Trustees of the school are also Directors of the subsidiary entities.

**Public benefit intended aims and impact**

Lucton School has always sought to attract pupils from a wide range of social backgrounds. Our aim is to ensure that children, irrespective of means, are able to benefit from the excellent education provided. The Trustees of the school are determined to maintain the philosophy of providing the rounded education synonymous with Lucton School to as wide a pupil base as possible.

A robust means tested bursary scheme is operated to ensure the effective and charitable delivery of this aim, with an annual review of the scheme carried out to ensure appropriate distribution of available resources. Although the main focus for bursary support ensures that free places are offered to a large number of recipients, the scheme also provides the opportunity for pupils with parents of moderate income to attend the school. The school also provides free and subsidised access to facilities for local primary schools and clubs, as well as access of the swimming pool to a commercial swim school provider.

In the furtherance of these aims, the Charity Trustees consider that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant subsector guidance concerning the operation of the Public Benefit requirement under that Act.

**Disabled persons**

The school's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**Statement of trustees' responsibilities**

The trustees (who are also the directors of Lucton Pierrepont School Educational Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

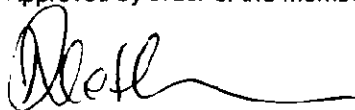
The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the school and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the school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

**Disclosure of information to auditors**

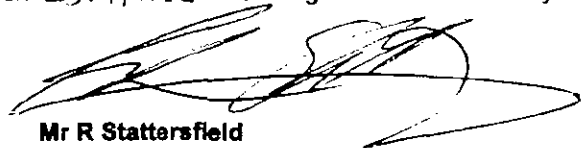
In so far as each of the Trustees are aware at the date of approval of this report there is no relevant audit information of which the auditor is unaware. Each Trustee has taken all of the steps that they should have taken as Trustee in order to make themselves aware of any relevant audit information and to establish that the school's auditor is aware of that information.

Small companies' exemptions have been applied when preparing this Director's Report.

Approved by order of the members of the board of Trustees on 23/9/2022 and signed on their behalf by:



**Mr A Khan**  
Chair of Trustees



**Mr R Stattersfield**  
Trustee

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST**

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**Opinion**

We have audited the financial statements of Lucton Pierrepont School Educational Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the School balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 August 2021 and of the Group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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**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.

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 this gives rise to a material misstatement in the financial statements themselves. 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, which includes the Directors' 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.
- the Directors' report included within 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 our 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 Directors' report included within the Trustees' report.

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

- adequate and proper accounting records have not been kept; 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, 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.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent 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 Group or the parent 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, taxation legislation, employment legislation, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

*In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were The Education (Independent School Standards) Regulations 2014.*

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Governors' and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over income, reviewing accounting estimates for biases, reviewing regulatory correspondence

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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with the Charity Commission, Independent Schools Inspectorate and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Use of our report**

This report is made solely to the members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the members Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 members for our audit work, for this report, or for the opinions we have formed.



**Tara Westcott (Senior statutory auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Fourth Floor

St James House

St James Square

Cheltenham

Gloucestershire

GL50 3PR

Date: 26 September 2022

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Income from:</b>					
Donations	4	131,325	-	131,325	482,057
<b>Charitable activities:</b>					
Fees		3,308,333	-	3,308,333	3,638,584
Other educational income		333,301	-	333,301	423,778
Other trading activities	8	166,674	-	166,674	152,705
Investments	7	66	-	66	935
<b>Total income</b>		<b>3,939,699</b>	<b>-</b>	<b>3,939,699</b>	<b>4,698,059</b>
<b>Expenditure on:</b>					
Raising funds		141,532	-	141,532	82,035
Charitable activities	9	4,132,808	-	4,132,808	4,701,104
<b>Total expenditure</b>		<b>4,274,340</b>	<b>-</b>	<b>4,274,340</b>	<b>4,783,139</b>
<b>Net expenditure before taxation</b>		<b>(334,641)</b>	<b>-</b>	<b>(334,641)</b>	<b>(85,080)</b>
Taxation	15	-	-	-	(7,200)
<b>Net expenditure after taxation</b>		<b>(334,641)</b>	<b>-</b>	<b>(334,641)</b>	<b>(92,280)</b>
Transfers between funds	23	27,126	(27,126)	-	-
<b>Net movement in funds</b>		<b>(307,515)</b>	<b>(27,126)</b>	<b>(334,641)</b>	<b>(92,280)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		259,867	38,203	298,070	390,350
Net movement in funds		(307,515)	(27,126)	(334,641)	(92,280)
<b>Total funds carried forward</b>		<b>(47,648)</b>	<b>11,077</b>	<b>(36,571)</b>	<b>298,070</b>

The notes on pages 20 to 46 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	16	-	25,921
Tangible assets	17	3,601,250	3,704,390
Investments	18	-	70
		<u>3,601,250</u>	<u>3,730,381</u>
<b>Current assets</b>			
Stocks	19	39,730	27,786
Debtors	20	164,329	285,009
Cash at bank and in hand		725	1,258
		<u>204,784</u>	<u>314,053</u>
Creditors: amounts falling due within one year	21	<u>(3,315,736)</u>	<u>(3,020,373)</u>
<b>Net current liabilities</b>		<b>(3,110,952)</b>	<b>(2,706,320)</b>
<b>Total assets less current liabilities</b>		<b>490,298</b>	<b>1,024,061</b>
Creditors: amounts falling due after more than one year	22	(526,869)	(725,991)
<b>Net (liabilities)/assets excluding pension asset</b>		<b>(36,571)</b>	<b>298,070</b>
<b>Total net (liabilities)/assets</b>		<b>(36,571)</b>	<b>298,070</b>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059059 (England and Wales)**

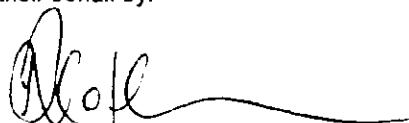
**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Charity funds</b>			
Restricted funds	23	11,077	38,203
Unrestricted funds			
General funds	23	(461,749)	(184,431)
Revaluation reserve		414,101	444,298
Total unrestricted funds	23	<u>(47,648)</u>	<u>259,867</u>
<b>Total funds</b>		<u><u>(36,571)</u></u>	<u><u>298,070</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 23/8/22 and signed on their behalf by:



**Mr A Khan**  
Chair of Trustees

The notes on pages 20 to 46 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

**SCHOOL BALANCE SHEET**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	17	3,425,996	3,528,263
Investments	18	166,743	172,117
		3,592,739	3,700,380
<b>Current assets</b>			
Stocks	19	39,730	27,786
Debtors	20	176,913	256,074
Cash at bank and in hand		724	1,243
		217,367	285,103
Creditors: amounts falling due within one year	21	(3,312,016)	(3,009,933)
<b>Net current liabilities</b>		(3,094,649)	(2,724,830)
<b>Total assets less current liabilities</b>		498,090	975,550
Creditors: amounts falling due after more than one year	22	(526,869)	(725,991)
<b>Total net (liabilities)/assets</b>		(28,779)	249,559

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

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**SCHOOL BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2021**

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	Note	2021 £	2020 £
<b>Charity funds</b>			
Restricted funds	23	11,077	38,203
Unrestricted funds			
General funds	23	(498,861)	(251,573)
Revaluation Reserve	23	459,005	462,929
Total unrestricted funds	23	<u>(39,856)</u>	<u>211,356</u>
<b>Total funds</b>		<u><u>(28,779)</u></u>	<u><u>249,559</u></u>

The School's net movement in funds for the year was £(278,338) (2020 - £(178,678)).

The financial statements were approved and authorised for issue by the Trustees on 23/9/22 and signed on their behalf by:



**Mr A Khan**  
Chair of Trustees

The notes on pages 20 to 46 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash (provided by)/ used in operating activities	25	(34,547)	19,983
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		66	935
Proceeds from the sale of tangible fixed assets		-	1,700
Purchase of tangible fixed assets		(4,371)	(48,001)
Financing costs		(49,523)	(45,437)
Interest element of HP payments		(20,665)	(14,402)
<b>Net cash used in investing activities</b>		<b>(74,493)</b>	<b>(105,205)</b>
<b>Cash flows from financing activities</b>			
Cash inflows from new borrowing		-	50,000
Repayments of borrowing		(44,586)	(30,584)
Repayments of finance leases		(51,912)	(44,882)
<b>Net cash used in financing activities</b>		<b>(96,498)</b>	<b>(25,466)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(205,538)</b>	<b>(110,688)</b>
Cash and cash equivalents at the beginning of the year		(168,160)	(57,472)
<b>Cash and cash equivalents at the end of the year</b>	26	<b>(373,698)</b>	<b>(168,160)</b>

The notes on pages 20 to 46 form part of these financial statements

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**1. General Information**

Lucton Pierrepont School Educational Trust is a registered charity with the Charities Commission England and Wales (charity no: 518067) and is incorporated as a company limited by guarantee (company no: 02059659 England and Wales). The registered address is Lucton School, Leominster, Herefordshire, HR6 9PN.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Lucton Pierrepont School Educational Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the School and its subsidiary undertakings, detailed in note 18. The results of the subsidiaries are consolidated on a line by line basis.

All intra-group transactions are eliminated on consolidation. Whilst the parent charity adopts a revaluation model for land and buildings, Lucton School Limited adopt historic cost. Therefore, on consolidation the land and buildings within Lucton School Limited are revalued.

Lucton International Schools Limited has a 70% shareholding in Lucton Education Investments Limited, incorporated in Hong Kong. The income and expenditure from this is recognised within Lucton International Schools Limited.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The School has also taken advantage of the exemption available to a qualifying entity in FRS102 from the requirement to present a School only Statement of Cash Flows and certain disclosures about the School's financial instruments within the consolidated financial statements.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.2 Going concern**

The global pandemic necessitated the closure of the school in March 2020, with boarding pupil roll significantly impacted in to and beyond 2020/21. The impact on the school was significant, so despite savings plans implemented immediately, a breach of the loan covenants occurred for the year ended 31 August 2021.

With funding requirements reaching levels beyond that which the bank would support, Trustees acted proactively to safeguard the long-term future of the school, commencing negotiations with alternative funders. Bank support was extended to October 2022 to allow due process, an approach rewarded by the intervention of Alpha Schools, a national education group, providing financial, operational and governance support, providing greater certainty for the school and its lenders. A legal agreement completed on 29th November 2021 includes a commitment from Alpha Schools to provide required cash inputs to maintain the "Going Concern" status of the school for a maximum of 5 years.

The Trustees have reviewed the forecasts prepared by management which have been sensitised to reflect possible downside scenarios as a result of reduced pupil numbers and income levels. These demonstrate that additional cash injections are required by Alpha School for the next 18 month period but with this, the school is able to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. As such, the trustees are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

**2.3 Income**

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships and Bursaries. Where fees are paid in advance, the income is deferred until the term to which it relates. These deferred amounts are shown on the Balance sheet within creditors.

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Grants, including government grants, are included in the Consolidated 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.4 Expenditure**

Charitable activities – expenses are charged to the Consolidated Statement of financial activities on an accruals basis. Expenditure is allocated to functional headings either on a direct cost basis or apportioned according to time spent.

*Costs of raising funds – includes all trading subsidiary costs.*

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Governance costs – includes those costs associated with constitutional and statutory requirements such as audit fees, legal costs and Trustees' expenses.

Support costs – comprise costs including staff, which are all attributable to the costs of providing education.

The irrecoverable element of VAT is included with the item or expense to which it relates.

**2.5 Employee benefits**

Termination benefits are recognised immediately as an expense when the School is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2.6 Taxation**

The School is exempt from corporation tax on its charitable activities.

In the prior year, not all of the trading subsidiary's profits were gift aided to the parent charity, Lucton School, and as a result Lucton International Schools Limited incurred a tax charge.

Lucton International Schools Limited will gift aid its profits within 9 months of the year end, therefore no corporation tax charge will be due this year.

**2.7 Intangible assets and amortisation**

Amortisation has been charged on the goodwill on a straight-line basis over 10 years effective from the year ended 31 August 2016 to comply with the requirements of FRS 102. The charge for the year is shown in the Consolidated statement of financial activities.

Amortisation is provided on the following basis:

Goodwill	- 10 % Straight line
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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Tangible fixed assets costing more than £1,000 are capitalised.

Freehold property	- 1% - 2% straight line
Plant and machinery	- 2 - 5% straight line on cost
Motor vehicles	- 25% on reducing balance
Fixtures and fittings	- 20% on cost and 20% on reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

**2.9 Impairment of fixed assets**

At each reporting end date, the School reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**2.10 Investments**

Investments in subsidiaries are measured at cost less impairment.

**2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value.

**2.12 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.13 Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**2.14 Creditors**

Creditors are recognised where the School has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**2.15 Financial Instruments**

The School only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**2. Accounting policies (continued)**

**2.17 Pensions**

**Teaching staff**

The School contributes to the Teachers' Pension Scheme at the advised rates and also makes contributions to a 'money purchase' scheme for support staff. As it is not possible to separately identify the assets and liabilities of the Teachers' Pension Agency Scheme, it is accounted for as if it were a defined contribution scheme under FRS 102. The Schools' contributions to the schemes are charged in the financial statements as they accrue. For further information see note 27.

**Support staff**

The School operates a pension scheme for its support staff, a defined contributions scheme. Contributions payable to the school's defined contribution scheme are charged to the Statement of financial activities.

**2.18 Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

A revaluation reserve was set up as the land and buildings were revalued to fair value on the conversion of the SORP to SORP FRS 102.

Restricted funds can only be used for particular restricted purposes within the objects of the school. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**3. 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.

The school makes estimates and assumptions concerning the future.

Critical accounting estimates and assumptions:

Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 2.8 for the rates used and the carrying values of assets are shown in note 17.

Impairment of debtors

The school makes an estimate of the recoverable value of fee debtors, trade and other debtors. When assessing the impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and the associated impairment provision.

Impairment of Assets and the Assessment of Property Valuations

The school has a market valuation performed every three years and ensures that the carrying value of their assets remains lower than the fair value of the assets on the open market, and therefore that there is no impairment. Between the valuations, management is required to review the assets for impairment, and therefore this remains an area of judgement.

Assessment of the Pension Liability

The school is provided with a liability schedule by the pension provider, payable over the next 7 years. The amount is material and therefore must be discounted to net present value using an appropriate discount rate. Management have decided that the most appropriate discount rate is 2.1%, the same rate as their current borrowings.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**4. Income from donations**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
<b>Government grants</b>				
Nursery Early Years Funding	105,767	-	105,767	90,581
Small Business Grant	-	-	-	10,000
Coronavirus Job Retention Scheme	13,358	-	13,358	323,788
	<u>119,125</u>	<u>-</u>	<u>119,125</u>	<u>424,369</u>
Donations	12,200	-	12,200	57,688
	<u>131,325</u>	<u>-</u>	<u>131,325</u>	<u>482,057</u>
<i>Total 2020</i>	<u>474,507</u>	<u>7,550</u>	<u>482,057</u>	

**5. Fees**

	2021 £	2020 £
<b>Fees receivable consist of:</b>		
Gross fees	4,703,970	5,432,341
Less bursaries and other allowances	(1,395,637)	(1,793,757)
	<u>3,308,333</u>	<u>3,638,584</u>

All fee income is unrestricted.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**6. Other educational income**

	2021	2020
	£	£
Music, dance and drama	78,520	55,324
School outings and clubs	5,435	52,233
Examinations and extra lessons	41,932	72,923
Horse riding and stable fees	43,294	42,297
Transport	101,479	85,611
Uniforms	26,534	34,952
Other income	36,107	80,438
	333,301	423,778

*Other educational income is unrestricted.*

**7. Investment income**

	Unrestricted funds 2021	Total funds 2021	Total funds 2020
	£	£	£
Interest receivable	66	66	935
	66	66	935
<i>Total 2020</i>	935	935	

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**8. Income from other trading activities**

**Income from non charitable trading activities**

	<b>Unrestricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Biomass income	44,472	<b>44,472</b>	41,889
Trading Income - Lucton International Schools Limited	80,725	<b>80,725</b>	72,646
Rental income	41,477	<b>41,477</b>	38,170
	<u>166,674</u>	<u><b>166,674</b></u>	<u>152,705</u>
<i>Total 2020</i>	<u>152,705</u>	<u><b>152,705</b></u>	

**9. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>Total funds 2020 £</i>
Teaching	2,278,584	-	<b>2,278,584</b>	2,606,799
Welfare	345,672	-	<b>345,672</b>	397,436
Premises	590,382	-	<b>590,382</b>	634,056
Support	918,170	-	<b>918,170</b>	1,062,813
	<u>4,132,808</u>	<u>-</u>	<u><b>4,132,808</b></u>	<u>4,701,104</u>
<i>Total 2020</i>	<u>4,700,954</u>	<u>150</u>	<u><b>4,701,104</b></u>	

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**10. Analysis of expenditure by activities**

	<b>Teaching</b> <b>2021</b> £	<b>Welfare</b> <b>2021</b> £	<b>Premises</b> <b>2021</b> £	<b>Support</b> <b>2021</b> £	<b>Total</b> <b>funds</b> <b>2021</b> £	<b>Total</b> <b>funds</b> <b>2020</b> £
Staff costs	2,155,057	-	238,427	329,230	<b>2,722,714</b>	3,139,033
Depreciation	-	22,120	85,391	-	<b>107,511</b>	120,397
Other costs	123,527	323,562	266,564	588,940	<b>1,302,583</b>	1,441,674
	<u>2,278,584</u>	<u>345,672</u>	<u>590,382</u>	<u>918,170</u>	<u><b>4,132,808</b></u>	<u>4,701,104</u>
<i>Total 2020</i>	<u>2,606,799</u>	<u>397,436</u>	<u>634,056</u>	<u>1,062,813</u>	<u>4,701,104</u>	

**11. Governance costs**

Governance included in support costs include:

	<b>2021</b> £	<b>2020</b> £
Audit fees	<b>29,592</b>	22,877
Accountancy	<b>4,836</b>	2,400
Legal and professional	<b>53,574</b>	10,979
Trustees' expenses	<b>364</b>	1,242
	<u><b>88,366</b></u>	<u>37,498</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**12. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the School's auditor for the audit of the School's annual accounts	<b>23,360</b>	22,877
Fees payable to the School's auditor in respect of: All non-audit services not included above	<b>4,030</b>	2,400

**13. Staff costs**

	Group 2021 £	Group 2020 £	School 2021 £	School 2020 £
Wages and salaries	<b>2,198,698</b>	2,541,390	<b>2,198,698</b>	2,541,390
Social security costs	<b>189,439</b>	218,391	<b>189,439</b>	218,391
Contribution to defined contribution pension schemes	<b>334,577</b>	379,252	<b>334,577</b>	379,252
	<b>2,722,714</b>	3,139,033	<b>2,722,714</b>	3,139,033

During the year redundancy and termination payments totalling £1,166 were made (2020: £40,229).

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

	Group 2021 No.	Group 2020 No.
Teaching	<b>72</b>	56
Support and ancillary	<b>31</b>	56
	<b>103</b>	112

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**13. Staff costs (continued)**

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

	<b>Group 2021 No.</b>	<i>Group 2020 No.</i>
In the band £90,001 - £100,000	-	1
In the band £120,001 - £130,000	-	1

Remuneration paid to key management personnel was £179,736 (2020: £267,510). Key management personnel in the prior year comprised the Headteacher and the Bursar. Key management personnel in 2021 comprised of the bursar and two deputy head teachers.

**14. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, expenses totalling £364 were reimbursed or paid directly to 3 Trustees (2020 - £1,242 to 3 Trustees). Expenses related to travel and stationery.

**15. Taxation**

	<b>2021 £</b>	<i>2020 £</i>
<b>Corporation tax</b>		
Current tax on net expenditure for the year	-	7,200
<b>Taxation on net expenditure</b>	<u>-</u>	<u>7,200</u>

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021 £</b>	<i>2020 £</i>
Net expenditure before tax	<u>(334,641)</u>	<u>(85,080)</u>
Net expenditure multiplied by the standard rate of corporation tax in the UK of 19 (2020 - 19%).	<b>(63,582)</b>	<i>(16,165)</i>
<b>Effects of:</b>		
Charitable activities not subject to taxation	<b>63,582</b>	23,365
<b>Total tax charge for the year</b>	<u>-</u>	<u>7,200</u>

There are no factors considered likely to affect future tax charges.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**16. Intangible assets**

**Group**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 September 2020	52,441
At 31 August 2021	<u>52,441</u>
<b>Amortisation</b>	
At 1 September 2020	26,520
Charge for the year	5,544
Impairment charge	20,377
At 31 August 2021	<u>52,441</u>
<b>Net book value</b>	
At 31 August 2021	<u>-</u>
At 31 August 2020	<u>25,921</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**17. Tangible fixed assets**

**Group**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 September 2020	3,018,537	416,210	397,864	1,084,865	4,917,476
Additions	1,033	-	-	3,338	4,371
At 31 August 2021	<u>3,019,570</u>	<u>416,210</u>	<u>397,864</u>	<u>1,088,203</u>	<u>4,921,847</u>
<b>Depreciation</b>					
At 1 September 2020	26,241	45,626	298,781	842,438	1,213,086
Charge for the year	26,273	14,574	22,121	44,543	107,511
At 31 August 2021	<u>52,514</u>	<u>60,200</u>	<u>320,902</u>	<u>886,981</u>	<u>1,320,597</u>
<b>Net book value</b>					
At 31 August 2021	<u>2,967,056</u>	<u>356,010</u>	<u>76,962</u>	<u>201,222</u>	<u>3,601,250</u>
At 31 August 2020	<u>2,992,296</u>	<u>370,584</u>	<u>99,083</u>	<u>242,427</u>	<u>3,704,390</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**17. Tangible fixed assets (continued)**

**School**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 September 2020	2,841,537	416,210	397,864	1,084,865	4,740,476
Additions	1,033	-	-	3,338	4,371
At 31 August 2021	<u>2,842,570</u>	<u>416,210</u>	<u>397,864</u>	<u>1,088,203</u>	<u>4,744,847</u>
<b>Depreciation</b>					
At 1 September 2020	25,368	45,626	298,781	842,438	1,212,213
Charge for the year	25,400	14,574	22,121	44,543	106,638
At 31 August 2021	<u>50,768</u>	<u>60,200</u>	<u>320,902</u>	<u>886,981</u>	<u>1,318,851</u>
<b>Net book value</b>					
At 31 August 2021	<u>2,791,802</u>	<u>356,010</u>	<u>76,962</u>	<u>201,222</u>	<u>3,425,996</u>
At 31 August 2020	<u>2,816,169</u>	<u>370,584</u>	<u>99,083</u>	<u>242,427</u>	<u>3,528,263</u>

The freehold property was revalued at market value in March 2019 by Pinders, Chartered Surveyors.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**18. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 September 2020	70
At 31 August 2021	70
<b>Impairment</b>	
Charge for the year	70
At 31 August 2021	70
<b>Net book value</b>	
At 31 August 2020	70

In 2018 Lucton International School entered into a joint venture with Lucton Education Investment Ltd based in Hong Kong. The amount has been fully impaired in this year's accounts as the entity was dissolved in October 2021.

	<b>Investments in subsidiary companies £</b>
<b>School</b>	
<b>Cost or valuation</b>	
At 1 September 2020	234,088
At 31 August 2021	234,088
<b>Impairment</b>	
At 1 September 2020	61,971
Charge for the year	5,374
At 31 August 2021	67,345

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**18. Fixed asset investments (continued)**

**Net book value**

At 31 August 2021	<b>166,743</b>
At 31 August 2020	<b>172,117</b>

The School has two subsidiary undertakings, Lucton School Limited (company number: 07067619) and Lucton International Schools Limited (company number: 09825420). Both are 100% owned and included in the consolidation. The registered address for both subsidiaries is Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN.

**Principal subsidiaries**

The following were subsidiary undertakings of the School:

Names	Company number	Registered office or principal place of business	Class of shares	Holding
Lucton School Limited	07067619	Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN	Ordinary	100%
Lucton International Schools Limited	09825420	Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN	Ordinary	100%

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) / for the year £	Net assets/ (liabilities) £
Lucton School Limited	-	3,947	(3,947)	168,167
Lucton International Schools Limited	80,725	112,534	(31,809)	(671)

**19. Stocks**

	Group 2021 £	Group 2020 £	School 2021 £	School 2020 £
School uniforms	<b>39,730</b>	<b>27,786</b>	<b>39,730</b>	<b>27,786</b>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**20. Debtors**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>School 2021 £</b>	<i>School 2020 £</i>
Trade debtors	62,196	131,396	62,196	84,353
Amounts owed by group undertakings	-	-	12,584	18,108
Other debtors	21,856	42,714	21,856	42,714
Prepayments and accrued income	80,277	110,899	80,277	110,899
	<b>164,329</b>	<i>285,009</i>	<b>176,913</b>	<i>256,074</i>

Included within trade debtors is a provision for bad debts totalling £26,995 (2020: £26,700).

**21. Creditors: Amounts falling due within one year**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>School 2021 £</b>	<i>School 2020 £</i>
Bank overdrafts	374,423	169,418	374,423	169,418
Bank loans	1,120,033	1,155,452	1,120,033	1,155,452
Fee deposits	38,380	104,125	38,380	104,125
Trade creditors	273,969	191,496	273,969	191,496
Fees in advance	596,671	572,528	596,671	572,528
Amounts owed to group undertakings	-	-	10,554	-
Corporation tax	7,200	7,200	-	-
Other taxation and social security	308,893	293,336	308,893	293,336
Obligations under finance lease and hire purchase contracts	50,023	51,912	50,023	51,912
Other creditors	451,851	442,979	451,851	442,979
Accruals	94,293	31,927	87,219	28,687
	<b>3,315,738</b>	<i>3,020,373</i>	<b>3,312,016</b>	<i>3,009,933</i>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**21. Creditors: Amounts falling due within one year (continued)**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>Company 2021 £</b>	<i>Company 2020 £</i>
Deferred income at 1 September 2020	577,528	82,164	577,528	82,164
Resources deferred during the year	591,671	577,528	591,671	577,528
Amounts released from previous periods	(572,528)	(82,164)	(572,528)	(82,164)
	<u>596,671</u>	<u>577,528</u>	<u>596,671</u>	<u>577,528</u>

Deferred income represents fees invoiced during the year which relate to the following academic year, seen as fees in advance within these financial statements. The amount deferred at the year-end will be released in the year ended August 2022.

**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>School 2021 £</b>	<i>School 2020 £</i>
Bank loans	37,500	46,667	37,500	46,667
Fee deposits	151,038	292,930	151,038	292,930
Net obligations under finance lease and hire purchase contracts	196,544	246,567	196,544	246,567
Fees in advance	-	5,000	-	5,000
Other creditors	141,787	134,827	141,787	134,827
	<u>526,869</u>	<u>725,991</u>	<u>526,869</u>	<u>725,991</u>

Included within the above are amounts falling due as follows:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>School 2021 £</b>	<i>School 2020 £</i>
<b>Between one and two years</b>				
Bank loans	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
<b>Between two and five years</b>				
Bank loans	<u>27,500</u>	<u>30,000</u>	<u>27,500</u>	<u>30,000</u>
<b>Over five years</b>				
Bank loans	<u>-</u>	<u>6,667</u>	<u>-</u>	<u>6,667</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**22. Creditors: Amounts falling due after more than one year (continued)**

Included within bank loans are:

A bank loan with Lloyds bank commencing on 1 May 2019, repayable by monthly instalments. The interest rate on the loan is fixed at 2.1% above the base rate. Due to a breach of bank covenants for the year ended 31 August 2021 and 2020 the bank loans are shown as due within one year.

A *Bounce Back* loan of £50,000 commencing on 7 May 2020, repayable by 72 monthly repayments at 2.5% fixed interest.

These loans were secured by the following:

1. A first legal charge over the freehold property of the school.
2. A first legal charge over the equestrian land owned by the subsidiary.
3. An unlimited debenture from the school.
4. An unlimited debenture from Lucton School Limited.
5. An unlimited all monies guarantee from the subsidiary.

**23. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers In/out £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>					
General Fund	(184,431)	3,939,699	(4,248,067)	31,050	(461,749)
Revaluation reserve	444,298	-	(26,273)	(3,924)	414,101
	<u>259,867</u>	<u>3,939,699</u>	<u>(4,274,340)</u>	<u>27,126</u>	<u>(47,648)</u>
<b>Restricted funds</b>					
Portrait of the founder donated to the school	11,077	-	-	-	11,077
Sports hall project	25,626	-	-	(25,626)	-
Outside play equipment	1,500	-	-	(1,500)	-
	<u>38,203</u>	<u>-</u>	<u>-</u>	<u>(27,126)</u>	<u>11,077</u>
<b>Total of funds</b>	<u><u>298,070</u></u>	<u><u>3,939,699</u></u>	<u><u>(4,274,340)</u></u>	<u><u>-</u></u>	<u><u>(36,571)</u></u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

**23. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Taxation £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2020 £</i>
<b>Unrestricted funds</b>						
General Fund	(124,775)	4,690,509	(4,756,748)	(7,200)	13,783	(184,431)
Revaluation reserve	470,539	-	(26,241)	-	-	444,298
	<u>345,764</u>	<u>4,690,509</u>	<u>(4,782,989)</u>	<u>(7,200)</u>	<u>13,783</u>	<u>259,867</u>
<b>Restricted funds</b>						
Portrait of the founder donated to the school	11,077	-	-	-	-	11,077
Sports hall project	25,626	-	-	-	-	25,626
Shop	1,841	-	-	-	(1,841)	-
Classroom	3,742	-	-	-	(3,742)	-
Storage unit	398	-	-	-	(398)	-
Dining room folding doors	1,902	-	-	-	(1,902)	-
Anti-slip covering	-	150	(150)	-	-	-
Prep School new staging	-	4,000	-	-	(4,000)	-
Nursery pirate ship	-	1,900	-	-	(1,900)	-
Outside play equipment	-	1,500	-	-	-	1,500
	<u>44,586</u>	<u>7,550</u>	<u>(150)</u>	<u>-</u>	<u>(13,783)</u>	<u>38,203</u>
<b>Total of funds</b>	<u>390,350</u>	<u>4,698,059</u>	<u>(4,783,139)</u>	<u>(7,200)</u>	<u>-</u>	<u>298,070</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**23. Statement of funds (continued)**

The purpose of the restricted fund of £11,077 is to hold and maintain the Portrait of the Founder for the future benefit of the school. This restriction was imposed by the Charity Commission when the charity acquired the portrait from the charitable organisation previously responsible for the school.

Transfers between funds are to reflect the restricted funds which have been fully utilised on capital items and their restrictions fulfilled. These have therefore been reclassified to unrestricted funds.

The trustees are aware that the school is operating with negative general funds which has increased in the year due to an operating loss of the school. Plans are in place to make the school profitable again with the help of Alpha Schools and a number of actions have been implemented immediately to reduce this balance going forward. These are set out in the Future Development section of the trustees report.

**24. Analysis of net assets between funds**

*Analysis of net assets between funds - current year*

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	3,590,173	11,077	3,601,250
Current assets	204,784	-	204,784
Creditors due within one year	(3,315,736)	-	(3,315,736)
Creditors due in more than one year	(526,869)	-	(526,869)
<b>Total</b>	<b>(47,648)</b>	<b>11,077</b>	<b>(36,571)</b>

*Analysis of net assets between funds - prior year*

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	3,704,390	-	3,704,390
Intangible fixed assets	25,921	-	25,921
Fixed asset investments	70	-	70
Current assets	275,850	38,203	314,053
Creditors due within one year	(3,020,373)	-	(3,020,373)
Creditors due in more than one year	(725,991)	-	(725,991)
<b>Total</b>	<b>259,867</b>	<b>38,203</b>	<b>298,070</b>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**25. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Net expenditure for the year (as per Statement of Financial Activities)	<b>(334,641)</b>	<i>(92,280)</i>
<b>Adjustments for:</b>		
Depreciation charges	<b>107,511</b>	<i>120,397</i>
Amortisation charges	<b>25,921</b>	<i>5,544</i>
Dividends, interests and rents from investments	<b>(66)</b>	<i>(935)</i>
(Profit) on the sale of fixed assets	<b>-</b>	<i>(227)</i>
(Increase) / Decrease in stocks	<b>(11,944)</b>	<i>18,336</i>
Decrease / (Increase) in debtors	<b>120,680</b>	<i>(5,665)</i>
(Decrease)/Increase in creditors	<b>(12,196)</b>	<i>(85,026)</i>
Financing costs	<b>49,523</b>	<i>45,437</i>
Interest element of HP and finance lease payments	<b>20,665</b>	<i>14,402</i>
<b>Net cash (used in)/provided by operating activities</b>	<b>(34,547)</b>	<i>19,983</i>

**26. Analysis of cash and cash equivalents**

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Cash in hand	<b>725</b>	<i>1,258</i>
Overdraft facility repayable on demand	<b>(374,423)</b>	<i>(169,418)</i>
<b>Total cash and cash equivalents</b>	<b>(373,698)</b>	<i>(168,160)</i>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**27. Analysis of changes in net debt**

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	1,258	(533)	725
Bank overdrafts repayable on demand	(169,418)	(205,005)	(374,423)
Debt due within 1 year	(1,727,980)	11,276	(1,716,704)
Debt due after 1 year	(51,667)	14,167	(37,500)
Finance leases	(298,479)	51,912	(246,567)
	<u>(2,246,286)</u>	<u>(128,183)</u>	<u>(2,374,469)</u>

**28. Pension commitments**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £308,108 (2020: £342,603) and at the year-end £68,324 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

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**28. Pension commitments (continued)**

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

**Non-Teaching Staff**

Certain non-academic staff are members of The Independent Schools' Pension Scheme (ISPEN). This is an industry-wide funded defined benefits scheme. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the school.

The last formal valuation of the Scheme was performed as at 30 September 2014 by a professionally qualified actuary. The market value of the Scheme's assets at the valuation date was £110 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37 million, equivalent to a past service funding level of 75%.

Annual funding updates of the Scheme are carried out using approximate actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the Scheme since the last full valuation. The following notes relate to the formal actuarial valuation as at 30 September 2014.

The financial assumptions underlying the last valuation as at 30 September 2014 were as follows:

	% p.a
Investment return pre-retirement	5.1
Investment return post retirement - non-pensioner	3.3
Investment return post retirement - pensioner	3.3
Rate of pension increases	
RPI	3.1
CPI	2.2

The ongoing future service contributions rate has been assessed and if the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 August 2029.

The pension charge for the year represents the School's contributions payable to the Scheme of £26,469 (2020: £36,649) and at the year-end £17,438 was accrued in respect of contributions to this scheme. Included in this is a fixed monthly amount of £1,829, being £1,018 in respect of deficit amounts and £117 in respect of administrative expenses. From 1 September 2021 the fixed monthly amount has increased to

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**28. Pension commitments (continued)**

£1,572 being £1,338 in respect of deficit amounts and £152 in respect of administrative expenses.

In accordance with FRS 102 the school has recognised a liability in relation to the deficit, measured at amortised cost and included within other creditors.

**29. Operating lease commitments**

At 31 August 2021 the Group and the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>	<b>School 2021 £</b>	<i>School 2020 £</i>
Not later than 1 year	35,952	38,162	35,952	38,162
Later than 1 year and not later than 5 years	925	35,644	925	35,644
	<u>36,877</u>	<u>73,806</u>	<u>36,877</u>	<u>73,806</u>

The School has an agreement in place with a catering company for the provision of catering services. It is anticipated that payments totalling £263,000 will be made in respect of this in the next 12 months.

**30. Related party transactions**

During the year the school entered into the following transactions with related parties:

During the year purchases of £18,104 (2020: £16,703) were made from Markham Garages Limited a company in which Bryan Markham, a Director of Lucton School Limited, has a controlling interest. There is an amount owed to Markham Garages Limited of £3,724 (2020: £3,992) included in trade creditors at the year end.

The children of staff and trustees may attend the school. In such cases trustees pay school fees at the standard rates available to all parents, but staff members may receive a fee remission at an agreed rate.

During the year ended 31 August 2021, expenses totalling £364 were reimbursed or paid directly to 3 trustees. Expenses relate to travel and stationery (2020: £nil was reimbursed).

Intercompany balances at the year end were £12,584 (2020: £12,572) owed by Lucton School Limited and £10,554 (2020: £5,536) owed by Lucton International Limited.

**31. Post balance sheet events**

On the 29 November 2021 Alpha Schools took over the ownership of Lucton Pierrepont School Educational Trust and its subsidiaries Lucton School Limited and Lucton International Schools Limited.



**Crowe U.K. LLP**  
Chartered Accountants  
Member of Crowe Global  
4th Floor  
St James House  
St James' Square  
Cheltenham  
Gloucestershire GL50 3PR, UK  
Tel +44 (0)1242 234421  
www.crowe.co.uk

Registrar of Companies  
Companies House  
General Section  
Crown Way  
CARDIFF  
CF14 3UZ

**Date**

29/09/2022

**Ref**

TW/LR

Dear Sirs

**Company:**

LUCTON SCHOOL LIMITED

**Registered Number:**

07067619

We enclose the following documents for your attention:

**Accounts:**

Year ended 31 August 2021

**Forms:**

N/A

Please stamp and return this letter as acknowledgement of receipt in the SAE provided.

Yours faithfully

*Crowe UK LLP*

**CROWE U.K. LLP**

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

England & Wales - Charity number 518076

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# Accounts

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**Registered number: 02059659 (England and Wales)**  
**Charity number: 518076**

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**CONTENTS**

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	Page
<b>Reference and administrative details of the School, its Trustees and advisers</b>	1
<b>Trustees' report</b>	2 - 9
<b>Independent auditor's report on the financial statements</b>	10 - 13
<b>Consolidated statement of financial activities</b>	14 - 15
<b>Consolidated balance sheet</b>	16 - 17
<b>School balance sheet</b>	18 - 19
<b>Consolidated statement of cash flows</b>	20
<b>Notes to the financial statements</b>	21 - 49

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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<b>Trustees</b>	Mr A J Furniss Mr R S Sherrey Mr M T Boobbyer Mr P D Morris Dr A Paterson Mr A D Miles Mrs D J Marten Revd M Kneen Mr G S F Bell (appointed 9 June 2020)
<b>Company registered number</b>	02059659 (England and Wales)
<b>Charity registered number</b>	518076
<b>Company secretary</b>	Mr K P Thorne (resigned 31 August 2020) Mrs D J Marten (appointed 1 November 2020)
<b>Head Teacher</b>	Mrs G Thorne (until 31 August 2020) Mr J H Goode (Acting Head Teacher from 1 September 2020) Mrs E Niblett (Acting Head Teacher from 1 September 2020)
<b>Independent auditor</b>	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham Gloucestershire GL50 3PR
<b>Bankers</b>	Lloyds TSB Bank PLC Ariel House 2138 Coventry Road Sheldon B26 3JW
<b>Solicitors</b>	Harrison Clark Rickerbys Solicitors Thorpe House 29 Broad Street Hereford HR4 9AR

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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) (effective 1 January 2019)".

**Objects, Aims, Objectives and Activities**

The objects of the charity are:

To promote and provide for the advancement of education of children in the United Kingdom and elsewhere, such education to be designed to give a sound religious and moral basis to all pupils.

Aims and Objectives for the Year

Beyond the teaching of traditional academic subjects and some vocational qualifications, pupils are expected to develop in the broadest educational sense, preparing them for adult life in an ever-changing world. In addition to academic and co-curricular excellence, the school seeks to provide awareness of technological advancement and environmental issues, thereby equipping pupils for an increasingly global setting as they transition to adulthood.

The strategies employed to achieve the charity's aims and objectives and to support long-term goals are to:

- Provide excellent teaching through the recruitment and retention of high-quality classroom practitioners at all age ranges.
- Adopt and promote high standards of behaviour amongst the pupils.
- Inculcate a culture of integration between local and overseas students.
- Enhance the nursery provision to provide healthy numbers entering the school at age 4/5.
- Invest in staff and support self-improvement by providing inset training and funding external courses.
- Improve the facilities on offer at the school.
- Conserve and improve the buildings of the school.
- Introduce the benefits of the school to as wide an audience as possible, including overseas markets and those in the UK who might not be able to afford an independent school education.

Either directly, or through certain members of staff, the school holds membership of the Association of Governing Bodies of Independent Schools (AGBIS), the Independent Schools Council (ISC), The Independent Schools Association (ISA), The Boarding Schools Association (BSA), The Independent Schools Bursars' Association (ISBA) and through the Head of the Prep School, the Independent Association of Prep Schools (IAPS), thus providing access to many support and CPD opportunities for staff. Collectively, these organisations provide immense support, from courses to policy guidance and a whole raft of advice and assistance.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Success is measured through external academic results, places secured at universities and other higher education institutions, alongside other less metric aspects, particularly well-being.

Public benefit is achieved through the provision of subsidised and full place awards to pupils otherwise unable to attend the school, alongside provision of the assets of the school for local primary schools and the wider local community, primarily achieved through sports facilities.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2020**

The Directors of the Company present their annual report for the year ended 31st August 2020, together with the financial statements for the year, which have been prepared in accordance with Company Law and in compliance with Charities SORP (FRS 102).

**Activities, Achievements and Performance**

With the global pandemic dominating the national economic as well as educational agenda, academic performance takes on a much wider definition than mere exam results for the 2019/20 academic year. Testimony to staff and children is that the school has continued to offer an excellent education to pupils who have continued to learn under an array of circumstances. Online learning was successfully delivered to overseas students who were unable to return for the summer term, as well as local pupils who saw the school close other than for the attendance of children of key workers for the entire summer term. The dedication of staff and pupils ensured that ultimate outcomes, particularly for those who would in a normal year have been sitting external examinations, were broadly speaking unaffected by the disruption caused by the pandemic.

GCSE

Fantastic news for our Year 11 pupils who achieved a 97% pass rate in their GCSEs with 87% of the year group attaining 5 or more passes including English and Mathematics. Science results continue to be very good at Lucton and the separate science subjects were amongst many that saw pupils sitting them achieving a 100% pass rate.

A Levels

In a difficult year for all, Lucton School's Year 13 pupils celebrated another year of excellent results! The press release embodied the pride and sense of achievement from within the staff base, with Acting Head and Head of Sixth Form, John Goode, praising pupils, "I am absolutely delighted. Our pupils have worked so hard and can now look forward confidently to continuing in their chosen fields of study. Some have had grades reduced through the new standardisation process though even so, nearly 40% of results are A\* and A grades and 80% of Lucton School A Level students achieved A\* to C".

A significant number of students achieved top A\* and A grades with one achieving A\*A\*A B plus a distinction in Advanced Extended Maths, with four further pupils achieving A\*AA, all of whom will be moving on to higher education at some of the most prestigious universities in the United Kingdom. Furthermore, nearly all students at Lucton School continue to succeed in securing places at their first-choice university, a statistic comparable to the very best schools in the country. Veterinary Science, Physics and Psychology are three of the varied courses to be followed by this group of Old Luctonians as they take their next steps in life.

Lucton School has a long and proud record of not only delivering strong external examination results but also for the value-added scores inherent in those results. The results this year, as usual, fully endorse Lucton's ambition to enable every pupil to achieve their full potential, with many students gaining outcomes significantly ahead of expectations on arriving at the school. The ethos of the school inculcates a culture of equal pride and satisfaction in students maximising their own potential as it does for a high-flying student gaining optimum grades. Lucton is proud to have a healthy mix of each category of students.

Boarding

The fully integrated nature of the boarding houses at Lucton are an enormous part of the "quietly confident" aspirations of the staff and students at the school. The shock of knowing that some would not return for the summer as the impact of the pandemic became known did not deter students from completing the academic year with gusto and enthusiasm, along with fond thoughts of absent friends. Fortunately, technology saved the

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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day, with joint online learning meaning that unity prevailed until leavers moved on at the end of the summer.

Co-Curricular

During such a challenging year it would have been easy for staff and students to focus efforts on the additional challenges of online teaching and learning to the detriment of wider educational outcomes. As always, and befitting of the rounded education provided at the school, classroom activity was heavily punctuated by significant amounts of extra-curricular activity.

The Arts

The highlight of the performance year came in the form of the school production of My Fair Lady, bringing together the very best of dramatic and musical talent that the school and its pupils have to offer, with a particularly strong presence of Year 9's in the cast, more than holding their own with their more senior colleagues. Furthermore, the participation of pupils across a range of year groups highlights the integrated and inclusive nature of a Lucton School education.

Not to be outdone by their senior counterparts or defeated by Covid-19, Lucton Prep School embodied the "show must go on" mentality through a virtual performance of Treachery at Traitors' Key, ably supported by Magic Dean and Microsoft Teams from the IT department. Middle School's production of Bugsy Malone was restricted to internal viewings but was greatly enjoyed by pupils and audience alike. The resilience of pupils and staff and determination to succeed despite great adversity is what makes Lucton such a special school.

Sport

Lucton always has and continues to punch well above its weight in the sporting arena, with team and individual participation spattered with a number of notable successes in different disciplines.

The U14 boys' football team were Independent Schools Association finalists, succumbing only to the might of Birmingham Priory School, whose squad included players based with professional club academies. Previously the team had marched through the group stages unbeaten and secured a final spot with a hard-fought semi-final victory over Chase Grammar. This outstanding achievement was backed up across the ages with some excellent results and wide participation across the pupil base.

In other sports the badminton team enjoyed an almost unbeaten season, a feat bettered by the basketball team, who went unbeaten for the second year in a row. Hockey, rugby and netball teams performed with credit, with a number of individuals earning county level recognition for their talents.

In athletics Lucton pupils enjoyed national level success, with three girls qualifying for the English Schools Cross Country Championship, held at Sefton Park, Liverpool. We can also boast a cross country county champion in Hannah Wilson, achieving the amazing success of winning for the fourth consecutive year. In addition three pupils earned medals at the ISA Midlands Cross Country event, complemented by good team performances across various age-groups.

Lucton's long and proud tradition of swimming excellence continued, with the junior team (Years 4-6) finishing a very healthy 6th place in the ISA Midlands Junior Championships, with two junior and five senior pupils going on to represent the Midlands select team at the national finals in London. The Year 7 girls' team were the pick of an excellent Lucton bunch, becoming overall Midlands champions, with stellar efforts from colleagues in other age categories.

A year at Lucton is never complete without reference to the excellence of its equestrian team. Qualification for Hickstead is the key yardstick for eventing competitors, with no less than ten pupils making their way to the delayed prestige event in August 2020. Harriet Brick supplemented her academic endeavour with dressage success, finishing in ninth place at the national championships at Hartpury, whilst Hannah Wilson performed at

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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the Horse of the Year Show at the NEC.

The trustees extend their warmest congratulations to all the sporting endeavours performed at and on behalf of Lucton School, feats which show the depth and breadth of education on offer at the school.

Beyond the arts and sporting headlines pupils enjoyed a superb year in a range of other extra-curricular activities, including educational visits to a host of local and regional venues. The Combined Cadet Force (CCF) is hugely subscribed, with approaching 150 pupils participating during the year, boasting a speciality in First Aid, winning the Midlands title and qualifying for the national finals for the ninth successive year. Trustees can enjoy their meetings with confidence that such able support is on hand if required. Some of those with a passion for the great outdoors supplemented their CCF participation by taking part in the Duke of Edinburgh (DofE) Silver Expedition to the Golden Valley.

### **Fundraising**

During the year ended 31 August 2020 no fundraising activities were undertaken. All fundraising, when fundraising is undertaken, is managed by Lucton School. No professional fundraisers or commercial fundraisers are used for fundraising. No complaints have been received since no fundraising activity was undertaken in the year. Lucton School does not carry out direct marketing activity by mail or in person and we ensure that no undue pressure is ever placed on any person to give money or other resources to the school. The school is not voluntarily subscribed to any fundraising standards or schemes which regulate fundraising.

### **Lucton International Schools Limited**

2019/20 was the second full year for Lucton Shanghai, with pupil numbers close to breaking the three-figure threshold and generating just under £31k profit after tax. Further pupil roll growth should see increased revenues in future years.

Early discussions have taken place concerning a second Lucton School in China, which Trustees hope to be able to report on in the next financial year.

### **Lucton School Limited**

There has been no activity in 2019/20 within this subsidiary company.

### **Financial Review and Results for the Year**

Despite the significant impact of the pandemic, the charity achieved a small investment surplus (the widely recognised and benchmarked performance measure in the sector being net movement in funds plus depreciation) for the year of £28k (2018/19 loss of £56k). The overseas schools' subsidiary contributed the majority of the investment surplus (c£31k). Fee discounts to parents and additional operating costs subsumed all of the grant money received through the government furlough scheme, meaning overall financial performance remained largely unaffected by the pandemic. The longer-term impact will be more damaging, with many overseas pupils not returning for the 2020/21 academic year, with no opportunities for the school to replace them from within the UK market.

With the impact of Covid-19 extending well in to the new financial year and possibly beyond, generating a modest surplus would be a considerable achievement for the foreseeable future.

### **Going Concern**

The worldwide pandemic experienced in 2020 necessitated the closure of the school in March 2020. The impact on the school was significant and although savings were generated during the remainder of the academic year ended August 2020, a breach of the loan covenants occurred.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The pandemic had a significant impact on the cash position of the business and negotiations with our lender were underway throughout this year. The school identified a requirement to increase its overdraft limit in order to give time to recover from the loss of income. Our lenders agreed to a short-term increase subject to a full independent bank review. The independent bank review took place in June/July 2021 and was detailed. The integrated forecasts were thoroughly scrutinised by an independent audit firm and their recommendations were sent to the lender. A longer-term solution is still being agreed and the trustees are examining all options available to them to fund any shortfall as the school recognises that there are still risks associated with this in relation to pupil numbers, summer schools and international boarders. The school will continue to work closely with its lender to ensure that these risks are managed and mitigated against. As a result, this creates a material uncertainty for the going concern assessment for these accounts.

### **Reserves**

The reserves policy is to sustain sufficient funding between reserves held and bank debt to ensure the ongoing activities of the charity.

The unrestricted funds of the school and its subsidiaries are £259,867 (2019: £345,764) with restricted funds standing at £38,203 (2019: £44,586). Negative free reserves stand at £3,470,514 (2019: £3,464,030) being unrestricted reserves less intangible assets, tangible fixed assets and investments.

The trustees are satisfied that the schools' operating cash flows and external finance facilities are sufficient to meet the schools, day to-day working capital requirements.

### **Future Developments**

The next academic year at Lucton School will be all about fending off the threats created by the pandemic and the knock-on impact on the UK economy. All capital investment plans will be shelved until September 2022 and beyond to enable resources to be fully directed at supporting pupils whose education has been so cruelly and heavily interrupted by global events.

One of the key strategies for the school in 2020/21 will be tighter management of the admissions policy, particularly around control of the award of bursaries and scholarships. A new policy will be introduced to ensure fair and equitable distribution of charity funds, ensuring that the principle aim of these funds, public benefit, is achieved. In addition, this process will have the impact of channelling more resources in to the core activity of the school, the education of the pupils entrusted to us by parents.

The school is addressing the ever-burgeoning costs of staffing through withdrawal from the Teachers' Pension Scheme. This will require a detailed consultation exercise and implementation of an alternative scheme but is estimated to reduce pension costs by around 10%.

The appointment of a new Head and Bursar will be a priority for the board ahead of the start of the 2021/22 academic year, two appointments necessarily deferred as part of the fight against Covid-19, but essential to ensure the strength of the school in a post pandemic world.

Opportunities for further investment in overseas schools, to complement Lucton School, Shanghai will continue, generating additional revenues to support the core educational product in Herefordshire. Our team in China are already actively pursuing other opportunities which Trustees hope to report on next year.

### **Risk management**

The board of trustees is responsible for the management of the risks faced by the group. Detailed considerations of risk are delegated to the Senior Management of the school. Risks are identified, assessed and controls established throughout the year.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Senior Management Team ensures that the school complies with all relevant legislation. This process is also monitored by the trustees through termly reports provided by the Head Teacher and the Bursar, as well as through individual Trustees taking responsibility for certain key areas. Trustee sub-committees also ensure that the areas within their remit maintain full compliance.

The most significant risks identified are as follows;

1. The ongoing impact of the global pandemic in both educational and financial terms.
2. Fee affordability, particularly for parents based in the local catchment area.
3. The ability to attract pupils from overseas whilst travel restrictions continue to be imposed.
4. Continuing financial pressure being applied through central government policy around pensions and loss of charitable business rate reductions.

Through the risk management processes established for the school, and the group, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary.

#### **Structure, governance and management Governing document**

Lucton Pierrepont School Educational Trust Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 11 July 1986 and revised in 2013. It is a registered charity with the Charity Commission.

#### **Recruitment and appointment of new trustees**

The appointment of the trustees is managed by the board to maintain a strong and effective blend of professional and lay skills to ensure robust and informed governance. All stakeholders are invited to recommend suitable candidates, whose appointment is considered in the first instance by the Chair and Vice-Chair. Though not always achievable, the aim is to maintain an inclusive and representative governing body.

#### **Induction and training of new trustees**

The Chairman or a nominated substitute will be the trustees' representatives with AGBIS, the Association of Governing Bodies of Independent Schools, and will be responsible for keeping up to date with best practice and cascading the knowledge down to fellow trustees.

#### **Key management personnel remuneration policy**

The pay of key management personnel is reviewed annually by the trustees. The school benchmarks remuneration against other similar sized independent schools, using both the AGBIS and the Baines Cutler salary surveys, together with local comparisons.

#### **Organisational structure**

The full board meets termly and there are three sub-committees, one covering Education, one covers Well-Being & HR and the third is The Resources Committee, which includes all financial matters. The trustees appoint a Headteacher to manage the day-to-day operations of the school. To facilitate effective operations, the Headteacher has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and academic performance related activity. Trustees of the school are

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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also Directors of the subsidiary entities.

**Public benefit intended aims and impact**

Lucton School has always sought to attract pupils from a wide range of social backgrounds. Our aim is to ensure that children, irrespective of means, are able to benefit from the excellent education provided. The Trustees of the school are determined to maintain the philosophy of providing the rounded education synonymous with Lucton School to as wide a pupil base as possible.

A robust means tested bursary scheme is operated to ensure the effective and charitable delivery of this aim, with an annual review of the scheme carried out to ensure appropriate distribution of available resources. Although the main focus for bursary support ensures that free places are offered to a large number of recipients, the scheme also provides the opportunity for pupils with parents of moderate income to attend the school. The school also provides free and subsidised access to facilities for local primary schools and clubs.

In the furtherance of these aims, the Charity Trustees consider that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant subsector guidance concerning the operation of the Public Benefit requirement under that Act.

**Disabled persons**

The school's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

**Statement of trustees' responsibilities**

The trustees (who are also the directors of Lucton Pierrepont School Educational Trust Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the school and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the school will continue in operation.

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

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

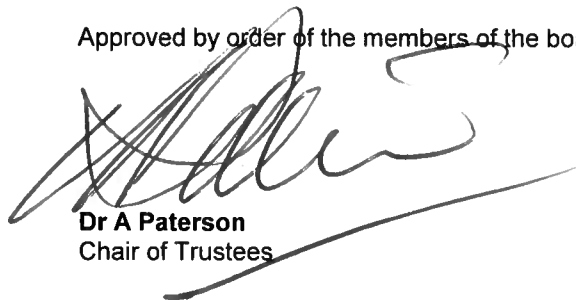
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**Disclosure of information to auditors**

In so far as each of the Trustees are aware at the date of approval of this report there is no relevant audit information of which the auditor is unaware. Each Trustee has taken all of the steps that they should have taken as Trustee in order to make themselves aware of any relevant audit information and to establish that the school's auditor is aware of that information.

Small companies' exemptions have been applied when preparing this Director's Report.

Approved by order of the members of the board of Trustees on 16 August 2021 and signed on their behalf by:



**Dr A Paterson**  
Chair of Trustees



**Mr A J Furniss**  
Trustee

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST**

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**Opinion**

We have audited the financial statements of Lucton Pierrepont School Educational Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the School balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 August 2020 and of the Group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements. These explain that whilst the financial statements have been prepared on a going concern basis the school has been in breach of the financial covenant attached to the term loans provided by the school's lender. In addition, in order to continue to operate as a going concern they require an adequate overdraft facility which is under negotiation with the lender. This means there is a material uncertainty with regards to this assessment. Our opinion is not modified in respect of this matter.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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**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.

**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, which includes the Directors' 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.
- the Directors' report included within 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 our 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 Directors' report included within the Trustees' report.

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

- the parent charitable company has not kept adequate and sufficient accounting records; or
- the parent charitable company 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, 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 Group's and the parent 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 Group or the parent 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCTON PIERREPONT SCHOOL  
EDUCATIONAL TRUST (CONTINUED)**

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**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, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Tara Westcott (Senior statutory auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Fourth Floor

St James House

St James Square

Cheltenham

Gloucestershire

GL50 3PR

16 August 2021

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>As restated Total funds 2019 £</i>
<b>Income from:</b>					
Donations	4	474,507	7,550	482,057	143,946
Charitable activities:	5,6				
Fees		3,638,584	-	3,638,584	3,817,208
Other educational income		423,778	-	423,778	547,705
Other trading activities	8	114,535	-	114,535	132,662
Investments	7	39,105	-	39,105	51,458
<b>Total income</b>		<b>4,690,509</b>	<b>7,550</b>	<b>4,698,059</b>	<b>4,692,979</b>
<b>Expenditure on:</b>					
Raising funds		82,908	-	82,908	106,986
Charitable activities	9	4,700,081	150	4,700,231	4,738,673
<b>Total expenditure</b>		<b>4,782,989</b>	<b>150</b>	<b>4,783,139</b>	<b>4,845,659</b>
<b>Net (expenditure)/income before taxation</b>		<b>(92,480)</b>	<b>7,400</b>	<b>(85,080)</b>	<b>(152,680)</b>
Taxation	15	(7,200)	-	(7,200)	-
<b>Net (expenditure)/income after taxation</b>		<b>(99,680)</b>	<b>7,400</b>	<b>(92,280)</b>	<b>(152,680)</b>
Transfers between funds	23	13,783	(13,783)	-	-
<b>Net movement in funds before other recognised (losses)</b>		<b>(85,897)</b>	<b>(6,383)</b>	<b>(92,280)</b>	<b>(152,680)</b>
<b>Other recognised (losses):</b>					
Losses on revaluation of fixed assets		-	-	-	(372,956)
<b>Net movement in funds</b>		<b>(85,897)</b>	<b>(6,383)</b>	<b>(92,280)</b>	<b>(525,636)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	23	345,764	44,586	390,350	915,986
Net movement in funds		(85,897)	(6,383)	(92,280)	(525,636)
<b>Total funds carried forward</b>	23	<b>259,867</b>	<b>38,203</b>	<b>298,070</b>	<b>390,350</b>

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT) (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The notes on pages 21 to 49 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	16	25,921	31,465
Tangible assets	17	3,704,390	3,778,259
Investments	18	70	70
		<u>3,730,381</u>	<u>3,809,794</u>
<b>Current assets</b>			
Stocks	19	27,786	46,122
Debtors	20	285,009	279,344
Cash at bank and in hand		1,258	7,058
		<u>314,053</u>	<u>332,524</u>
Creditors: amounts falling due within one year	21	(3,020,373)	(1,789,878)
<b>Net current liabilities</b>		<u>(2,706,320)</u>	<u>(1,457,354)</u>
<b>Total assets less current liabilities</b>		<u>1,024,061</u>	<u>2,352,440</u>
Creditors: amounts falling due after more than one year	22	(725,991)	(1,962,090)
<b>Total net assets</b>		<u><u>298,070</u></u>	<u><u>390,350</u></u>
<b>Charity funds</b>			
Restricted funds	23	38,203	44,586
Unrestricted funds			
General funds	23	(184,431)	(124,775)
Revaluation reserve	23	444,298	470,539
Total unrestricted funds	23	<u>259,867</u>	<u>345,764</u>
<b>Total funds</b>		<u><u>298,070</u></u>	<u><u>390,350</u></u>

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

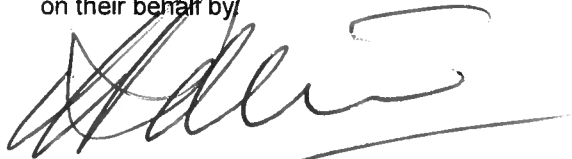
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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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The deficit for the school dealt within in the financial statements was £178,678 (2019: £147, 846). The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 16 August 2021 and signed on their behalf by



**Dr A Paterson**  
Chair of Trustees



**Mr A J Furniss**  
Trustee

The notes on pages 21 to 49 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

**SCHOOL BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	17	3,528,263	3,601,259
Investments	18	172,117	234,088
		3,700,380	3,835,347
<b>Current assets</b>			
Stocks	19	27,786	46,122
Debtors	20	256,074	290,623
Cash at bank and in hand		1,243	7,043
		285,103	343,788
Creditors: amounts falling due within one year	21	(3,009,933)	(1,788,808)
<b>Net current liabilities</b>		<b>(2,724,830)</b>	<b>(1,445,020)</b>
<b>Total assets less current liabilities</b>		<b>975,550</b>	<b>2,390,327</b>
Creditors: amounts falling due after more than one year	22	(725,991)	(1,962,090)
<b>Total net assets</b>		<b>249,559</b>	<b>428,237</b>
<b>Charity funds</b>			
Restricted funds	23	38,203	44,586
Unrestricted funds			
General funds	23	(251,573)	(104,646)
Revaluation Reserve	23	462,929	488,297
Total unrestricted funds	23	211,356	383,651
<b>Total funds</b>		<b>249,559</b>	<b>428,237</b>

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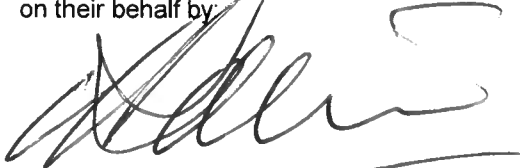
**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02059659 (England and Wales)**

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**SCHOOL BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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The financial statements were approved and authorised for issue by the Trustees on 16 August 2021 and signed on their behalf by:



**Dr A Paterson**  
Chair of Trustees



**Mr A J Furniss**  
Trustee

The notes on pages 21 to 49 form part of these financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash (provided by)/ used in operating activities	25	<b>(18,187)</b>	135,527
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		<b>39,105</b>	28
Proceeds from the sale of tangible fixed assets		<b>1,700</b>	-
Purchase of tangible fixed assets		<b>(48,001)</b>	(145,836)
Proceeds from sale of investments		-	3,556
Financing costs		<b>(45,437)</b>	(57,023)
Interest element of HP payments		<b>(14,402)</b>	(21,776)
<b>Net cash used in investing activities</b>		<b>(67,035)</b>	<b>(221,051)</b>
<b>Cash flows from financing activities</b>			
Cash inflows from new borrowing		<b>50,000</b>	148,253
Repayments of borrowing		<b>(30,584)</b>	(40,000)
Repayments of finance leases		<b>(44,882)</b>	(44,407)
<b>Net cash (used in)/provided by financing activities</b>		<b>(25,466)</b>	<b>63,846</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(110,688)</b>	<b>(21,678)</b>
Cash and cash equivalents at the beginning of the year		<b>(57,472)</b>	(35,794)
<b>Cash and cash equivalents at the end of the year</b>	26	<b>(168,160)</b>	(57,472)

The notes on pages 21 to 49 form part of these financial statements

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. General information**

Lucton Pierrepont School Educational Trust is a registered charity with the Charities Commission England and Wales (charity no: 518067) and is incorporated as a company limited by guarantee (company no: 02059659 England and Wales). The registered address is Lucton School, Leominster, Herefordshire, HR6 9PN.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

Lucton Pierrepont School Educational Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the School and its subsidiary undertakings, detailed in note 18. The results of the subsidiaries are consolidated on a line by line basis.

All intra-group transactions are eliminated on consolidation. Whilst the parent charity adopts a revaluation model for land and buildings, Lucton School Limited adopt historic cost. Therefore, on consolidation the land and buildings within Lucton School Limited are revalued. See note 17.

Lucton International Schools Limited has a 70% shareholding in Lucton Education Investments Limited, incorporated in Hong Kong. The income and expenditure from this is recognised within Lucton International Schools Limited.

The School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The charity has also taken advantage of the exemption available to a qualifying entity in FRS102 from the requirement to present a charity only Statement of Cash Flows and certain disclosures about the charity's financial instruments within the consolidated financial statements.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.2 Going concern**

In assessing the going concern of the School, trustees have reviewed the school's cash flow projections and considered that new facilities ensures that the school is able to meet, and will continue to be able to meet its ongoing commitments. During the year to 31 August 2020, the school breached covenants on its lending agreement with their bank and has therefore had to classify the loan as a current liability. The bank continues to support the school with loans and an overdraft facility but the Trustees are also examining its options for any shortfall in funding and believe they have adequate assets to pledge against if necessary.

The full impact of the Covid-19 virus on the pupil numbers for September 2021 is not yet known, however we anticipate an impact on international pupil numbers. The school continues to work to mitigate against this, but there is currently uncertainty as to the full effect on the school. Although the school is confident that we can manage the financial challenges posed by the pandemic and secure bank support, it represents a material uncertainty that may cast doubt about the school's ability to continue as a going concern. The trustees still have a reasonable expectation that the School will have adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis has been adopted for preparing the accounts.

**2.3 Income**

Fees receivable are stated after deducting allowances, scholarships and other remissions granted by the school, but include contributions received from Restricted Funds for Scholarships and Bursaries. Where fees are paid in advance, the income is deferred until the term to which it relates. These deferred amounts are shown on the Balance sheet within creditors.

Cash donations are recognised on receipt. Other donations are recognised once the school has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the school has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Grants, including government grants, are included in the Consolidated 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.4 Expenditure**

Charitable activities – expenses are charged to the Consolidated Statement of financial activities on an accruals basis. Expenditure is allocated to functional headings either on a direct cost basis or apportioned according to time spent.

Costs of generating funds – includes all trading subsidiary costs.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

Governance costs – includes those costs associated with constitutional and statutory requirements such as audit fees, legal costs and Trustees' expenses.

Support costs – comprise direct costs including staff, which are all attributable to the costs of providing education.

The irrecoverable element of VAT is included with the item or expense to which it relates.

**2.5 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the school is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2.6 Taxation**

The charity is exempt from corporation tax on its charitable activities.

Not all of the trading subsidiary's profits were gift aided to the parent charity, Lucton School, and as a result Lucton International Schools Limited has incurred a tax charge.

**2.7 Intangible assets and amortisation**

Amortisation has been charged on the goodwill on a straight-line basis over 10 years effective from the year ended 31 August 2016 to comply with the requirements of FRS 102. The charge for the year is shown as other expenses on the statement of financial activities.

Amortisation is provided on the following basis:

Goodwill	- 10 % Straight line
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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter. Tangible fixed assets costing more than £1,000 are capitalised.

Freehold property	- 1% - 2% straight line
Plant and machinery	- 2 - 5% straight line on cost
Motor vehicles	- 25% on reducing balance
Fixtures and fittings	- 20% on cost and 20% on reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

**2.9 Impairment of fixed assets**

At each reporting end date, the school reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**2.10 Investments**

Fixed asset investments are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Investments in subsidiaries are measured at cost less impairment.

**2.11 Stocks**

Stocks are valued at the lower of cost and net realisable value.

**2.12 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.13 Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**2.14 Creditors**

Creditors are recognised where the school has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

**2.15 Financial instruments**

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**2.16 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets obtained under hire purchase contracts or finance leases are capitalised in the Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the Statement of Financial Activities over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**2. Accounting policies (continued)**

**2.17 Pensions**

**Teaching staff**

The School contributes to the Teachers' Pension Scheme at the advised rates and also makes contributions to a 'money purchase' scheme for support staff. As it is not possible to separately identify the assets and liabilities of the Teachers' Pension Agency Scheme, it is accounted for as if it were a defined contribution scheme under FRS 102. The Schools' contributions to the schemes are charged in the financial statements as they accrue. For further information see note 27.

**Support staff**

The School operates a pension scheme for its support staff, a defined contributions scheme. Contributions payable to the school's defined contribution scheme are charged to the Statement of Financial Activities.

**2.18 Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

A revaluation reserve was set up as the land and buildings were revalued to fair value on the conversion of the SORP to SORP FRS 102.

Restricted funds can only be used for particular restricted purposes within the objects of the school. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**3. 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.

The School makes estimates and assumptions concerning the future.

Critical areas of judgement:

Useful economic lives of tangible assets

The annual depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See note 2.8 for the rates used and the carrying values of assets are shown in note 17.

Impairment of debtors

The school makes an estimate of the recoverable value of fee debtors, trade and other debtors. When assessing the impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 20 for the net carrying amount of the debtors and the associated impairment provision.

Grant income recognition

The school receives income from government grants. The grant income recognition policy is disclosed in note 2.3 and grants received are detailed in note 4.

**4. Income from donations**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
<b>Government grants</b>				
Nursery Early Years Funding	90,581	-	<b>90,581</b>	91,513
Small Business Grant	10,000	-	<b>10,000</b>	-
Coronavirus Job Retention Scheme	323,788	-	<b>323,788</b>	-
	<u>424,369</u>	<u>-</u>	<u><b>424,369</b></u>	<u>91,513</u>
Donations	50,138	7,550	<b>57,688</b>	52,433
	<u>474,507</u>	<u>7,550</u>	<u><b>482,057</b></u>	<u>143,946</u>
<i>Total 2019</i>	<u>143,946</u>	<u>-</u>	<u>143,946</u>	

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**5. Fees**

	2020 £	<i>As restated</i> 2019 £
<b>Fees receivable consist of:</b>		
Gross fees	5,432,341	4,910,970
Less bursaries and other allowances	(1,793,757)	(1,093,762)
	3,638,584	3,817,208

All fee income is unrestricted.

2019 figures have been restated to reflect some additional income due to the school which had previously been shown net within expenditure. This has led to an increase in 2019 income of £146,734.

**6. Other educational income**

	2020 £	2019 £
Music, dance and drama	55,324	79,137
School outings and clubs	52,233	161,463
Examinations and extra lessons	72,923	92,787
Horse riding and stable fees	42,297	36,869
Transport	85,611	104,425
Uniforms	34,952	31,477
Other income	80,438	41,547
	423,778	547,705

Other educational income is unrestricted.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**7. Investment income**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Rental income	38,170	<b>38,170</b>	51,430
Interest receivable	935	<b>935</b>	28
	<u>39,105</u>	<u><b>39,105</b></u>	<u>51,458</u>
<i>Total 2019</i>	<u>51,458</u>	<u>51,458</u>	

**8. Income from other trading activities**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>As restated Total funds 2019 £</i>
Biomass income	41,889	<b>41,889</b>	37,198
Trading income - Lucton International Schools Limited	72,646	<b>72,646</b>	95,464
	<u>114,535</u>	<u><b>114,535</b></u>	<u>132,662</u>
<i>Total 2019 as restated</i>	<u>132,662</u>	<u>132,662</u>	

2019 figures have been restated as previously the biomass income had been shown net within expenditure. This has led to an increase in 2019 biomass income of £37,198.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**9. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>As restated Total funds 2019 £</i>
Teaching	2,606,799	-	<b>2,606,799</b>	2,664,257
Welfare	397,436	-	<b>397,436</b>	405,379
Premises	633,033	150	<b>633,183</b>	583,857
Support	1,062,813	-	<b>1,062,813</b>	1,085,180
	<u>4,700,081</u>	<u>150</u>	<u><b>4,700,231</b></u>	<u>4,738,673</u>
<i>Total 2019 as restated</i>	<u>4,737,907</u>	<u>766</u>	<u>4,738,673</u>	

The 2019 figures have been restated to reflect income that had been netted off against expenditure. The total amount is £183,932.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**10. Analysis of expenditure by activities**

	<b>Teaching 2020 £</b>	<b>Welfare 2020 £</b>	<b>Premises 2020 £</b>	<b>Support 2020 £</b>	<b>Total funds 2020 £</b>	<i>As restated Total funds 2019 £</i>
Staff costs	2,391,325	27,504	279,923	440,281	<b>3,139,033</b>	3,039,846
Depreciation	-	26,747	92,777	-	<b>119,524</b>	97,010
Other costs	215,474	343,185	260,483	622,532	<b>1,441,674</b>	1,601,817
	<u>2,606,799</u>	<u>397,436</u>	<u>633,183</u>	<u>1,062,813</u>	<u><b>4,700,231</b></u>	<u>4,738,673</u>
<i>Total 2019 as restated</i>	<u>2,664,257</u>	<u>405,379</u>	<u>583,857</u>	<u>1,085,180</u>	<u>4,738,673</u>	

The 2019 figures have been restated to reflect income that had been netted off against expenditure. The total amount is £183,932.

**11. Governance costs**

Governance included in support costs include:

	<b>2020 £</b>	<b>2019 £</b>
Audit fees	<b>22,877</b>	8,650
Accountancy	<b>2,400</b>	2,950
Legal and professional	<b>10,979</b>	36,812
Trustees' expenses	<b>1,242</b>	2,148
	<u><b>37,498</b></u>	<u>50,560</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**12. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the School's auditor for the audit of the School's annual accounts	14,145	7,208
Fees payable to the School's auditor in respect of: All non-audit services not included above	3,500	2,458
	17,645	9,666

**13. Staff costs**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	2,541,390	2,518,174	2,541,390	2,518,174
Social security costs	218,391	217,229	218,391	217,229
Contribution to defined contribution pension schemes	379,252	304,443	379,252	304,443
	3,139,033	3,039,846	3,139,033	3,039,846
	3,139,033	3,039,846	3,139,033	3,039,846

During the year redundancy and termination payments totalling £40,229 were made (2019: *£nil*).

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

	Group 2020 No.	Group 2019 No.
Teaching	56	53
Support and ancillary	56	56
	112	109
	112	109

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**13. Staff costs (continued)**

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

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
In the band £120,001 - £130,000	1	1

Remuneration paid to key management personnel was £267,510 (2019: £215,240). Key management personnel comprise the Headteacher and the Bursar.

**14. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 August 2020, expenses totalling £1,242 were reimbursed or paid directly to 3 Trustees (2019 - £2,148 to 9 Trustees). Expenses related to travel and stationery.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**15. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on net (expenditure)/income for the year	7,200	-
<b>Taxation on net (expenditure)/income</b>	7,200	-

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Net (expenditure)/income before tax	(85,080)	(152,680)
Net (expenditure)/income multiplied by the standard rate of corporation tax in the UK of 19 (2019 - 19%).	(16,165)	(29,009)
<b>Effects of:</b>		
Distribution to parent charity	-	(246)
Charitable activities not subject to taxation	23,365	29,255
<b>Total tax charge for the year</b>	7,200	-

There are no factors considered likely to affect future tax charges.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**16. Intangible assets**

**Group**

	<b>Goodwill</b> <b>£</b>
<b>Cost</b>	
At 1 September 2019	<b>52,441</b>
At 31 August 2020	<b>52,441</b>
<b>Amortisation</b>	
At 1 September 2019	<b>20,976</b>
Charge for the year	<b>5,544</b>
At 31 August 2020	<b>26,520</b>
<b>Net book value</b>	
At 31 August 2020	<b>25,921</b>
<i>At 31 August 2019</i>	<b>31,465</b>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Tangible fixed assets**

**Group**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 September 2019	3,009,493	416,210	401,710	1,061,504	4,888,917
Additions	9,044	-	15,594	23,363	48,001
Disposals	-	-	(19,440)	-	(19,440)
At 31 August 2020	<u>3,018,537</u>	<u>416,210</u>	<u>397,864</u>	<u>1,084,867</u>	<u>4,917,478</u>
<b>Depreciation</b>					
At 1 September 2019	-	31,061	290,001	789,596	1,110,658
Charge for the year	26,241	14,567	26,747	52,842	120,397
On disposals	-	-	(17,967)	-	(17,967)
At 31 August 2020	<u>26,241</u>	<u>45,628</u>	<u>298,781</u>	<u>842,438</u>	<u>1,213,088</u>
<b>Net book value</b>					
At 31 August 2020	<u><u>2,992,296</u></u>	<u><u>370,582</u></u>	<u><u>99,083</u></u>	<u><u>242,429</u></u>	<u><u>3,704,390</u></u>
At 31 August 2019	<u><u>3,009,493</u></u>	<u><u>385,149</u></u>	<u><u>111,709</u></u>	<u><u>271,908</u></u>	<u><u>3,778,259</u></u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Tangible fixed assets (continued)**

**Company**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 September 2019	2,832,493	416,210	401,710	1,061,504	4,711,917
Additions	9,044	-	15,594	23,363	48,001
Disposals	-	-	(19,440)	-	(19,440)
At 31 August 2020	<u>2,841,537</u>	<u>416,210</u>	<u>397,864</u>	<u>1,084,867</u>	<u>4,740,478</u>
<b>Depreciation</b>					
At 1 September 2019	-	31,061	290,001	789,596	1,110,658
Charge for the year	25,368	14,567	26,747	52,842	119,524
On disposals	-	-	(17,967)	-	(17,967)
At 31 August 2020	<u>25,368</u>	<u>45,628</u>	<u>298,781</u>	<u>842,438</u>	<u>1,212,215</u>
<b>Net book value</b>					
At 31 August 2020	<u><u>2,816,169</u></u>	<u><u>370,582</u></u>	<u><u>99,083</u></u>	<u><u>242,429</u></u>	<u><u>3,528,263</u></u>
At 31 August 2019	<u><u>2,832,493</u></u>	<u><u>385,149</u></u>	<u><u>111,709</u></u>	<u><u>271,908</u></u>	<u><u>3,601,259</u></u>

The freehold property was revalued at market value in March 2019 by Pinders, Chartered Surveyors.

The carrying amount under the cost model of the assets which have been revalued would have been £2,555,717 (2019 - £2,581,085).

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**18. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Group</b>	
<b>Cost or valuation</b>	
At 1 September 2019	70
At 31 August 2020	<u>70</u>
<b>Net book value</b>	
At 31 August 2020	<u>70</u>
At 31 August 2019	<u>70</u>

In 2018 Lucton International School entered into a joint venture with Lucton Education Investment Ltd based in Hong Kong.

	<b>Investments in subsidiary companies £</b>
<b>School</b>	
<b>Cost or valuation</b>	
At 1 September 2019	234,088
At 31 August 2020	<u>234,088</u>
<b>Impairment</b>	
Charge for the year	61,971
At 31 August 2020	<u>61,971</u>
<b>Net book value</b>	
At 31 August 2020	<u>172,117</u>
At 31 August 2019	<u>234,088</u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**18. Fixed asset investments (continued)**

The School has two subsidiary undertakings, Lucton School Limited (company number: 07067619) and Lucton International Schools Limited (company number: 09825420). Both are 100% owned and included in the consolidation. The registered address for both subsidiaries is Lucton School, Lucton, Leominster, Herefordshire, HR6 9PN.

The financial results of the subsidiaries for the year were:

Names	Income £	Expenditure £	Profit/(Loss) / for the year £	Net assets £
Lucton School Limited	-	873	(873)	172,114
Lucton International Schools Limited	72,646	41,802	30,844	31,138

**19. Stocks**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
School uniforms	27,786	46,122	27,786	46,122

**20. Debtors**

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	131,396	167,628	84,353	112,188
Amounts owed by group undertakings	-	-	18,108	66,719
Other debtors	42,714	34,874	42,714	34,874
Prepayments and accrued income	110,899	76,842	110,899	76,842
	<b>285,009</b>	<b>279,344</b>	<b>256,074</b>	<b>290,623</b>

Included within trade debtors is a provision for bad debts totalling £26,700 (2019: £nil).

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**21. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Bank overdrafts	169,418	64,530	169,418	64,530
Bank loans	1,155,452	41,025	1,155,452	41,025
Fee deposits	104,125	69,255	104,125	69,255
Trade creditors	191,496	172,244	191,496	172,244
Fees in advance	572,528	82,164	572,528	82,164
Corporation tax	7,200	-	-	-
Other taxation and social security	293,336	56,490	293,336	56,490
Obligations under finance lease and hire purchase contracts	51,912	57,137	51,912	57,137
Other creditors	442,979	1,234,083	442,979	1,234,083
Accruals	31,927	12,950	28,687	11,880
	<b>3,020,373</b>	<i>1,789,878</i>	<b>3,009,933</b>	<i>1,788,808</i>
	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Deferred income at 1 September 2019	82,164	80,628	82,164	80,628
Resources deferred during the year	577,528	82,164	-	82,164
Amounts released from previous periods	(82,164)	(80,628)	(82,164)	(80,628)
	<b>577,528</b>	<i>82,164</i>	<b>-</b>	<i>82,164</i>

Deferred income represents fees invoiced during the year which relate to the following academic year, seen as fees in advance within these financial statements. The amount deferred at the year-end will be released in the year ended August 2021, other than the amount of £5,000 included in amounts falling due after more than one year, which will be released in the year ended 31 August 2022. This is released as the relevant teaching and other services are provided to the students.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Bank loans	<b>46,667</b>	1,141,678	<b>46,667</b>	1,141,678
Fee deposits	<b>292,930</b>	409,140	<b>292,930</b>	409,140
Net obligations under finance lease and hire purchase contracts	<b>246,567</b>	286,224	<b>246,567</b>	286,224
Trade creditors	-	1,865	-	1,865
Fees in advance	<b>5,000</b>	-	<b>5,000</b>	-
Other creditors	<b>134,827</b>	123,183	<b>134,827</b>	123,183
	<b>725,991</b>	1,962,090	<b>725,991</b>	1,962,090

Included within the above are amounts falling due as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
<b>Between one and two years</b>				
Bank loans	<b>10,000</b>	42,612	<b>10,000</b>	42,612
<b>Between two and five years</b>				
Bank loans	<b>30,000</b>	132,843	<b>30,000</b>	132,843
<b>Over five years</b>				
Bank loans	<b>6,667</b>	966,223	<b>6,667</b>	966,223

Included within bank loans are:

A bank loan with Lloyds bank commencing on 1 May 2019, repayable by monthly instalments. The interest rate on the loan is fixed at 2.1% above the base rate. Due to a breach of bank covenants for the year ended 31 August 2020 this loan is all shown as due within one year.

A Bounce Back loan of £50,000 commencing on 7 May 2020, repayable by 72 monthly repayments at 2.5% fixed interest.

These loans were secured by the following:

1. A first legal charge over the freehold property of the school.
2. A first legal charge over the equestrian land owned by the subsidiary.
3. An unlimited debenture from the school.
4. An unlimited debenture from Lucton School Limited.
5. An unlimited all monies guarantee from the subsidiary.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**23. Statement of funds**

**Statement of funds - current year**

	Balance at 1 September 2019 £	Income £	Expenditure £	Taxation £	Transfers in/out £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
General Fund	(124,775)	4,690,509	(4,756,748)	(7,200)	13,783	(184,431)
Revaluation reserve	470,539	-	(26,241)	-	-	444,298
	<u>345,764</u>	<u>4,690,509</u>	<u>(4,782,989)</u>	<u>(7,200)</u>	<u>13,783</u>	<u>259,867</u>
<b>Restricted funds</b>						
Portrait of the founder donated to the school	11,077	-	-	-	-	11,077
Sports hall project	25,626	-	-	-	-	25,626
Shop	1,841	-	-	-	(1,841)	-
Classroom	3,742	-	-	-	(3,742)	-
Storage unit	398	-	-	-	(398)	-
Dining room folding doors	1,902	-	-	-	(1,902)	-
Anti-slip covering	-	150	(150)	-	-	-
Prep School new staging	-	4,000	-	-	(4,000)	-
Nursery pirate ship	-	1,900	-	-	(1,900)	-
Outside play equipment	-	1,500	-	-	-	1,500
	<u>44,586</u>	<u>7,550</u>	<u>(150)</u>	<u>-</u>	<u>(13,783)</u>	<u>38,203</u>
<b>Total of funds</b>	<u><u>390,350</u></u>	<u><u>4,698,059</u></u>	<u><u>(4,783,139)</u></u>	<u><u>(7,200)</u></u>	<u><u>-</u></u>	<u><u>298,070</u></u>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**23. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
<b>Unrestricted funds</b>					
General Fund	866,710	4,692,979	(4,844,893)	(369,032)	345,764
<b>Restricted funds</b>					
Portrait of the founder donated to the school	11,077	-	-	-	11,077
Sports hall project	28,849	-	-	(3,223)	25,626
Shop	2,072	-	-	(231)	1,841
Classroom	4,212	-	-	(470)	3,742
Storage unit	530	-	(132)	-	398
Dining room folding doors	2,536	-	(634)	-	1,902
	<u>49,276</u>	<u>-</u>	<u>(766)</u>	<u>(3,924)</u>	<u>44,586</u>
<b>Total of funds</b>	<u><u>915,986</u></u>	<u><u>4,692,979</u></u>	<u><u>(4,845,659)</u></u>	<u><u>(372,956)</u></u>	<u><u>390,350</u></u>

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**23. Statement of funds (continued)**

The purpose of the restricted fund of £11,077 is to hold and maintain the Portrait of the Founder for the future benefit of the school. This restriction was imposed by the Charity Commission when the charity acquired the portrait from the charitable organisation previously responsible for the school.

The purpose of the Sports hall project restricted fund is to transform an existing steel framed building into a fully functional sports hall. Income raised specifically for this purpose will be added to the fund in the year in which it is raised.

The purpose of the shop restricted fund is to create a new school shop which is run by the students as part of their studies. Income raised specifically for this purpose will be added to the fund in the year in which it is received. Since this project is now complete the fund has been transferred in to unrestricted funds.

The purpose of the classroom and storage unit funds are to create new facilities for students. Income raised specifically for this purpose will be added to the funds in the year in which they are received. Since these projects are now complete the fund has been transferred in to unrestricted funds.

The purpose of the dining room folding doors fund is to purchase new doors for the dining room. This project was completed in the prior year with all income raised specifically for this purpose being added to the fund in the year it was raised. Since this project is now complete, the fund has been transferred to unrestricted funds.

The purpose of the prep school new staging fund was to purchase staging for use by prep school students. This project was completed in the year with all income raised by the PTA (Friends of Lucton School) specifically for this purpose being added to the fund in the year in which it was raised. Since this project is now complete, the fund has been transferred to unrestricted funds.

The purpose of the nursery pirate ship fund was to purchase pirate themed play equipment. Income raised specifically for this purpose, raised by the PTA (Friends of Lucton School), was added to the fund in the year in which it was raised. Since this project is now complete, the fund has been transferred to unrestricted funds.

The purpose of the outside play equipment fund is to purchase outdoor play equipment for pupil's use. The income, raised by the PTA (Friends of Lucton School), specifically for this purpose is added to the fund in the year in which it was raised.

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**24. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 2020 £</b>	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>
Tangible fixed assets	3,704,390	-	<b>3,704,390</b>
Intangible fixed assets	25,921	-	<b>25,921</b>
Fixed asset investments	70	-	<b>70</b>
Current assets	275,850	38,203	<b>314,053</b>
Creditors due within one year	(3,020,373)	-	<b>(3,020,373)</b>
Creditors due in more than one year	(725,991)	-	<b>(725,991)</b>
<b>Total</b>	<b>259,867</b>	<b>38,203</b>	<b>298,070</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	3,733,673	44,586	3,778,259
Intangible fixed assets	31,465	-	31,465
Fixed asset investments	70	-	70
Current assets	332,524	-	332,524
Creditors due within one year	(1,789,878)	-	(1,789,878)
Creditors due in more than one year	(1,962,090)	-	(1,962,090)
<b>Total</b>	<b>345,764</b>	<b>44,586</b>	<b>390,350</b>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Net expenditure for the period (as per Statement of Financial Activities)	<b>(92,280)</b>	<i>(152,680)</i>
<b>Adjustments for:</b>		
Depreciation charges	<b>120,397</b>	<i>97,883</i>
Amortisation charges	<b>5,544</b>	<i>5,244</i>
Dividends, interests and rents from investments	<b>(39,105)</b>	<i>(28)</i>
(Profit) on the sale of fixed assets	<b>(227)</b>	<i>-</i>
Decrease/(increase) in stocks	<b>18,336</b>	<i>(10,072)</i>
(Increase) in debtors	<b>(5,665)</b>	<i>(95,089)</i>
(Decrease)/increase in creditors	<b>(85,026)</b>	<i>211,470</i>
Financing costs	<b>45,437</b>	<i>57,023</i>
Interest element of HP and finance lease payments	<b>14,402</b>	<i>21,776</i>
<b>Net cash provided by/(used in) operating activities</b>	<b>(18,187)</b>	<i>135,527</i>

**26. Analysis of cash and cash equivalents**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Cash in hand	<b>1,258</b>	<i>7,058</i>
Overdraft facility repayable on demand	<b>(169,418)</b>	<i>(64,530)</i>
<b>Total cash and cash equivalents</b>	<b>(168,160)</b>	<i>(57,472)</i>

**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**27. Analysis of changes in net debt**

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash at bank and in hand	7,058	(5,800)	1,258
Bank overdrafts repayable on demand	(64,530)	(104,888)	(169,418)
Debt due within 1 year	(123,189)	(1,604,791)	(1,727,980)
Debt due after 1 year	(1,141,678)	1,090,011	(51,667)
Finance leases	(343,361)	44,882	(298,479)
	<u>(1,665,700)</u>	<u>(580,586)</u>	<u>(2,246,286)</u>

**28. Pension commitments**

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £342,603 (2019: £241,141) and at the year-end £32,031 was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**28. Pension commitments (continued)**

that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020 and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism review is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

**Non-Teaching Staff**

Certain non-academic staff are members of The Independent Schools' Pension Scheme (ISPEN). This is an industry-wide funded defined benefits scheme. As a result, it is not possible or appropriate to identify the assets and liabilities of the scheme which are attributable to the school.

The last formal valuation of the Scheme was performed as at 30 September 2014 by a professionally qualified actuary. The market value of the Scheme's assets at the valuation date was £110 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £37 million, equivalent to a past service funding level of 75%.

Annual funding updates of the Scheme are carried out using approximate actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the Scheme since the last full valuation. The following notes relate to the formal actuarial valuation as at 30 September 2014.

The financial assumptions underlying the last valuation as at 30 September 2014 were as follows:

	% p.a
Investment return pre-retirement	5.1
Investment return post retirement - non-pensioner	3.3
Investment return post retirement - pensioner	3.3
Rate of pension increases	
RPI	3.1
CPI	2.2

The ongoing future service contributions rate has been assessed and if the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 31 August 2029.

The pension charge for the year represents the School's contributions payable to the Scheme of £36,649 (2019: £63,302) and at the year-end £9,168 was accrued in respect of contributions to this scheme. Included in this is a fixed monthly amount of £1,135, being £1,018 in respect of deficit amounts and £117 in respect of administrative expenses. From 1 September 2019 the fixed monthly amount has increased to £1,490 being £1,338 in respect of deficit amounts and £152 in respect of administrative expenses.

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**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**28. Pension commitments (continued)**

In accordance with FRS 102 the school has recognised a liability in relation to the deficit, measured at amortised cost and included within other creditors.

**29. Operating lease commitments**

At 31 August 2020 the Group and the School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020</b>	<i>Group 2019</i>	<b>Company 2020</b>	<i>Company 2019</i>
	£	£	£	£
Not later than 1 year	<b>38,162</b>	28,291	<b>38,162</b>	28,291
Later than 1 year and not later than 5 years	<b>35,644</b>	48,343	<b>35,644</b>	48,343
	<u><b>73,806</b></u>	<u>76,634</u>	<u><b>73,806</b></u>	<u>76,634</u>

The School has an agreement in place with a catering company for the provision of catering services. It is anticipated that payments totalling £263,000 will be made in respect of this in the next 12 months.

**30. Related party transactions**

During the year the school entered into the following transactions with related parties:

During the year purchases of £16,703 were made from Markham Garages Limited a company in which Bryan Markham, a Director of Lucton School Limited, has a controlling interest. There is an amount owed to Markham Garages Limited of £3,992 included in trade creditors at the year end.

During the year, P Morris, Trustee, was paid £900 by Lucton International Schools Limited to conduct an inspection of the school in Shanghai and produce a report. There is £nil owing at the year end.

The children of staff and trustees may attend the school. In such cases trustees pay school fees at the standard rates available to all parents, but staff members may receive a fee remission at an agreed rate.

Intercompany balances at the year end were £12,572 (2019: £12,572) owed by Lucton School Limited and £5,536 (2019: £54,147) owed by Lucton International Limited.

