

Registered number: 10846393

LEARNING COMMUNITY TRUST
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019


Whittingham Riddell
chartered accountants

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr Paul Bishton Mr Michael Briscoe Mr David James Mr Dennis Jones Dr Mahadeva Ganesh (appointed 1 May 2019)
Trustees	Mr Michael Briscoe, Chair and Member Mrs Christine Davies Dr Gill Eatough, Chief Executive and Accounting Officer Mr Andrew Harris Mr Graham Hutchinson Mr David James, Member Mrs Beverly Tyley Mr Nathan Wallis Dr David Woods Mr David Wootton
Company registered number	10846393
Company name	Learning Community Trust
Principal and registered office	C/O Hadley Learning Community Waterloo Road Hadley Telford TF1 5NU
Company secretary	Miss Veronica Croft
Chief executive officer	Dr Gill Eatough
Senior management team	Dr Gill Eatough, Chief Executive Officer Mr Paul Jones, Chief Operating Officer Mrs Tracey Williams, Head of Finance Mr Paul Roberts, HLC Principal Mrs Maddie Griffin, HLC Head of Primary Mr Nigel Griffiths, Queensway Head Teacher Mr Chay Davis, Ercall Wood Head Teacher Mr Andrew McNaughton, Charlton School Head Teacher
Independent auditors	Whittingham Riddell LLP Belmont House Shrewsbury Business Park Shrewsbury SY2 6LG

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Bankers	Lloyds Bank Queens Square Wolverhampton West Midlands WV1 1RF
Solicitors	Browne Jacobson 15th floor 6 Bevis Marks London EC3A 7BA

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year from 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust commenced in operation from the 1 March 2018.

The Multi Academy Trust (the Trust) operates 1 primary, 3 secondary and 1 special academy in North Telford. Its academies have a combined pupil capacity of 3,714 and had a roll of 3,712 across the academies on 31st August 2019. Our academies are popular and often oversubscribed.

The principal activity of the Trust is the operation of five academies as follows:

Hadley Learning Community Secondary Phase - NOR 988;
Hadley Learning Community Primary Phase - NOR 591
Ercall Wood Academy NOR – 880
Charlton – NOR 1,129
Queensway NOR – 124

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the Trust.

The Trustees of Learning Community Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Learning Community Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. Members' liability

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

c. Trustees' indemnities

There are no disclosures with regard to qualifying third party indemnity provisions.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Our Trustees were all appointed as the Trust was set up and incorporated. The Trustees were approved as part of the application process with the Department of Education to ensure we had a strong board with a wide range of skills and expertise in education and school improvement but also in finance, HR and the business sector.

We are very fortunate in that all our original Trustees are still in place and we have not had to recruit new Trustees. Should this be necessary, the recruitment process will be managed by the Chair and Members and may include advertisement or a direct approach.

The Members may agree unanimously in writing to appoint such additional Members as they think fit and may unanimously (save that the agreement of the Member(s) to be removed shall not be required) in writing agree to remove any such additional Members.

When a vacancy arises, the Members and Trustees will seek to make an appointment that would maximise the relevant skills and experience on the Board as a whole and enable it to comprise appropriately qualified and experienced Trustees.

e. Policies adopted for the induction and training of Trustees

Following initial induction into the Trust, training and induction provided for new Trustees and Governors has depended on their existing experience and knowledge. The Trust has provided additional training and briefing for Trustees as part of our meeting structure on areas such as data analysis and school improvement strategies. All Trustees are supported and provided with the information needed (including reports, policies, minutes, budgets, etc.) to effectively undertake their role as Trustees. All papers for meetings are sent out well in advance of meetings so Trustees have time to review the documents and prepare for the meetings, Trustees have access to the Chair and Executive at any time.

We have held a joint visioning session with Members and Trustees to develop the vision and strategy for the Trust which is now part of our documentation.

As part of our wider commitment to open governance, we hold an annual joint meeting (this year in March) with all Governors from all our academies to maintain good communications at all levels of Governance and ensure Governors are part of the vision and strategy for the Trust. It is an opportunity to update Governors on the key developments and challenges for the Trust, our growth strategy as well as provide training and support on key areas of Governance. This year's session including a Governor's briefing on the new Ofsted Framework.

The Chair of the Trust and CEO meets with the Chairs of our Local Governing Bodies termly to provide a forum for discussion and consultation, and the Executive or Trustees are able to attend LGB meetings as appropriate. There is a programme of training for Governors as part of the service the Trust buys from Telford and Wrekin and some of our Governors have attended a significant training course through our partnership with the Alliance of Learning.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

f. Organisational structure

The Board of Trustees comprise those persons appointed under the Articles of Association as described earlier herein. Trustees delegate specific responsibilities to the Business and Personnel Committee, Audit and Risk and Local Governing Bodies, the activities of which are reported to and discussed at the Board of Trustees' meetings.

Day to day management of the company is undertaken by the Chief Executive Officer (also referred to as Executive Principal) supported by the Chief Operating Officer. The day to day running of each Academy is undertaken by the Principal or Head Teacher supported by their Senior Leadership Team.

The Chief Executive Officer is the Accounting Officer and the Chief Operating Officer is the Chief Finance Officer. To support growth and effectively implement financial controls the Trust has formed a central finance team that is managed by the Head of Finance. The team comprises of 3 Finance Officers that support multiple academies. In addition to the central finance team the Trust has implemented Operational Managers that work across academies supporting Heads in all operational activities whilst delivering Trust required outcomes.

g. Pay policy for key management personnel

The Trustees make determinations of pay in accordance with the Trust's Pay Policy. The Board of Trustees has fully delegated powers and is established in accordance with the appropriate school governance regulations.

The Trust Executive Team and our Academy Principals/Headteachers and their Senior Leadership Teams are the key management personnel of the Trust. Three Trustees are also Directors and therefore play a significant role in supporting the Trust. Trustees receive no pay or other remuneration in respect of their role as Trustees.

The Board of Trustees sets the pay of the Chief Executive Officer annually. The Chief Executive Officer must demonstrate sustained high quality of performance, with particular regard to leadership, management and school improvement across the Trust's schools. Pay of Trust Principals/Headteachers and Senior Leadership team members are also set by the Board of Trustees again having regard to performance against previously agreed objectives and recommendations made by the Chief Executive Officer.

h. Connected organisations, including related part relationships

The Trust is not part of any other networks, charities and organisations which impact on the Trust's operating policies.

i. Trade union facility time

The Trust does not have any employees who undertake this role currently. It can be noted that the Trust maintains positive relationships with Trade unions and has established a local Trade Union Forum.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Structure, governance and management (continued)

Objectives and activities

a. Vision and aims

We have a single clear vision for our Trust which is "To provide an outstanding education for all of our children and young people that prepares them to be successful in all they do both now and in the future".

We keep our aims at the forefront of all we do, they represent our values as well as our intentions:

To focus, across our schools, on excellence by achieving the best possible educational outcomes for our children and students by engaging and inspiring them, building their resilience and preparing them for work and adult life.

To drive a collaborative culture across our schools which drives and supports improvement and develops all our staff as leading professionals

To provide the highest levels of care and support for our children so they can succeed, including those that are the most disadvantaged, vulnerable or with special needs in our community

To ensure our schools are at the heart of the community they serve and are truly inclusive organisations with equality for all across our community

To engage positively with our families and wider community, building partnerships and programmes that develop opportunities beyond the school sector

Our Trust brings schools together into one organisation so that school leaders; teachers, learners and our community can work and thrive together, gaining from and supporting each other. As a local Multi Academy Trust operating from our school-based office in North Telford, the Learning Community Trust (LCT) was incorporated in June 2017 following approvals by the DfE, we are delighted to be an Academy sponsor.

Our approach is built around a clear vision of inclusive education and a relentless drive for raising standards - we keep our focus on our learners, ensuring they are supported by great teachers, outstanding leaders and excellent facilities.

We believe in strong local management and governance, our Trust is led by our Members, our outstanding Board of Trustees and each Academy has a Local Governing Board.

The Trust Executive Function is designed to be lean and focused, providing unwavering attention on getting the best outcomes for our learners, staff and community.

We focus on research and evidence-led school improvements strategies, we develop our leaders and staff and ensure we have excellent and leading practice in our teaching, support and management practices.

Our support and management functions are wholly focused on supporting our schools, with exemplary financial management, excellent human resource support and a continuous drive for value for money, efficiency and effectiveness.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

b. Objectives, strategies and activities

We have established four strategic objectives, with members and Trustees, for our Trust with linked KPIs:-

1. Our Learners are Engaged and Successful

- Progress and achievement improve annually to national measures and beyond
- Attendance rises well above national measures
- We have low exclusions
- All our learners experience and enjoy a rich and engaging curriculum
- Learners tell us they want to be at our Academies, our Academies are popular and often oversubscribed

2. We have High Quality Staff across our Trust

- Teaching in our Academies is good or better and always improving
- All staff have access to high quality professional development
- All our staff have opportunities to develop their careers and share their practise
- We retain the highest calibre staff and our recruitment levels are high
- We have a culture of shared mobility and high staff attendance

3. We have a Culture of Continuous Improvement

- We continuously review performance targets and areas for improvement
- All our Academies are supported and challenged to demonstrate excellence with clear areas of outstanding practice
- Any of our Academies with difficulties are supported to improve and sustain performance levels within two years
- We have a Trust-wide culture of collaboration focussed on improvement

4. Our Leadership and Governance is Exemplary

- Our Trust is sustainable and highly effective
- We develop, recruit and retain outstanding leaders and Governors
- Financial management is effective, innovative and adds value to outcomes
- Growth of the Trust is well planned, well led and well managed
- High quality Policies and Practises are firmly embedded across our Trust

Although it is necessary for us to have arrangements in place to run the Trust effectively, support and challenge schools and engage with our communities, our core purpose is to do the best for our learners. Alongside great teaching and pastoral care we have a commitment to:

- Raising the aspirations of all young people in our Trust to be the very best they can be
- Making our schools welcoming, inclusive and enjoyable for our students every day
- Providing world class opportunities for our learners that extends their learning and experiences within and beyond Telford
- Giving, encouraging and acting upon the voice of our learners, so they play a significant role in our Academies and Trust
- Promoting student leadership in our Academies and across our Trust so they are part of our vision and values
- Engaging learners in their own learning so they know how to succeed
- Developing confidence, resilience and determination in our young people, whatever their age
- Ensuring a safe, supportive and caring environment in our Academies so students are treated with kindness, respect and live safely in our community

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Why our Trust exists

Our Trust exists because we have a commitment and passion for providing great schools for our community. We consider that a locally-led and accountable Trust provides the best outcomes for learners and our communities, this includes supporting schools facing challenges and ensuring the best schools become even better.

Our aspirations are solely to support and improve our schools. Alongside those that become part of our Trust, we will consider associate arrangements for schools and other educational organisations that meet our aims and would benefit from such an arrangement and support for other forms of provision where there are clear benefits for all parties.

Across all our schools and community, we provide strategic direction; support; specialist expertise; shared development and services focused on local needs. This is increasingly important at a time when the traditional Local Authority role is diminishing, resources and funding are severely constrained and support services are hard to access.

We are convinced of the importance of and value for local schools to work closely together and have designed our Trust to do just that.

We have a sound model in place and our schools are already benefiting from opportunities to have all phases of education -Secondary, Primary and Special – working and learning together with the expertise that brings into the Trust.

Our Trust also sponsors schools and has already demonstrated how effective leadership from the Trust has helped improve schools through direct challenge and support and by working closely with fellow schools.

We are proud of our early successes and the high level of interest from schools wishing to join us. As well as our support and services, we also look to bring in new developments and opportunities – we have already secured additional funding to advance our school improvement plans.

The scope of our Trust

Our involvement ranges from early years through to secondary provision where we deliver, influence and support provision at all stages.

We directly lead and support secondary schools, primary schools and SEND provision (we lead and support SEND provision through one merged school and partnership arrangements for specific provision). We have an interest in post-compulsory education and work closely with local providers while also considering the best provision for our learners post-16.

We support schools that are high performing, and those moving from (Ofsted) categories, therefore schools facing challenges and those looking for new arrangements to improve further are welcome to see what we offer and if we can help.

We work closely with a wide range of stakeholders at strategic and operational levels, this includes collaborative and formal partnership arrangements with key partners (e.g. RSC/DfE, other West Midlands MATs, HE, Teaching School Alliances, the Local Authority for SEND and Telford College for post 16 provision).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Our Structure

We have in place a clear and accountable model for governance at all levels that meets all the legal and best practice expectations and demonstrates robust and transparent arrangements for leading our Trust and schools. Our model:

- Ensures we have strong capability and capacity within our Governance structures and staff appointed to the Trust
- Retains a clear model of accountability and delegated governance, holding the CEO and key operational officers to account so the Trust runs efficiently and effectively
- Maintains knowledge and expertise on system improvement and outcomes for learners of all ages and settings e.g. Special, EYFS, primary, secondary and applying sound Quality Assurance practices
- Demonstrates a clear understanding of Trust Budgets and meeting responsibilities for budget controls and accounting procedures across the Trust with sound risk assessment procedures in place
- Has a commitment to continuous and appropriate self-review and training of our Members and Trustees to ensure they fulfil their key functions
- Ensures LGBs and schools within the Trust are fit for purpose with essential skill sets of Governors, meet clear schemes of delegation and can focus on the core business of education
- Leads and develops the Trust so it grows and becomes sustainable, has due diligence processes that are effective and new schools joining the Trust are well supported and challenged
- Protects the integrity and future of the Trust including regular self-review, succession and business planning.

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities (continued)

Strategic report

Achievements and performance

a. Achievements and progress of LCT and our Academies

The Trust has just celebrated its first full year of operation and is now well established in the Telford with an excellent local reputation. We have spent this year developing the new executive team and refining our systems and processes so that the Trust is well led and managed at all levels.

The Trust has grown with the addition of a large, local secondary school in December 2018, Charlton School which we sponsor and we are just about to welcome a second primary school, Wrekin View into the Trust on the 1st December as a convertor academy. Our growth has been manageable and timely meeting our vision and strategy for establishing a local MAT for the community of Telford.

We had our first Trust Review with RSC West Midlands in February 2019 and this was extremely positive and the Trust was congratulated on its achievements to date.

In November 2019, we were delighted to receive a visit to LCT from the Regional School's Commissioner West Midlands. He visited Charlton and HLC as well as spending time discussing the Trust's developments with the CEO and Chair of Trust.

We are thrilled with the progress many of our academies have made in the last 12 months and the manner in which they have embraced the Trust. Our focus had been to support and challenge our schools but the significant achievement has been building collaboration and identifying strong practice across the Trust and disseminating this to drive school improvement.

We have established a number of important forums for our staff to work together:-

- Leadership Hub – all Headteachers meet with the CEO every fortnight to focus on key work streams and agree decisions, in addition the CEO meets weekly with individual Headteachers on school-specific matters.
- Subject Leaders Forum – curriculum leaders across the Trust meet at least termly to collaborate on subject specific issues and this has been of significant benefit where these middle leaders can share and support each other and are no longer isolated.
- Senior Leadership Forum – senior leaders across the Trust are working closely together to drive forward areas such as curriculum, assessment, teaching and learning.
- Newly qualified teachers Forum – senior leaders are providing a programme of support and training for our new teachers across the schools and we hold a conference day especially for them.

In addition, we have held our 2nd Trust PD Day which bring all our staff together annually with presentations on the trust to ensure all staff understand what we are and what we are achieving together. There are also keynotes and workshops of value to our staff; we are planning our 3rd in day in January 2020.

There has been significant investment in staff training and over 45 middle and senior leaders have been involved in achieving National Professional Qualifications to support their development.

We have increased the capacity of the Trust to deliver school improvement and have a senior leader from one of our academies seconded to lead this area with the CEO. There is a half-termly system of joint monitoring by the trust and each academy involving learning walks, work scrutiny, student interviews and subject reviews to identify

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

strengths and key areas of improvement.

All our academies have templates for Raising Achievement Plans and School Evaluation Forms and these are reviewed regularly by the CEO and the LGBs to monitor progress towards individual academy priorities.

One of our significant achievements has been to bring children together from our schools and some of the highlights have been:-

1. The first LCT Dance Festival – July 2019
2. The first LCT Banquet – June 2019
3. The first LCT Rugby Team – September 2019
4. The first LCT Outdoor Activities Week at Arthog – May 2020
5. Enrichment – 40 Y10 students are taking GCSE Psychology as an additional GCSE afterschool
6. Mastery classes – English, Maths and Science for Y11

The Trust has worked really closely with Telford College over the last 18 months and established a formal Memorandum of Understanding between our two organisations and this work is making exciting progress in terms of curriculum, post-16 destinations and other identified areas.

The information below is a brief overview of our academies:-

Hadley Learning Community Primary Phase (reception – Y6, with a 60 place nursery) – joined the Trust as a convertor Academy on the 1st March 2018 and is currently graded "Good" by Ofsted. Our primary phase is very popular and oversubscribed. There is planned growth over the next few years as we have increased the PAN to 90, from 60. New classrooms and a new dining hall have been added under basic need funding and we have three classes in Reception, Y1, Y2 and Y3, the growth will continue until we have 3 classes in all year groups.

HLC Primary has seen significant improvements in outcomes with Phonics almost at national at 80%. Key Stage 2 results in 2019 show good improvements in progress measures in Mathematics and Writing but a slight dip in Reading so the combined measure has dropped slightly this year to below national. Improvements in Reading area an area of focus for the school in 2019-20.

Hadley Learning Community Secondary Phase (1116) joined the Trust as a convertor Academy on the 1st March 2018 and is currently graded "Good" by Ofsted. Our secondary phase is very popular and significantly oversubscribed each year. The demand for places has resulted in an increase in PAN from 180 to 240 from September 2019, there has been significant building adaptations in the summer to ensure this growth can be accommodated. HLC Secondary remains a high performing school and as in 2018 this year's 2019 GCSE, based on Progress 8, and placed HLC as the top performing comprehensive in Telford.

HLC operates as an allthrough school housed in a purpose built £70 million PFI campus which has significant community use. HLC is led by a Principal and a federated Governing Body, there is a Headteacher of the Primary Phase.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Ercall Wood Academy (1116) joined the Trust as a convertor Academy on the 1st July 2018 and currently is graded "Requires Improvement" by Ofsted prior to conversion. The Academy is housed in a superb new building built under BSF, has a rapidly rising roll and is now at its PAN of 900 due to its popularity locally. The 2019 GCSE results demonstrate that even though Progress 8 did not decline significantly, from 2018, standards still need to improve on all key measures. The Trust is working with the Academy and has implemented a significant school improvement strategy to ensure rapid and sustained progress.

Queensway School (Y5Y11) – joined the Trust as part convertor and part sponsored on the 1st March 2018. Queensway Special School is a merger of Mount Gilbert EBD School, which the Trust sponsors and Queensway which was an autistic unit attached to HLC Secondary. Following conversion, we have merged the two schools to create a brand new special school which operates on two sites with different specialisms, under the leadership of one Headteacher. Queensway North has 60 students aged from Y6 –Y11 with a significant diagnosis of autism and Queensway South has 54 students from Y5 – Y11 with a significant diagnosis of social and emotional behaviour. All students have an EHCP and places are commissioned by the local authority. Queensway had another set of excellent GCSE results in 2019 and our students have transferred successfully into post16 education and training.

Charlton School – (1116) – joined the Trust on 1st December 2019 as a sponsored academy following a long and complex conversion linked to land issues.

The CEO has been working weekly in the school, for the last two years, so the actual process of conversion was seamless and we were all delighted the school was finally, formally part of LCT. Charlton has been on a significant school improvement journey across the school and we celebrated an excellent improvement in the 2019 GCSE results this summer. The school has achieved national or above in all key measures such as Attainment 8, English and Maths at Grade 4 and 5, P8 has significantly improved and closed the gap on national. Charlton is a rapidly improving school and the principal, senior leaders, staff and Governors have worked tirelessly to achieve this with the support of LC.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

b. Key performance indicators

The Trust is committed to supporting and challenging our academies to build on their strengths and to address areas for improvement. We believe in collaboration across our family of schools and identifying great practice which can be shared and developed across the Trust but also to look beyond the Trust for innovation and creativity in the sector.

We have established clear key KPI's for our academies. Supported by the Trust Executive Team, each Academy leader is responsible for the delivery of these KPIs, held accountable locally by the LGB. At their scheduled meetings, Trustees and Members consider overall performance and strategic progress ensuring intervention and support as appropriate.

Below is a short summary of progress on our KPIs across our academies:-

Progress and attainment to be at a minimum of national averages in key measures or rapidly improving towards national – this is the case with the majority of our academies, we have highly focussed improvement strategies and monitoring in place in one academy that we need to support to achieve this.

Attendance to be at least at national averages but aiming for 95% as a minimum – all our schools take attendance very seriously and attendance is at or above national across our schools. We employ a Trust Education Welfare Officer who works in our schools weekly with attendance officers to ensure the best possible attendance from our students.

Low levels of fixed term exclusions, below the national average – all our schools have exclusions figures 2018-19 well below national and we have worked hard to challenge schools where this was not the case.

Student numbers are high with no significant surplus places demonstrating that our schools are popular, the first choice for parents in our community – all our schools are popular and many are oversubscribed and we have had to increase capacity in two schools in agreement with the LA. We have only one school which is not quite full but this is not significant.

Staff attendance is high and staff turnover is relatively low because staff enjoy working in our academies – we are very fortunate to have outstanding attendance from our staff and we have good systems in place to support staff attendance. We had very low staff turnover and we have been able to increase staffing in schools where there is significant growth.

Recruitment and retention ensures that we have a highly skilled workforce and that we do not have vacancies or have teachers teaching outside their specialist areas – recruitment of high quality teachers is paramount and all our academies recruited well for September 2019 and we started the new academic year with one vacancy across our schools. This is impressive as there are national shortages in teachers particularly in Science and Maths.

Ofsted inspections of our academies demonstrate our academies are at a minimum "Good" and identify significant areas of outstanding – none of our academies has had an Ofsted inspection since joining LCT but many are due in this academic year and we are preparing schools to understand the requirements of the new Ofsted Framework which was implemented in September 2019.

The Trust operates its budget efficiently ensuring we achieve economies of scale and value for money across all our schools - our first full year of operation has been challenging as two schools who have joined us had large deficits. Our COO has reviewed many of the services linked to estates and ensuring we find savings

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

and economies of scale where possible. The recently implemented (September 2019) LCT Finance team is working efficiently and effectively with our schools to monitor and control expenditure and to provide Heads and LGBs with accurate monthly management accounts.

Each Academy is financially viable and manages its agreed budget within the Trust's scheme of delegation and Financial Regulations - we have challenged our schools and set balanced budgets for 2019-20.

c. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Financial Objectives

The Trust has the following financial objectives:

1. To safeguard the overall financial health of the Trust so that it's strategic and business objectives can be met.
2. To support maximum delegation to academies and full accountability for managing their own financial affairs, whilst ensuring a clear and fair process is in place for allocating and managing resources across the Trust.
3. To establish transparent arrangements for setting budgets, monitoring financial performance and managing balances that focus on the needs of learners and maximising their outcomes.
4. To promote compliance with best practice, meeting ESFA requirements and the Articles and terms of the Trust.

The Trust benchmarks academy finances within the organisation and with similar academies and Trusts when comparable data is available. For the Trust as a whole, initial full year targets will be:

Financial Health	Annual operating surplus before depreciation, year end pension adjustments and tax as % of turnover	2%
	Cash days in hand	45 days
	Current ratio (current assets: liabilities)	2:1
	Capital investment as % of turnover	At least 2%
Efficiency	Employee costs as % of turnover	68%
	Teaching staff utilisation	Meet/exceed benchmarks
	Value for money	Planned reviews leading to savings
	Creditor payments	30 days
Risk	Financial risks	Mitigation actions fit for purpose and effective
	Audit recommendations	Implemented in full within 90 days

Financial Outturn 2018-19

The financial statements for the period ending 31 August 2019 include set up and conversion costs for Charlton School and income and expenditure relating to the full operation of the Trust, Hadley Learning Community, Queensway, Ercall Wood and of Charlton School from 1 December 2019. At 31 August 2019, unrestricted reserves were £588k with a restricted GAG fund deficit of £394k. The overall position of revenue reserves is a surplus c/f of £194k. 2018/19 proved to be a very challenging year for academies to meet their agreed budgets.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

The external funding environment for the Trust and the sector is extremely challenging and will continue to be so. This will be partly addressed as the number of academies within the Trust expands and as pupil numbers within existing academies increase where there is secured funding and clear demand for additional places. The Trust continues to manage resources prudently and is actively working to reduce costs and improve value for money, particularly in central and support services and through sharing expertise.

Reserves and Balances Policy

The effective management of operating surpluses is key to the financial health and further development. The Trust will ensure that related decisions are fair and fully transparent and will determine the availability of surplus funds, the timing of release and percentage available to each academy. It is possible that major unforeseen events will have a material impact on the financial health and operation of the Trust as a whole. Whilst the Trust aims to minimise such risks and will insure against many of them, it will access and utilise reserves in the interests of the whole organisation and learners where necessary to do so.

Academies will be encouraged to spend available resources for the benefit of learners in the year in which they are received. However, academies are also responsible for their own financial risks, and so will need to budget prudently and establish their own contingencies. Where a planned surplus has been accumulated, the academy will produce a plan for the managed spend and investment of that surplus in the interests of the academy and the Trust as a whole.

The explicit aim is that no academy should be in deficit. In exceptional circumstances where an academy cannot set a balanced budget, or the situation worsens mid-year then the Trust may amend financial delegations, and will support the Local Governing Body to compile a clear financial recovery plan that will outline how the academy will move back into balance and how it will 'repay' accumulated deficits within two years.

b. Material Investment policy

The Trust does not hold any long term investments. All cash surpluses are held in instant access interest bearing accounts with the Trust's approved bankers.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report (continued)

Financial review (continued)

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to Finance, Strategic, Operations and Compliance. A risk Management policy is in place that clearly details how risk should be categorised and the scored using a 3x3 matrix for the likelihood and impact which rates the risk high medium or low. The audit and risk committee meet termly and scrutinise the risk register and mitigation/movement log which is then reported back to the Board of Trustees.

The risk register identifies the following financial risks:

- Inaccurate income and expenditure reporting resulting in poor decision making
- Loss through fraud, error, theft or disaster giving rise to waste of public funds
- Financial Regulations and Financial Procedures are not updated or are not adhered to / understood resulting in breaches of regulations and legal compliance
- Non achievement of funding and other income targets, for example, through failure to achieve planned. Pupil retention could result with the funding allocation and success rate targets not met.
- Failure to comply to Funding Agreement leading to financial claw back
- Funding cuts in future periods (financial viability) resulting in the school having financial difficulties
- Insurance risk - risk of financial loss/inability to replace items is insufficient
- Trust holding either insufficient or excessive reserves
- Supplier financial viability and ability to deliver product in the required timescales
- Financial systems are not robust to ensure financial services are controlled.
- Financial position when schools express an interest in joining the Trust.
- Risk that related party transactions are not transacted in accordance with the requirements of the Academies Financial Handbook

Fundraising

The Learning Community Trust supports academies to raise funds for their chosen charities. Organised events raise funds which is then collected through the school fund and banked in the private school fund account. A cheque is then raised and submitted to the charity collected for.

Plans for future periods

The Trust has an agreed Growth strategy with the RSC West Midlands and a result of this was the approval of Wrekin View Primary School, by the RSC West Midlands Headteacher Board, in July 2019, to become part of LCT. Wrekin View is well located, geographically close to our schools and the majority of Y6 transfer to one of our secondary schools.

This is an exciting time for Wrekin View and LCT as we grow steadily and delivers our vision for the Trust with growth in the primary sector.

We have been working with the Headteacher and Governors since February and the school will join the Trust on the 1st December. This is manageable growth and the similarities between HLC Primary and Wrekin View are significant and the two schools are working well together already.

The Trust is exploring other projects with the RSC and we intend to continue to grow steadily over the next 2-3 years.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12 December 2019 and signed on its behalf by:



Mr Michael Briscoe
Chair of Trustees

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

Governance Statement

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Learning Community Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 4 times during the period.

Attendance during the period at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Michael Briscoe, Chair and Member	4	4
Mrs Christine Davies	3	4
Dr Gill Eatough, Chief Executive and Accounting Officer	4	4
Mr Andrew Harris	3	4
Mr Graham Hutchinson	1	4
Mr David James, Member	3	4
Mrs Beverly Tyley	3	4
Mr Nathan Wallis	3	4
Dr David Woods	4	4
Mr David Wootton	3	4

In addition to the formal meetings, each Trustee has engaged directly with the Executive to provide extended support and guidance alongside governance including Committee attendance.

The Business and Personnel Committee is a sub-committee of the main board of Trustees. The powers and functions delegated by the Board to the Business & Personnel Committee are Funding, Budgeting, Financial Management and Expenditure, Review of monthly management accounts, financial procedures, Health & Safety, Asset Management and Property Management. The Business and Personnel Committee also have the powers and functions delegated by the Board in respect of Pay, Personnel and Performance/Appraisal Management across the Trust.

Bev Tyley, (Non-Executive Director (Finance)) is a qualified accountant, and member of the committee.

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Michael Briscoe, Chair and Member	16	17
Mr David James, Member	16	17
Dr Gill Eatough, Chief Executive and Accounting Officer	17	17
Mrs Beverly Tyley	17	17

The Audit & Risk Committee is also a sub-committee of the main board of Trustees. The powers and functions delegated by the Board to the Audit & Risk Committee are: External Audit, Internal Audit, Financial Management & Policies, Risk Register and management of risk.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the period at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Andrew Harris	4	4
Mr Nathan Wallis	4	4
Mr Graham Hutchinson	1	4
Dr Gill Eatough, Chief Executive and Accounting Officer	4	4

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Trust has delivered improved value for money during the period by:

- **Raising student attainment**

The Trust regularly reviews its staffing structure in order to deploy staff efficiently to support an improved curriculum and target areas of the curriculum in need of development. The Trust uses the model, recommended by the DfE, of ICFP (Integrated Financial and Curriculum Planning) to model the cost of the curriculum in terms of staffing costs, deployment, class size etc. The administration and support staff is also reviewed to ensure appropriate staffing levels to support our academies.

Pupil progress is assessed and tracked rigorously throughout their education with appropriate and timely interventions to raise attainment. Free school meals children are supported through interventions funded from the Pupil Premium Grant aimed at narrowing the attainment gap.

The Trust collaborates with other educational providers and experts to share delivery or good practice including the Severn Teaching Alliance, the Salop Teaching Alliance, the Alliance for Learning, Telford College and other local Trusts.

- **Financial governance and oversight**

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

- o Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- o Regular reviews by the Business and Personnel committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- o Setting targets to measure financial and other performance;
- o Clearly defined purchasing guidelines;
- o Delegation of authority and segregation of duties; and
- o Identification and management of risks.

- **Better purchasing/procurement**

Trust contracts have been entered into to ensure reduced cost where it was felt that this would benefit the Trust. Some external services have been terminated as the expertise is now available within the Trust. Contractual costs are benchmarked across the schools in the Trust to compare best value. Economies of scale are achieved by the sharing of human and material resources across the Trust.

- **Better income generation**

The Trust explores every opportunity to generate income through the hire of our Academies' facilities and through the provision of consultancy and services to other educational providers. Bids for external grants are applied for where relevant.

- **Reviewing controls and managing risks**

Monthly budget monitoring reports are produced and reviewed by the Chief Operating Officer and any necessary remedial action taken to address significant variances that may have an impact on the budget out-turn discussed

LEARNING COMMUNITY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

with the Accounting Officer and the Business and Personnel Committee.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Learning Community Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Whittingham Riddell LLP the external auditors, to perform additional checks.

On a termly basis, the external auditor reports to the board of Trustees through the Audit & Risk committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the external auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of Trustees on 12 December 2019 and signed on their behalf by:



Mr Michael Briscoe
Chair of Trustees



Dr Gill Eatough
Accounting Officer

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Learning Community Trust I have considered my responsibility to notify the Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Dr Gill Eatough
Accounting Officer
Date: 14/12/17

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on and signed on its behalf by:



Mr Michael Briscoe
Chair of Trustees

12 December 2019

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST**

Opinion

We have audited the financial statements of Learning Community Trust (the 'trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST (CONTINUED)**

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 auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
LEARNING COMMUNITY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

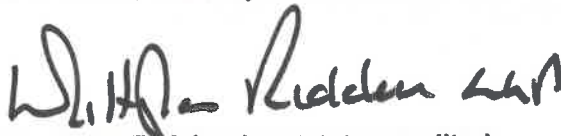
Auditors' responsibilities for the audit of the financial statements

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 auditors' 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. This description forms part of our auditors' report.

Use of our report

This report is made solely to the charitable Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable Trust's members those matters we are required to state to them in an auditors' 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Malpass BA FCA (senior statutory auditor)
for and on behalf of
Whittingham Riddell LLP
Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

Date: 19 December 2019

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 5 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Learning Community Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Learning Community Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Learning Community Trust's funding agreement with the Secretary of State for Education dated 1 March 2018 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LEARNING
COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

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



Andrew Malpass BA FCA (Senior statutory auditor)

for and on behalf of

Whittingham Riddell LLP

Belmont House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

Date:

19 December 2019

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	(1,461,430)	16,824,174	15,362,744	50,450,734
Charitable activities	4	-	20,659,839	-	20,659,839	6,471,194
Other trading activities	5	33,848	688,692	-	722,540	190,045
Investments	6	903	-	-	903	274
Total income		34,751	19,887,101	16,824,174	36,746,026	57,112,247
Expenditure on:						
Charitable activities	8	-	22,755,182	547,190	23,302,372	7,044,182
Total expenditure		-	22,755,182	547,190	23,302,372	7,044,182
Net income/(expenditure) carried forward		34,751	(2,868,081)	16,276,984	13,443,654	50,068,065

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Net income/(expenditure) brought forward	34,751	(2,868,081)	16,276,984	13,443,654	50,068,065
Transfers between funds	-	100,906	(100,906)	-	-
Net movement in funds before other recognised gains/(losses)	34,751	(2,767,175)	16,176,078	13,443,654	50,068,065
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	-	(3,303,000)	-	(3,303,000)	224,000
Net movement in funds	34,751	(6,070,175)	16,176,078	10,140,654	50,292,065
Reconciliation of funds:					
Total funds brought forward	278,547	(6,926,000)	56,939,518	50,292,065	-
Net movement in funds	34,751	(6,070,175)	16,176,078	10,140,654	50,292,065
Total funds carried forward	313,298	(12,996,175)	73,115,596	60,432,719	50,292,065

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 37 to 63 form part of these financial statements.

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	73,115,596	56,906,373
		<u>73,115,596</u>	<u>56,906,373</u>
Current assets			
Debtors	16	898,282	928,429
Cash at bank and in hand		962,206	1,265,480
		<u>1,860,488</u>	<u>2,193,909</u>
Creditors: amounts falling due within one year	17	(1,574,630)	(1,752,708)
Net current assets		<u>285,858</u>	<u>441,201</u>
Total assets less current liabilities		<u>73,401,454</u>	<u>57,347,574</u>
Creditors: amounts falling due after more than one year	18	(91,736)	(129,509)
Net assets excluding pension liability		<u>73,309,718</u>	<u>57,218,065</u>
Defined benefit pension scheme liability	25	(12,877,000)	(6,926,000)
Total net assets		<u><u>60,432,718</u></u>	<u><u>50,292,065</u></u>

LEARNING COMMUNITY TRUST
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Funds of the Trust			
Restricted funds:			
Fixed asset funds	19	73,115,596	56,939,518
Restricted income funds	19	(119,176)	-
Restricted funds excluding pension asset	19	<u>72,996,420</u>	<u>56,939,518</u>
Pension reserve	19	<u>(12,877,000)</u>	<u>(6,926,000)</u>
Total restricted funds	19	60,119,420	50,013,518
Unrestricted income funds	19	313,298	278,547
Total funds		<u>60,432,718</u>	<u>50,292,065</u>

The financial statements on pages 32 to 63 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:



Mr Michael Briscoe
Chair of Trustees

The notes on pages 37 to 63 form part of these financial statements.

LEARNING COMMUNITY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(184,764)	1,265,206
Cash flows from investing activities	22	(118,510)	274
Change in cash and cash equivalents in the year		(303,274)	1,265,480
Cash and cash equivalents at the beginning of the year		1,265,480	-
Cash and cash equivalents at the end of the year	23	<u><u>962,206</u></u>	<u><u>1,265,480</u></u>

The notes on pages 37 to 63 form part of these financial statements

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Learning Community Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship income**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income (continued)

1.4 Expenditure

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

• **Charitable activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

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

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

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

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 125 years, straight line
Long-term leasehold property	- 125 years, straight line
Furniture and equipment	- 5 years, straight line
Computer equipment	- 3 years, straight line
Motor vehicles	- 10 years, straight line

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

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Pensions

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

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

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

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

1.12 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The land and buildings have been introduced at a value equal to the net book value held by the Local Authority at the time of conversion to Academy status.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	(1,461,430)	16,637,000	15,175,570	50,455,497
Devolved formula capital grant	-	-	187,174	187,174	(4,763)
	-	(1,461,430)	16,824,174	15,362,744	50,450,734
Total 2018	124,140	(6,800,288)	57,126,882	50,450,734	

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Trust's educational activities

	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
General Annual Grant (GAG)	17,089,287	17,089,287	5,071,536
Start Up Grants	-	-	99,000
Other DFE/ESFA Grant Income	31,064	31,064	8,098
Pupil Premium	931,097	931,097	222,221
Universal Infant Free School Meals (UIFSM)	93,300	93,300	46,905
Local Authority - SEN	1,769,526	1,769,526	777,697
Local Authority - Early Years	110,523	110,523	35,059
Government - Other Grants	345,397	345,397	150,000
Other Income	126,359	126,359	55
Rates Reclaim	113,452	113,452	44,618
Insurance	218	218	1,155
PE and Sports Grant	36,180	36,180	14,850
Catering Income	13,436	13,436	-
	<u>20,659,839</u>	<u>20,659,839</u>	<u>6,471,194</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Lettings	33,848	-	33,848	-
Supply teacher insurance	-	61,097	61,097	-
School fund income	-	414,551	414,551	128,568
Income from ancillary trading activities	-	213,044	213,044	61,477
	<u>33,848</u>	<u>688,692</u>	<u>722,540</u>	<u>190,045</u>
<i>Total 2018</i>	<u>-</u>	<u>190,045</u>	<u>190,045</u>	

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	903	903	274

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Educational activities:					
Direct costs	12,843,950	-	1,148,087	13,992,037	4,318,935
Allocated support costs	3,395,928	845,065	5,069,342	9,310,335	2,725,247
	<u>16,239,878</u>	<u>845,065</u>	<u>6,217,429</u>	<u>23,302,372</u>	<u>7,044,182</u>
<i>Total 2018</i>	<u>4,420,911</u>	<u>-</u>	<u>2,623,271</u>	<u>7,044,182</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Educational activities	<u>23,302,372</u>	<u>23,302,372</u>	<u>7,044,182</u>

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational activities	13,992,037	9,310,335	23,302,372	7,044,182
<i>Total 2018</i>	<u>4,318,935</u>	<u>2,725,247</u>	<u>7,044,182</u>	

Analysis of direct costs

	Educational activities 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	12,843,950	12,843,950	4,041,849
Educational Supplies	671,669	671,669	154,959
Examination Fees	220,241	220,241	51,059
Technology Costs	20,119	20,119	3,235
Educational Consultancy	6,585	6,585	418
Other costs	160,439	160,439	14,920
Legal and Professional	69,034	69,034	52,495
	<u>13,992,037</u>	<u>13,992,037</u>	<u>4,318,935</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational activities 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	3,395,928	3,395,928	379,062
Depreciation	547,190	547,190	192,127
Technology Costs	2,764	2,764	-
Educational Consultancy	487	487	-
Other Staff Costs	486,306	486,306	224,559
PFI costs	2,719,702	2,719,702	1,298,553
Other costs	681,900	681,900	115,399
Rates	128,088	128,088	46,487
Energy	211,275	211,275	12,674
Maintenance of Premises	161,039	161,039	28,976
Cleaning and Caretaking	101,705	101,705	35,530
Operating Leases	12,727	12,727	6,841
Security	2,885	2,885	-
Transport	48,630	48,630	18,955
Catering	444,193	444,193	177,361
Other Premises Costs	235,494	235,494	27,006
Legal and Professional	109,106	109,106	157,510
Audit and accountancy	20,916	20,916	4,207
	<u>9,310,335</u>	<u>9,310,335</u>	<u>2,725,247</u>

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	31,566	6,841
Depreciation of tangible fixed assets	547,190	192,127
Fees paid to auditors for:		
- audit	11,275	7,500
- other services	9,641	3,875
	<u>599,662</u>	<u>300,343</u>

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	12,150,367	3,480,875
Social security costs	1,137,448	321,454
Pension costs	2,952,063	618,582
	<u>16,239,878</u>	<u>4,420,911</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	15,000	-
	<u>15,000</u>	<u>-</u>

b. Non-statutory/non-contractual staff severance payments

During the period, there was a payout of £15,000 due to 2 employees for settlement costs (2018: £Nil).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	240	130
Administration and Support	235	126
Management	8	7
	<u>483</u>	<u>263</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

d. Higher paid staff

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

	2019	<i>2018</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	3	-
In the band £80,001 - £90,000	2	-
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	1	-
	<u>3</u>	<u>-</u>

e. Key management personnel

Remuneration and benefits received by key management personnel (who are declared on page 1 of the financial statements as the Senior Management Team) in the period amounted to £709,284 (2018: £262,745).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

12. Central services

The Trust has provided the following central services to its academies during the year:

- HLC Primary and Secondary
- Queensway
- Ercall Wood
- Charlton

The Trust charges for these services on the following basis:

A top slice percentage is applied of:

- HLC Primary and Secondary 2%
- Ercall Wood 3%
- Queensway 4%
- Charlton 4%

This includes:

- Central Finance
- HR
- Payroll
- Procurement
- Health & Safety
- GDPR
- School Improvement
- Sage
- Estates

The actual amounts charged during the year were as follows:

	2019 £	2018 £
HLC Secondary and Primary	169,767	100,058
Queensway	68,208	22,475
Ercall Wood	114,257	19,403
Charlton	148,956	-
Total	501,188	141,936

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Dr Gill Eatough, Chief Executive and Accounting Officer	Remuneration	115,000 - 120,000	50,000 - 55,000
	Pension contributions paid	15,000 - 20,000	5,000 - 10,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

14. Trustees' and Officers' insurance

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

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2018	13,600,000	43,498,500	-	-	-	57,098,500
Additions	16,637,000	-	37,359	66,554	15,500	16,756,413
At 31 August 2019	<u>30,237,000</u>	<u>43,498,500</u>	<u>37,359</u>	<u>66,554</u>	<u>15,500</u>	<u>73,854,913</u>
Depreciation						
At 1 September 2018	18,133	173,994	-	-	-	192,127
Charge for the year	188,240	347,988	4,164	5,248	1,550	547,190
At 31 August 2019	<u>206,373</u>	<u>521,982</u>	<u>4,164</u>	<u>5,248</u>	<u>1,550</u>	<u>739,317</u>
Net book value						
At 31 August 2019	<u>30,030,627</u>	<u>42,976,518</u>	<u>33,195</u>	<u>61,306</u>	<u>13,950</u>	<u>73,115,596</u>
At 31 August 2018	<u>13,581,867</u>	<u>43,324,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,906,373</u>

16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	29,344	5,374
Other debtors	294,078	369,507
Prepayments and accrued income	574,860	553,548
	<u>898,282</u>	<u>928,429</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

17. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	678,289	1,107,059
Other taxation and social security	310,187	210,603
Pension fund loan payable	253,576	168,117
Other creditors	64,755	65,451
Accruals and deferred income	267,823	201,478
	1,574,630	1,752,708
	1,574,630	1,752,708
	2019	2018
	£	£
Deferred income at 1 September 2018	52,641	-
Resources deferred during the year	252,299	52,641
Amounts released from previous periods	(52,641)	-
	252,299	52,641
	252,299	52,641

Included in deferred income are monies received in the year from the Local Authority and the ESFA that are for the 2019/2020 year.

18. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Other creditors	91,736	129,509
	91,736	129,509
	91,736	129,509

LEARNING COMMUNITY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	278,547	34,751	-	-	-	313,298
Restricted general funds						
Restricted Funds - all funds	-	21,426,100	(21,646,182)	100,906	-	(119,176)
Pension reserve	(6,926,000)	(1,539,000)	(1,109,000)	-	(3,303,000)	(12,877,000)
	<u>(6,926,000)</u>	<u>19,887,100</u>	<u>(22,755,182)</u>	<u>100,906</u>	<u>(3,303,000)</u>	<u>(12,996,176)</u>
Restricted fixed asset funds						
Class II Restricted Funds - all funds	56,939,518	16,824,174	(547,190)	(100,906)	-	73,115,596
Total Restricted funds	<u>50,013,518</u>	<u>36,711,274</u>	<u>(23,302,372)</u>	<u>-</u>	<u>(3,303,000)</u>	<u>60,119,420</u>
Total funds	<u><u>50,292,065</u></u>	<u><u>36,746,025</u></u>	<u><u>(23,302,372)</u></u>	<u><u>-</u></u>	<u><u>(3,303,000)</u></u>	<u><u>60,432,718</u></u>

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

Unrestricted funds

The balance is being utilised to support the deficit on restricted funds

Restricted funds

This includes the main ESFA and local authority funding and general expenditure of the Trust.

Restricted fixed asset funds

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the Department of Education.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Hadley Learning Community	132,878	280,376
Queensway	7,657	67,031
Ercall Wood	(87,755)	(134,023)
Charlton	(1,938)	-
Trust	143,280	65,163
Total before fixed asset funds and pension reserve	194,122	278,547
Restricted fixed asset fund	73,115,596	56,939,518
Pension reserve	(12,877,000)	(6,926,000)
Total	60,432,718	50,292,065

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Hadley Learning Community	5,289,626	761,225	605,076	3,376,232	10,032,159	4,622,073
Queensway	1,727,364	94,655	72,063	603,443	2,497,525	1,160,666
Ercall Wood	2,971,362	538,517	345,298	755,512	4,610,689	706,338
Charlton	2,800,136	654,120	384,400	613,515	4,452,171	-
Trust	1,255,143	147,730	34,150	(274,385)	1,162,638	362,978
Trust	14,043,631	2,196,247	1,440,987	5,074,317	22,755,182	6,852,055

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19. Statement of funds (continued)

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

	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Balance at</i>
	<i>£</i>	<i>£</i>	<i>in/out</i>	<i>31 August</i>
				<i>2018</i>
				<i>£</i>
Unrestricted funds				
General Funds	681,561	-	-	472,811
Deficit on conversion	(194,264)	-	-	(194,264)
	<u>487,297</u>	<u>-</u>	<u>-</u>	<u>278,547</u>
Restricted general funds				
Restricted Funds - all funds	6,471,305	(6,680,055)	-	-
Pension reserve	(6,978,000)	(172,000)	224,000	(6,926,000)
	<u>(506,695)</u>	<u>(6,852,055)</u>	<u>224,000</u>	<u>(6,926,000)</u>
Restricted fixed asset funds				
Fixed Assets on conversion	57,098,500	(192,127)	-	56,906,373
Capital money transferred on conversion	33,145	-	-	33,145
	<u>57,131,645</u>	<u>(192,127)</u>	<u>-</u>	<u>56,939,518</u>
Total Restricted funds	<u>56,624,950</u>	<u>(7,044,182)</u>	<u>224,000</u>	<u>50,013,518</u>
Total funds	<u><u>57,112,247</u></u>	<u><u>(7,044,182)</u></u>	<u><u>224,000</u></u>	<u><u>50,292,065</u></u>

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	73,115,596	73,115,596
Current assets	313,299	1,547,189	-	1,860,488
Creditors due within one year	(64,756)	(1,509,874)	-	(1,574,630)
Creditors due in more than one year	64,755	(156,491)	-	(91,736)
Provisions for liabilities and charges	-	(12,877,000)	-	(12,877,000)
Total	313,298	(12,996,176)	73,115,596	60,432,718

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	56,906,373	56,906,373
Current assets	2,193,909	-	-	2,193,909
Creditors due within one year	(1,785,853)	-	33,145	(1,752,708)
Creditors due in more than one year	(129,509)	-	-	(129,509)
Provisions for liabilities and charges	-	(6,926,000)	-	(6,926,000)
Total	278,547	(6,926,000)	56,939,518	50,292,065

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NOTES TO THE FINANCIAL STATEMENTS
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21. Reconciliation of net income to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per statement of financial activities)	13,443,654	50,068,065
Adjustments for:		
Depreciation	547,190	192,127
Defined benefit pension scheme obligation inherited	1,539,000	6,978,000
Decrease/(increase) in debtors	30,148	(928,429)
(Decrease)/increase in creditors	(215,853)	1,882,217
Dividends, interest and rents from investments	(903)	(274)
Assets received on conversion	(16,637,000)	(57,098,500)
FRS102 Pension Cost	1,109,000	172,000
Net cash (used in)/provided by operating activities	(184,764)	1,265,206

22. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	903	274
Purchase of tangible fixed assets	(119,413)	-
Net cash (used in)/provided by investing activities	(118,510)	274

23. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	962,206	1,265,480
Total cash and cash equivalents	962,206	1,265,480

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24. Conversion to an academy trust

On 1 December 2018 The Charlton School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Learning Community Trust from Telford and Wrekin Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets			
Leasehold land and buildings	-	16,637,000	16,637,000
Current assets			
School fund balance	61,714	-	61,714
Capital donation	15,856	-	15,856
Non-current liabilities			
Pension deficit	(1,539,000)	-	(1,539,000)
Net (liabilities)/assets	<u>(1,461,430)</u>	<u>16,637,000</u>	<u>15,175,570</u>

25. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £253,576 were payable to the schemes at 31 August 2019 (2018 - £168,117) and are included within creditors.

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25. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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25. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,365,971 (2018 - £474,297).

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £673,074 (2018 - £201,838), of which employer's contributions totalled £485,428 (2018 - £145,867) and employees' contributions totalled £ 187,646 (2018 - £55,971). The agreed contribution rates for future years are 15.5 per cent for employers and 6.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.1	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2	2.1

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25. Pension commitments (continued)

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	23.2	23.1
Females	26.4	26.3
<i>Retiring in 20 years</i>		
Males	26.4	25.3
Females	28.7	28.6

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	10,250	6,695
Mortality assumption - 1 year increase	10,842	7,094
CPI rate +0.1%	10,250	7,164
Pay growth + 0.1%	10,679	6,989

The Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,878	1,404
Corporate bonds	780	616
Property	176	138
Cash and other liquid assets	68	66
Other	848	539
Total market value of assets	3,750	2,763

The actual return on scheme assets was £118,000 (2018 - £104,000).

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25. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(952,000)	(285,000)
Past service cost	(481,000)	-
Interest cost	(183,000)	(78,000)
Administrative expenses	(19,000)	(6,000)
Total amount recognised in the Statement of financial activities	(1,635,000)	(369,000)

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

	2019 £	2018 £
At 1 September	9,689,000	-
Conversion of academy trusts	-	9,390,000
Interest cost	273,000	105,000
Employee contributions	188,000	56,000
Actuarial losses/(gains)	3,356,000	(147,000)
Benefits paid	36,000	-
Past service costs	481,000	-
Current service cost	952,000	285,000
At 31 August	14,975,000	9,689,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,763,000	2,412,000
Interest income	90,000	27,000
Actuarial gains	53,000	77,000
Employer contributions	663,000	197,000
Employee contributions	188,000	56,000
Benefits paid	36,000	-
Administration expenses	(19,000)	(6,000)
At 31 August	3,774,000	2,763,000

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26. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	53,768	31,566
Later than 1 year and not later than 5 years	39,593	93,360
	<u>93,361</u>	<u>124,926</u>

27. Other financial commitments

HLC and Queensway schools both have commitments under the PFI scheme until 31 March 2033.
The current annual commitment for HLC is £2,485,470.
The current annual commitment for Queensway is £252,816.

28. Members' liability

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

29. Related party transactions

Owing to the nature of the Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

