

Charity registration number 518076

Company registration number 02059659 (England and Wales)

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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

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# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

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# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the school's memorandum and articles of association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

### **Objectives and activities**

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

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

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

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

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

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

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

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

### *Public benefit*

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

### **Achievements and performance**

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2023**

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### **Financial review**

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

### *Going concern*

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

### *Reserves policy*

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

### *Major risks*

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

The trustees have a risk management strategy which comprises:

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

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

The most significant risks identified are as follows;

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

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

### **Plans for future periods**

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

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

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

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

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

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

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

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

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

P Buss

A Khan

The Reverend Prebendary M J Kneen

R S Sherrey

(Resigned 8 October 2023)

R J Stattersfield

### *Recruitment and appointment of trustees*

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

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

### *Organisational structure*

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

### **Auditor**

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

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

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

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

The trustees report was approved by the Board of Trustees.



P Buss

Trustee

Date: 2/12/2024

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **STATEMENT OF TRUSTEES RESPONSIBILITIES**

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

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

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

In preparing these financial statements, the trustees are required to:

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

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



# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT

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

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#### Disclaimer of Opinion

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

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

#### Basis for Disclaimer of Opinion

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

#### Material Uncertainty related to going concern

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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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



# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **Responsibilities of trustees**

As explained more fully in the statement of trustees responsibilities, the trustees, who are also the directors of the school for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the school's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

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

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### 3. Going concern

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

#### 4. Laws and regulations

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

#### 5. Valuation of property

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

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

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Richard Place Dobson Services Ltd*

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

3 December 2024

.....  
Date

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

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

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2023

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

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

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

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

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

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



P Buss  
Trustee

Company registration number 02059659 (England and Wales)

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 AUGUST 2023*

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### 1 Accounting policies

#### Charity information

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

#### 1.1 Accounting convention

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

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

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

#### Basis of consolidation

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

#### 1.2 Going concern

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

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

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

#### 1.3 Charitable funds

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

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

#### 1.4 Income

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



# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### **1 Accounting policies**

**(Continued)**

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

Grants, including government grants, are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

#### **1.5 Expenditure**

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

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

#### **1.6 Tangible fixed assets**

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

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

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

Freehold land is not depreciated.

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

#### **1.7 Fixed asset investments**

Investments in subsidiaries are all held at cost less impairment.

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

#### **1.8 Impairment of fixed assets**

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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### 1 Accounting policies

(Continued)

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

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

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

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

##### *Basic financial assets*

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

##### *Basic financial liabilities*

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

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

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

##### *Derecognition of financial liabilities*

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

#### 1.11 Taxation

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

#### 1.12 Employee benefits

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 1 Accounting policies

(Continued)

#### 1.13 Retirement benefits

##### Teaching staff

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

##### Support staff

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

#### 1.14 Leases

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

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

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

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

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

### 2 Critical accounting estimates and judgements

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

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

#### Critical judgements

##### Useful economic lives of tangible assets

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

##### Impairment of debtors

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 2 Critical accounting estimates and judgements

(Continued)

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

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

#### Assessment of pension liability

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

### 3 Income from donations and legacies

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

### 4 Income from charitable activities

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 5 Income from other trading activities

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

### 6 Income from investments

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

### 7 Expenditure on raising funds

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

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

### **8 Expenditure on charitable activities**

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

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

### **9 Support costs allocated to activities**

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

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

### **10 Net movement in funds**

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

### **11 Trustees**

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

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



# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 12 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Teaching	70	73
Support and ancillary	31	33
Total	101	106

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

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

	2023 Number	2022 Number
£80,000 - £90,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1

#### Remuneration of key management personnel

The remuneration of key management personnel was as follows:

	2023 £	2022 £
Aggregate compensation	136,529	219,466

Key management personnel comprised the Headteacher and the Bursar.

### 13 Taxation

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

# **LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2023**

### **14 Tangible fixed assets**

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

### **15 Fixed asset investments**

	Other investments
	£
<b>Cost or valuation</b>	
At 1 September 2022 & 31 August 2023	166,743
<b>Carrying amount</b>	
At 31 August 2023	166,743
At 31 August 2022	166,743

	Notes	2023 £	2022 £
Other investments comprise:			
Investments in subsidiaries	28	166,743	166,743

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 16 Debtors

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

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

### 17 Loans and overdrafts

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

Included within bank loans are:

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

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

These loans were secured by the following:

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

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

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

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

### 20 Deferred income

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

Deferred income is included in the financial statements as follows:

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2023

#### 21 Restricted funds

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

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

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

#### 22 Unrestricted funds

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

### 23 Analysis of net assets between funds

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

### 24 Pension commitments

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

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

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 24 Pension commitments

(Continued)

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

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

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

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

#### Non - Teaching Staff

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

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

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

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

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

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



# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 24 Pension commitments

(Continued)

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

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

### 25 Operating lease commitments

#### Lessee

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

	2023	2022
	£	£
Within one year	-	925

### 26 Events after the reporting date

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

### 27 Related party transactions

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

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

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

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

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

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

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

### 28 Subsidiaries

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

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

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

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

### 29 Cash generated from operations

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

# LUCTON PIERREPONT SCHOOL EDUCATIONAL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2023**

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

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