

**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**  
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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**  
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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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**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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**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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**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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**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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**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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**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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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

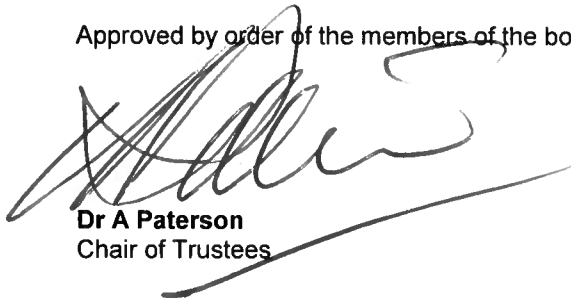
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**Disclosure of information to auditors**


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**  
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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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**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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**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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**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**

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>As restated Total funds 2019 £</i>
	Note				
<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	<u>(3,020,373)</u>	<u>(1,789,878)</u>
<b>Net current liabilities</b>		<b>(2,706,320)</b>	<b>(1,457,354)</b>
<b>Total assets less current liabilities</b>		<b>1,024,061</b>	<b>2,352,440</b>
Creditors: amounts falling due after more than one year	22	<u>(725,991)</u>	<u>(1,962,090)</u>
<b>Total net assets</b>		<b>298,070</b>	<b>390,350</b>
<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>		<b>298,070</b>	<b>390,350</b>

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

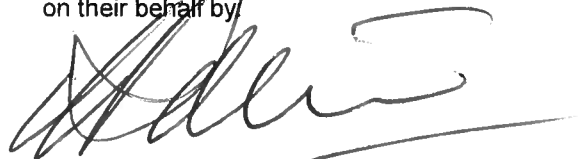
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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2020**

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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
		<u>3,700,380</u>	<u>3,835,347</u>
<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
		<u>285,103</u>	<u>343,788</u>
Creditors: amounts falling due within one year	21	(3,009,933)	(1,788,808)
<b>Net current liabilities</b>		<u>(2,724,830)</u>	<u>(1,445,020)</u>
<b>Total assets less current liabilities</b>		<u>975,550</u>	<u>2,390,327</u>
Creditors: amounts falling due after more than one year	22	(725,991)	(1,962,090)
<b>Total net assets</b>		<u><u>249,559</u></u>	<u><u>428,237</u></u>
<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	<u>211,356</u>	<u>383,651</u>
<b>Total funds</b>		<u><u>249,559</u></u>	<u><u>428,237</u></u>

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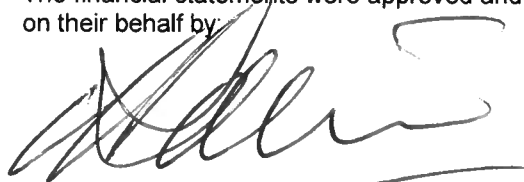
**LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 02059659 (England and Wales)

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**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		39,105	28
Proceeds from the sale of tangible fixed assets		1,700	-
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		50,000	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**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Government grants</b>				
Nursery Early Years Funding	90,581	-	90,581	91,513
Small Business Grant	10,000	-	10,000	-
Coronavirus Job Retention Scheme	323,788	-	323,788	-
	<u>424,369</u>	<u>-</u>	<u>424,369</u>	<u>91,513</u>
Donations	50,138	7,550	57,688	52,433
	<u>474,507</u>	<u>7,550</u>	<u>482,057</u>	<u>143,946</u>
<b>Total 2019</b>	<u><u>143,946</u></u>	<u><u>-</u></u>	<u><u>143,946</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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**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)
	<u>3,638,584</u>	<u>3,817,208</u>

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
	<u>423,778</u>	<u>547,705</u>

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><b>51,458</b></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><b>132,662</b></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**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<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><u>4,737,907</u></u>	<u><u>766</u></u>	<u><u>4,738,673</u></u>	

The 2019 figures have been restated to reflect income that had been netted off against expenditure. The total amount is £183,932.



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**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>

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**12. Auditor's remuneration**

	<b>2020</b> £	<b>2019</b> £
Fees payable to the School's auditor for the audit of the School's annual accounts	<b>14,145</b>	7,208
Fees payable to the School's auditor in respect of: All non-audit services not included above	<b>3,500</b>	2,458

**13. Staff costs**

	<b>Group 2020</b> £	<i>Group 2019</i> £	<b>Company 2020</b> £	<i>Company 2019</i> £
Wages and salaries	<b>2,541,390</b>	2,518,174	<b>2,541,390</b>	2,518,174
Social security costs	<b>218,391</b>	217,229	<b>218,391</b>	217,229
Contribution to defined contribution pension schemes	<b>379,252</b>	304,443	<b>379,252</b>	304,443
	<b>3,139,033</b>	3,039,846	<b>3,139,033</b>	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:

	<b>Group 2020</b> No.	<i>Group 2019</i> No.
Teaching	<b>56</b>	53
Support and ancillary	<b>56</b>	56
	<b>112</b>	109

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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
	<u>1</u>	<u>1</u>

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.

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**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>	<u>7,200</u>	<u>-</u>

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	<u>(85,080)</u>	<u>(152,680)</u>
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>	<u>7,200</u>	<u>-</u>

There are no factors considered likely to affect future tax charges.

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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>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>

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**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	3,018,537	416,210	397,864	1,084,867	4,917,478
<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	26,241	45,628	298,781	842,438	1,213,088
<b>Net book value</b>					
At 31 August 2020	2,992,296	370,582	99,083	242,429	3,704,390
At 31 August 2019	3,009,493	385,149	111,709	271,908	3,778,259

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**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>2,816,169</u>	<u>370,582</u>	<u>99,083</u>	<u>242,429</u>	<u>3,528,263</u>
At 31 August 2019	<u>2,832,493</u>	<u>385,149</u>	<u>111,709</u>	<u>271,908</u>	<u>3,601,259</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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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Fixed asset investments**

<b>Group</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 September 2019	70
	<hr/>
At 31 August 2020	70
	<hr/> <hr/>
<b>Net book value</b>	
At 31 August 2020	70
	<hr/>
At 31 August 2019	70
	<hr/> <hr/>

In 2018 Lucton International School entered into a joint venture with Lucton Education Investment Ltd based in Hong Kong.

<b>School</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 September 2019	234,088
	<hr/>
At 31 August 2020	234,088
	<hr/> <hr/>
<b>Impairment</b>	
Charge for the year	61,971
	<hr/>
At 31 August 2020	61,971
	<hr/> <hr/>
<b>Net book value</b>	
At 31 August 2020	172,117
	<hr/>
At 31 August 2019	234,088
	<hr/> <hr/>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**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:

<b>Names</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Profit/(Loss) / for the year £</b>	<b>Net assets £</b>
Lucton School Limited	-	873	(873)	172,114
Lucton International Schools Limited	72,646	41,802	30,844	31,138

**19. Stocks**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
School uniforms	27,786	46,122	27,786	46,122

**20. Debtors**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
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>	<i>279,344</i>	<b>256,074</b>	<i>290,623</i>

Included within trade debtors is a provision for bad debts totalling £26,700 (2019: £nil).

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**21. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
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>	<b>1,789,878</b>	<b>3,009,933</b>	<b>1,788,808</b>
	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
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>	<b>82,164</b>	<b>-</b>	<b>82,164</b>

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.

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**22. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
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>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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>390,350</u>	<u>4,698,059</u>	<u>(4,783,139)</u>	<u>(7,200)</u>	<u>-</u>	<u>298,070</u>

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**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
	<u>866,710</u>	<u>4,692,979</u>	<u>(4,844,893)</u>	<u>(369,032)</u>	<u>345,764</u>
<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>915,986</u>	<u>4,692,979</u>	<u>(4,845,659)</u>	<u>(372,956)</u>	<u>390,350</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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>



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**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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**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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**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
	<b>73,806</b>	76,634	<b>73,806</b>	76,634

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.

