

Registration number: 6754335

Greater Manchester Academies Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

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Greater Manchester Academies Trust

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Greater Manchester Academies Trust

Reference and Administrative Details

| | |
|--|---|
| Members | Ms J Coulson, appointed by British Telecom (resigned 30 November 2018) Mr A Davies, appointed by British Telecom (appointed 24 June 2019) Mr J Falder, appointed by HMG Paints Limited Mr C Raffo, appointed by University of Manchester |
| Trustees | Ms V Rosin, Chair Mr R Lawler Mr J Putt Mrs J Hayman (resigned 31 August 2019) Mrs H Slinger, (Vice-Chair) Mrs H Vaughan (appointed 1 September 2018) Mrs D Barrow (appointed 1 September 2018) Mrs S Walker (appointed 1 September 2018) Mr I Wait (appointed 1 September 2018 and resigned 31 August 2019) Mr H Ngawoofah (appointed 1 September 2019) Mr J Rowlands, (Executive Principal) (appointed 1 September 2019) Mr A Jubb Ms S Kelly |
| Company Secretary | Oakwood Corporate Secretary Limited |
| Senior Management Team | I Wait Executive Director (1 September 2018 - 31 August 2019); Chief Financial Officer (appointed 1/9/19) P Hodson, Senior Director Corporate Services Alex Reed, Principal (MCPA) J Rowlands Principal (MCA); Chief Executive Officer/Executive Principal (appointed 1 September 2019) D Atenyam (resigned 31 August 2019), Chief Financial Officer |
| Principal and Registered Office | Oakwood Corporate Services 3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT |
| Company Registration Number | 6754335 |

Greater Manchester Academies Trust

Reference and Administrative Details (continued)

| | |
|-------------------|--|
| Auditors | Beever and Struthers Chartered Accountants and Statutory Auditors St George's House 215-219 Chester Road Manchester M15 4JE |
| Bankers | The Co-Operative Bank PO Box 101 1 Balloon Street Manchester M60 4EP |
| Solicitors | Mills & Reeve Botanic House 100 Hills Road Cambridge CB2 1PH |

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates two academies serving a catchment area in North Manchester: Manchester Communication Academy (MCA) for pupils aged 11-16, and Manchester Communication Primary Academy (MCPA) for pupils aged 3-11. The Trust also operates the North Manchester Initial Teacher Training centre (NMITT). Governance and management arrangements have evolved within the Trust over the period of account, and subsequently.

Structure, governance and management

Constitution

The Trust is a charitable company limited by guarantee and is an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the Trust. The company registration number is 6754335. The Trustees of Greater Manchester Academies Trust (GMAT) are also the directors of the charitable company for the purpose of company law. The charitable company was formerly known as Manchester Communication Academy.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1. Local governing bodies for MCA and MCPA, and a Management Board for NMITT were in place throughout the year.

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.

Trustees' indemnities

Subject to the provisions of the Companies Act, every trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending the proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Method of recruitment and appointment or election of Trustees

The articles of association require the appointment of at least three trustees (there is no maximum number) to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Trust. They are appointed as follows:

- Up to 4 by British Telecom (Helen Slinger, Sarah Walker, Jonathan Putt, Danielle Barrow);
- Up to 2 staff trustees;
- The Executive Director/Executive Principal, if appointed by resolution of the trustees;
- A 'minimum of 2 parent trustees in the event that no Local Governing Bodies (LGBs) are established.' (NB - From 1 September 2017, parent trustees sat on each of the LGBs & not on the Board);
- Up to 4 co-opted trustees.

Local Governing Bodies (LGBs) are in place at MCA and MCPA. LGBs oversee the operation of each academy, as per the Trust Scheme of Delegation, and the Chair of each LGB sits on the Trust Board.

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation.

The term of office for any trustee is 4 years, save that:

- (i) this time limit shall not apply to the ED/EP;
- (ii) a staff trustee shall cease to hold office if s/he ceases to be employed at the Trust. Any trustee may be re-appointed or re-elected.

The trustees who are currently in office and served throughout the year are listed on page 1. During the period under review the trustees held five meetings of the full Trust Board.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new trustees depends on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All new trustees are given a tour of the academies within the Trust and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as trustees. Inductions are tailored specifically to the individual.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Organisational structure

A unified management structure operates at the Trust. The structure consists of four levels: the members, the trustees, local governing bodies and the senior managers/senior leadership team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments. Local Governing Bodies (LGBs) are in place at MCA and MCPA. LGBs oversee the operation of each academy, as per the Trust Scheme of Delegation, and the Chair of each LGB sits on the Trust Board. The senior managers during the year of account were the Executive Director (ED) who acted as Accounting Officer (AO), supported by Senior Directors for the Social Investment Department & for Corporate Services, whose teams provide services to all MAT members. Principals & Vice-Principals at each academy reported into the ED. From 1 September 2019, the Executive Director role has been replaced by an Executive Principal, who is also the Trust Accounting Officer.

The Principals and Senior Directors control the Trust at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group the senior managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for staff in the management team always contain a trustee. Some spending control is devolved to members of the management team, with limits above which a senior manager must countersign.

The management teams at academy level, which includes the senior management and Assistant Principals, are responsible for the day-to-day operation of the Trust, in particular organising the teaching staff, facilities & students.

As sponsor, BT provides Members, Trustees, Governors and Committee members. BT does not take a direct role in managing the organisation.

Arrangements for setting pay and remuneration of key management personnel

The Trust has a pay scale, agreed by the Trustees, which covers all senior managers (grades are broadly comparable to those found at maintained schools in Manchester). The Accounting Officer's pay is reviewed annually by the Chair, who approves any changes to remuneration. During the period of account, the Accounting Officer was responsible for the performance management of Senior Directors and Principals. He met with each staff member in this group to review their progress against agreed targets, and decisions regarding pay progression followed on from this.

Connected organisations, including related party relationships

The Trust works closely with its sponsor - British Telecom (BT). BT supports the Trust by providing Members, Trustees, Governors, and Committee members to support the governance of the organisation. Expenditure with BT has been limited to the ongoing telephony & internet access contract; expenditure of £28,022 was incurred in this area.

The North Manchester Initial Teacher Training (NMITT) is based at the Trust, and the Trust AO is also AO for NMITT; NMITT income & expenditure is included in the Trust's accounts. NMITT has a Management Board which is comprised of headteachers and representatives from other Manchester schools.

Objectives and activities

Objects and aims

The Academy Trust's objects are to 'advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to, digital communications.'

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Objectives, strategies and activities

The members' vision is that the Trust will transform access to learning for students, their families, and their communities and provide a centre of excellence for the combined teaching of communication and use of technology. The students will develop the skills necessary to communicate effectively, collaborate with others, solve problems and generate new ideas.

To this end the activities provided include:

- tuition and learning opportunities for all students to make appropriate academic progress;
- training opportunities for all staff;
- teacher training opportunities;
- a programme of sporting and after school activities for all students

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Public benefit

In setting our objectives and planning our activities the trustees have considered the impact of the public benefit requirement including the guidance issued by the Charities Commission.

The primary purpose of Greater Manchester Academies Trust is the advancement of education in the Greater Manchester area. Inextricably linked with this purpose is the aim of contributing to the public good. Through the provision of educational and other activities, the Trust aims to contribute considerable benefit to the local community.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

The Trust continued to grow over the period of account. MCPA expands each year, with students up to year 5. NMITT continues to deliver newly qualified teachers, and MCA remains close to capacity, delivering strong examination results.

Key performance indicators

The key achievement noted in the year was the Ofsted review of Manchester Communication Academy. Ofsted visited MCA in May, and graded the academy 'Good' in all areas, with some areas of outstanding performance. This means that all parts of the Trust are now graded as Good by Ofsted.

Academic performance at MCA is good; progress continues to be above the national average. Academy Principals report on performance to their local governing bodies, and in summary to the Trust Board: key information discussed in the year includes attendance data, exclusions & off-site education, progress, and attainment.

Going concern

The financial performance reviewed in these statements does give rise to concern about the continuing operation of the Trust. The deficit incurred in 2018-19 and the consequent decrease in reserves would not be sustainable, and developing a sustainable three-year budget for the 2019-20 to 2021-22 period has been a key challenge. This challenge has required detailed support from the board of trustees and requires the Trust to take some difficult decisions. There are three broad areas where actions are being taken to re-establish a more robust financial position. These are:

Additional Income

The Trust is working closely with Manchester City Council to take on more students and to be as close to 'PAN' as is possible. MCA has a PAN of 1200 students, and MCPA has 420. MCA is funded for 1125 students for 2019-20; on 'census' day (October 8th), there were 1173 students on site. This will not have a significant impact on 'in-year' funding for 19-20 (the Pupil Number Adjustment (PNA) will impact on the following year) but 2020-21 will see significantly higher funding: our estimate is that, with both the higher funding 'base' and the PNA, income will be at least £350k higher. Maintaining and even growing the GMAT student numbers will keep base income at the higher level in subsequent years also.

Staffing expenditure review

The Trust is looking to bring staffing expenditure under tighter control. Trustees have set a target for staffing spend to reduce as a percentage of overall income, with the target for 2021-22 being a staffing cost that is no more than 78% of income. This is challenging; staff spend in 2019-20 is projected to be 79.1% of total income, and incremental increases in salaries invariably exceed funding increases.

To address this (and to bring the budget into balance in 2019-20), the Trust is reviewing staffing structures, looking at terms & conditions of employment, and managing a reduction in staffing complement through natural wastage. There has been a significant reduction in staffing numbers from 2018-19 to the current year, and gross staffing costs are forecast to be lower than in 2018-19. Further measures to be taken are projected to save an additional £180k, and the 'full-year' effect of these changes, coupled with further developments in 2020-21 and 2021-22, takes approx. £500k 'out' of gross expenditure per annum.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Non-Staff expenditure review/Value For Money

The Trust has reviewed non-staffing budgets, and has identified areas where savings can be made, procurement can be made more effective, and targeted current areas of high spend (such as the provision of off-site education) for reduction. Cumulative savings from these various measures are forecast to be c£250k by 2021-22.

Summary

The three-year budget projection for GMAT, based on the actions agreed at the Trust Board, demonstrates that the Trust is a going concern. In summary:

| £m | 19-20 | 20-21 | 21-22 |
|--------------------------|--------|--------|--------|
| Income | 11.539 | 12.086 | 12.131 |
| Staff Exp | 9.124 | 9.285 | 9.693 |
| Non-Staff Exp | 2.380 | 2.471 | 2.405 |
| Surplus/(Deficit) | 0.034 | 0.330 | 0.033 |

After making appropriate enquiries, the Trust Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues 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 Statement of Accounting Policies.

Financial review

The great majority of the Trust's income – over 95% of the total – is received from the ESFA as either School Budget Share allocations, or as Pupil Premium funding.

The Trust has faced challenging financial circumstances during the year of account, and has put in place plans to address the issues that have arisen. The SOFA shows a considerable deficit in terms of movements in funds, which can be broken down as follows:

| Area | £k | Action |
|---------------------------------|-------|--|
| Revenue Budget shortfall | 754 | Budget options & restructure to balance/generate surplus over three-year cycle |
| Capex from reserves | 648 | Non-recurring |
| Depreciation | 1,049 | See below – asset maintenance budgeted for |
| Pension Fund movement | 1,385 | See below – GMPF managed to balance assets & liabilities over longer term |

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

A significant overspend against the revenue budget has been noted in 2018/19 (£2,035k) - the forecast through the year has been c£650-670k - and this has occurred at the same time as marked capital expenditure, which the Trust deemed as necessary, but which puts further pressure on Trust resources.

Capital Expenditure

The Trust has incurred considerable capital expenditure over recent years. The three-year period from 2016-17 to 2018-19 has seen additions of £2.784m to Fixed Assets - in this timeframe, we have seen the addition of the new 3G pitch, the development of new changing rooms, considerable amendment to the built fabric of the academies in the Trust, and marked ICT investment. This spend has not been matched by external grant income - we received £1.240m of incoming resources to fund capital spend over the same period. Most of this (c£1.1m) was grant funding to support the pitch/changing room development, with the remainder being devolved formula capital grant. Although these works have considerably enhanced the Trust's asset base, this still represents over £1.5m of expenditure coming from accumulated funds.

This level of spend is not sustainable moving forward. As is noted at 'Reserves, below, this year represents a drop in reserves which needs to be reversed. Future capital expenditure will be funded from the development of the funded asset management plan, with contributions to this set out in annual budgets from 2020-21, and 'ongoing' capital spend on, eg, ICT refresh being funded through leasing arrangements & from revenue budgets.

Other movements on the face of the accounts include £1.05m of depreciation and an increase in pension liabilities of £1.385m. Although these are not 'cash' transactions, Trustees need to consider the implications of these on the financial viability of the Trust.

Depreciation

Of the total £1.049m depreciation charged in year, some £812k is in respect of land & buildings and furniture, fixtures & equipment. These assets are maintained, as far as is possible, in an 'as new' condition, with an annual programme of planned & preventative maintenance (PPM) for both academies, and reactive maintenance budgets for ensuring the upkeep of the built fabric of each site. We have also established a Trust Asset Management Plan; from 2020-21 onward, budget proposals include an annual contribution of c£100k p.a. to fund this plan.

ICT depreciation (£233k) reflects the reduction in value of the Trust's ICT hardware & infrastructure. After reviewing the condition of these assets, the Trust undertook an ambitious capital programme to upgrade our wireless network, at a cost of c£250k. This expenditure, which is shown in 'Assets in the Course Of Construction' in the accounts has also reduced reserves; but the upgraded network is now fit for purpose for an estimated 5-8 years. We have also reviewed the quality of our laptop and desktop computers, and our AV equipment, and have refreshed the estate entirely from 1 September 2019. By obtaining these assets through an operating lease, we have avoided a large one-off payment and have factored these lease payments into our financial projections as set out above.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Pension Liabilities

Trust staff are placed in one of two pension schemes: teaching staff are in the Teachers' Pension Scheme (TPS), and associate staff are in the Greater Manchester Pension Fund (GMPF). The TPS is 'unfunded', and so no liability as such is reflected in Trust Accounts; although the considerable increase in TPS contributions, reflected in Trust budgets from 2019-20, has arisen due to the increased cost of funding teachers' pensions.

The GMPF is 'funded' - so each year, the value of the fund and the liabilities to be met from it are assessed, and the change in these factors is reflected in the accounts of bodies who have staff in the fund. The considerable increase in this liability is due to external factors, such as Brexit, affecting the financial environment & assumptions about future performance. Managing the Pension Fund so that assets and liabilities match up in the longer term is a role undertaken by fund managers; periodically, contribution rates are amended to ensure the fund continues to be viable.

As a result, the level of reserves at the Trust has been depleted, and re-establishing these is a key challenge moving forward. The actual position of reserves (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31 August 2019 is £756k - Unrestricted Funds of £nil and Restricted General Funds of (£70k).

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Principal risks and uncertainties

The Trustees review risk regularly & require Trust senior management to address key areas of risk. Key highlights & changes to the risk environment are reported to the trust board. The main risk areas are:

- Governance – is the Trust governance structure fit for purpose?
- Finance – is the trust financially sustainable?
- Culture & Ethos – is the successful culture that has been developed at MCA, MCPA & NMITT sustainable?
- Infrastructure & Security – is the Trust asset base secure?
- Academy Leadership – does the trust adequately plan for the development & replacement of leadership?
- Compliance – is the Trust compliant with legal requirements?
- Community Engagement – does the Trust engage fully & appropriately with the wider community?
- Early Help – does the Trust adequately address the impact of deprivation on outcomes?
- Safeguarding – are Trust procedures adequate?
- Post 16/Future Pathways – is the Trust providing suitable guidance & advice regarding future opportunities for students?
- Attainment & Progress – are our students making the required progress?

Each risk area has an 'owner' who is a senior Trust manager. Policies and procedures have been developed against each to manage risk, and the risk register is reviewed periodically by the Board to identify areas where further measures may be needed.

Of these, the main risk at this point is those around financial sustainability. The level of overspend sustained in 2019-20 is not sustainable & the Trust would not be a going concern if corrective action is not taken. This has impacted the Trust in several ways; there is a recruitment freeze, and staffing structures are under review, and non-staff expenditure is being critically scrutinised. Trustees met frequently in the Summer term to oversee the development of the Trust's three-year budget, and options were agreed to address this issue and move finances onto a more robust footing.

The Trustees have also discussed Governance risk, due to changes in governance arrangements over the course of the year. Trustees have sought to address these risks by ensuring the Board, governing bodies, and committees have a sufficient number of suitably qualified & committed members, able to support and challenge Trust staff as appropriate.

The other key risk addressed relates to attainment & progress. Ofsted visited MCA in April 2019 for a full inspection. The Academy was marked as 'Good' in all areas.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Reserves policy

The Trust's policy on reserves and treasury management/investment has been approved by the Finance & Audit Committee. The Trust aims to develop sufficient capital and revenue reserves to fund future projects, and to have a prudent level of resources available to meet unforeseen contingencies. The Trust aims to have reserves that are:

- Sufficient to meet immediate revenue expenditure needs – as a guide, we would aim to have reserves sufficient for one month's payroll costs, or approx. £750k.
- Sufficient to meet the asset management plan programmed requirements for the following year – varies according to programme, typically will be £100 – 200k.

The aim for 2019-20 is to stabilise Trust finances and set the framework for improving our reserve position. The higher funding (from higher student numbers) and full-year effect of savings will make it possible to make a contribution to revenue reserves. Future years' projections build reserves up – on current estimates, revenue reserves will increase by c£400k by the end of 2021-22, and capital reserves by c£190k.

The Trust has reviewed the balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019. Due to the circumstances outlined above regarding capital spend, plus the in-year deficit, this is a balance of -£70k at 31/8/19. This deficit will be reduced in 2019-20, and move into a positive balance in 2020-21, increasing further in 2021-22.

The Trust will review investment opportunities as cashflow and available resources allow. Such investments will only be made with the highest graded institutions as per the Financial Conduct Authority. Investments will only be made when there is no risk to sustaining cashflow, and utilising investments will only be done with the agreement of the trust board.

Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

The main focus for the Trust has been to achieve a 'Good' Ofsted grading for all parts of the organisation before any consideration of expansion could reasonably be made. Now that this has been achieved, stabilising the Trust's finances and rebuilding reserves is a priority. The Trust has developed new areas to raise our profile, such as the Research School run from MCA, and continues to work with partners through NMITT, and the Family Zone of schools. Organic growth & development, as the North Manchester area grows & changes is the route to expansion for the Trust.

Greater Manchester Academies Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Funds held as Custodian Trustee on behalf of others

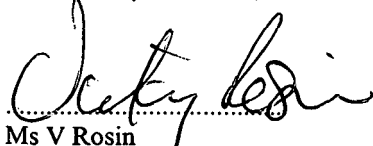
The Trust does not act as a custodian trustee for any charities.

Auditor

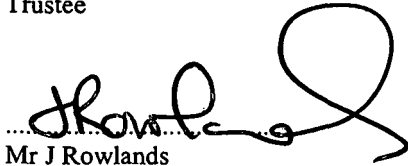
Insofar as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the board of trustees on 16.12.19 and signed on its behalf by:



Ms V Rosin
Trustee



Mr J Rowlands
Executive Principal

Greater Manchester Academies Trust

Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Greater Manchester Academies 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 Executive Principal (at date of signing) 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 Greater Manchester Academies 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.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year (& are to meet six times in the 2019-20 year.) Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| Ms V Rosin | 5 | 5 |
| Mrs H Slinger | 5 | 5 |
| Mrs D Barrow | 5 | 5 |
| Mrs H Vaughan | 4 | 5 |
| Mrs J Hayman | 3 | 5 |
| Mr J Putt | 4 | 5 |
| Mr R Lawler | 5 | 5 |
| Mrs S Walker | 3 | 5 |
| Mr I Wait | 5 | 5 |

Significant changes to the Trust Board took place at the year-end; John Rowlands became the Executive Principal & Accounting Officer as of 1/9/19, and Janice Hayman stood down as Chair of the MCPA local governing body & thus as a Trustee as of 31/8/19. She is succeeded by Henry Ngawoofah as of 1/9/19.

The Board seeks to receive & review key performance data for each of the key components of the Trust; to ensure that key deliverables (audited accounts, budgets etc) are delivered to schedule; and secure and safeguard the Trust's future by reviewing key risks & actions required to address them.

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to provide advice and guidance to the main Board on all financial matters, to lead on liaison with Internal & External Audit, to ensure Value For Money (VFM) and propriety in the Trust's financial processes & procedures. Attendance at meetings during the year was as follows: Attendance at meetings during the year was as follows:

Governance Statement (continued)

| Trustee | Meetings attended | Out of a possible |
|----------------|--------------------------|--------------------------|
| Mr I Wait | 6 | 6 |
| Mrs D Barrow | 3 | 6 |
| Mrs H Vaughan | 6 | 6 |
| Mr A Jubb | 4 | 6 |
| Ms S Kelly | 1 | 6 |

The effectiveness of the Trust Board was reviewed throughout the year. In September 2018, external consultants (Elderflower Ltd) worked with the Trust Board to review their skills & experience, and reported to the Board. Also, our internal auditors (RSM Tenon) reviewed Trust governance in the summer term & the Trust Board took this report in September. Recommendations included refreshing the Trust Board terms of reference.

Review of value for money

As accounting officer the Executive Principal has responsibility for ensuring that the academy 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 academy 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 academy trust has delivered improved value for money during the year by:

- Reviewing ICT provision and planning a more systematic ICT refresh cycle. ICT spend has historically been based on replacing life-expired ICT on an 'as & when' basis, typically spending £250k p.a. The Trust reviewed ICT requirements & determined that the best teaching & learning outcomes would be delivered by improving infrastructure (& not incurring significant spend on 'kit'), and instigating a wholesale ICT refresh based on leasing PCs & AV equipment. The lease arrangements are costed over a 5-year cycle; the first three years at a cost of £197,380 p.a, year 4 at a lower cost of £123,650, and the final year at nil cost. The total lease charges are £715,790 over the period. The less focused ICT spend previously seen could equate to as much as £1.25m over the same period.

Delivering the new changing room facilities servicing the new 3G pitches. We obtained CIF funding to support 25% of the build cost for these facilities, with one outcome being improving rental income as the 'offer' is desirable to sports clubs. We are anticipating an increase in lettings income of £30k following on from development.

~~a~~ the System of Internal Control

Internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of inefficiencies, aims and objectives; it can therefore only provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and manage the achievement of academy trust policies, aims and objectives, to evaluate the performance of the trust, to monitor the risks that may be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Greater Manchester Academy Trust from 31 August 2019 and up to the date of approval of the annual report and financial statements.

Greater Manchester Academies Trust

Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 academy trust's significant risks that has been in place for the year ended 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 Academy 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 Audit 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;
- delegation of authority and segregation of duties;
- identification and management of risks;
- clearly defined purchasing guidelines.

The board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint RSM Tenon as internal auditor

The internal auditor's role is to review the Trust's systems cyclically & report on their schedule of work to the Finance & Audit Committee, provide details of any material control issues arising as a result of their work and, if relevant, describe what remedial action is being taken to rectify the issues.

There were no material control or other issues reported by the Internal Auditor to date.

Greater Manchester Academies Trust

Governance Statement (continued)

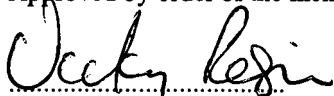
Review of Effectiveness

As Accounting Officer the Executive Director has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

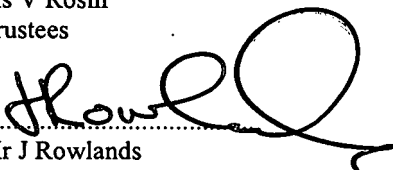
- the work of the internal auditor ;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of their review of the system of internal control by the Finance and Audit 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 16.12.19 and signed on its behalf by:



Ms V Rosin
Trustees



Mr J Rowlands
Executive Principal

Greater Manchester Academies Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Greater Manchester Academies Trust I have considered my responsibility to notify the academy 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

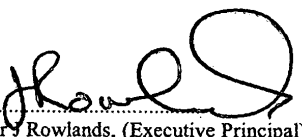
I confirm that the following instances of material irregularity, impropriety or funding non compliance discovered to date have been notified to the board of trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial Issues

During the year of account, the Trust had the following transactions with British Telecom:

- Internet access and telephony services to the value of £28,022 (excl VAT) for both schools;

The above transactions do not meet the "At Cost" requirements of the Academies Financial Handbook 2018. As we have previously noted, transactions with BT have been entered into after open & fair competition, and there has been no personal benefit to BT Trustees from these transactions. Nonetheless, we are ending this contract early, to ensure we comply with DfE requirements regarding related party transactions.


Mrs J Rowlands, (Executive Principal)
Accounting officer

Date: 16.12.19

Greater Manchester Academies Trust

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Greater Manchester Academies Trust 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 apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the 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 on 16.12.19 and signed on its behalf by:



Greater Manchester Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Greater Manchester Academies Trust

Opinion

We have audited the financial statements of Greater Manchester Academies Trust "the academy trust" for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the trust has net liabilities at the year end and that developing a sustainable 3-year budget for the 2019-22 period has been a key challenge for the Trust. As noted in note 1 these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such 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.

Greater Manchester Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Greater Manchester Academies Trust (continued)

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 (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the Trustees 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 Academy 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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by the Trustees.

Greater Manchester Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of Greater Manchester Academies Trust (continued)

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the academy 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 academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 19/12/19

Greater Manchester Academies Trust

Independent Reporting Accountant's Report on Regularity to Greater Manchester Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 June 2017 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 Greater Manchester Academies Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the board of trustees's funding agreement with the Secretary of State for Education dated 13 March 2009 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 from 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 academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Review and testing of financial systems of internal control
- Sample testing of transactions
- Discussions with management

Greater Manchester Academies Trust

Independent Reporting Accountant's Report on Regularity to Greater Manchester Academies Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work except for the matters listed below, nothing has come to our attention which suggests that 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:

The Trust entered into related party transactions with a connected party. Details are as follows:

1. British Telecommunications Plc (BT) - BT is a member of the Academy Trust. The Academy Trust procured goods and services from BT. The transactions are at normal market rates and therefore include an element of profit. The transactions therefore do not meet the "at cost" requirements of the Academies Financial Handbook (reference 3.2.17).

Full details of the related party transactions noted above are included in Note 24 of the Financial Statements, and details are also provided in the Accounting Officer's Statement on Regularity, Propriety and Internal Control on page 18.

Beever and Struthers

.....
Sue Hutchinson

For and on behalf of Beever and Struthers, Chartered Accountants

St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: *19/12/19*

Greater Manchester Academies Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

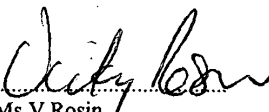
| | Note | Unrestricted Funds £ 000 | Restricted General Funds £ 000 | Restricted Fixed Asset Funds £ 000 | 2018/19 Total £ 000 | 2017/18 Total £ 000 |
|--|------|--------------------------------|---|---|---------------------------|---------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 1 | - | 97 | 98 | 607 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Academy trust's educational operations | 3 | 28 | 10,306 | - | 10,334 | 10,140 |
| Teaching schools | | - | 386 | - | 386 | 402 |
| Other trading activities | 4 | 238 | - | - | 238 | 211 |
| Investments | 5 | 6 | - | - | 6 | 3 |
| Apprenticeship levy funded training | | - | 16 | - | 16 | 10 |
| Total | | 273 | 10,708 | 97 | 11,078 | 11,373 |
| Expenditure on: | | | | | | |
| Raising funds | 6 | 115 | - | - | 115 | 147 |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 11,588 | 1,050 | 12,638 | 12,097 |
| Teaching schools | 25 | - | 344 | - | 344 | 440 |
| Apprenticeship levy funded training | | - | 16 | - | 16 | 10 |
| Total | | 115 | 11,948 | 1,050 | 13,113 | 12,694 |
| Net income/(expenditure) | | 158 | (1,240) | (953) | (2,035) | (1,321) |
| Transfers between funds | | (231) | (648) | 879 | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains on defined pension schemes | 23 | - | (1,385) | - | (1,385) | 681 |
| Surplus in deficit for 2018/19 | | (73) | (3,273) | (74) | (3,420) | (640) |
| Total | | 73 | 600 | 30,892 | 31,565 | 32,205 |
| Total carried forward to 2019/20 | | - | (2,673) | 30,818 | 28,145 | 31,565 |

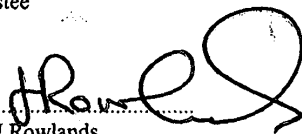
Greater Manchester Academies Trust

(Registration number: 6754335)
Balance Sheet as at 31 August 2019

| | Note | 2019 £ 000 | 2018 £ 000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 12 | 30,819 | 30,810 |
| Current assets | | | |
| Debtors | 13 | 460 | 664 |
| Cash at bank and in hand | | 159 | 1,889 |
| | | 619 | 2,553 |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 14 | (689) | (907) |
| Net current (liabilities)/assets | | (70) | 1,646 |
| Total assets less current liabilities | | 30,749 | 32,456 |
| Net assets excluding pension liability | | 30,749 | 32,456 |
| Defined benefit pension scheme liability | 23 | (2,604) | (891) |
| Total net assets including pension liability | | 28,145 | 31,565 |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | (70) | 1,490 |
| Restricted fixed asset fund | | 30,819 | 30,893 |
| Restricted pension fund | | (2,604) | (891) |
| | | 28,145 | 31,492 |
| Unrestricted funds | | | |
| Unrestricted general fund | | - | 73 |
| Total funds | | 28,145 | 31,565 |

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue on 16.12.19 and signed on their behalf by:


Ms V Rosin
Trustee


Mr J Rowlands
Executive Principal

Greater Manchester Academies Trust

Statement of Cash Flows for the Year Ended 31 August 2019

| | Note | 2019 £ 000 | 2018 £ 000 |
|--|------|---------------|---------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 19 | (775) | (51) |
| Cash flows from investing activities | 20 | <u>(955)</u> | <u>51</u> |
| Change in cash and cash equivalents in the year | | (1,730) | - |
| Cash and cash equivalents at 1 September | | <u>1,889</u> | <u>1,889</u> |
| Cash and cash equivalents at 31 August | 21 | <u>159</u> | <u>1,889</u> |

Greater Manchester Academies Trust

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), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

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

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 company 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 academy trust has adequate resources to continue in operational existence for the foreseeable future. The financial performance reviewed in these statements does give rise to concern about the continuing operation of the Trust. The deficit incurred in 2018-19 and the consequent decrease in reserves would not be sustainable, and developing a sustainable three-year budget for the 2019-20 to 2021-22 period has been a key challenge. This challenge has required detailed support from the board of trustees, and requires the Trust to take some difficult decisions. There are three broad areas where actions are being taken to re-establish a more robust financial position. These are additional income, staffing expenditure review and non-staff expenditure review/value for money.

The three-year budget projection for GMAT, based on the actions agreed at the Trust Board, demonstrates that the Trust is a going concern. In summary, after making appropriate enquiries, the Trust Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues 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 Trustees' Annual Report on pages 6 and 7.

Income

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

Greater Manchester Academies Trust

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

1 Accounting policies (continued)

Grants

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

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

Capital grants are recognised 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 spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Greater Manchester Academies Trust

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

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £2,500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

| Asset class | Depreciation method and rate |
|---|-------------------------------------|
| L/Term Leasehold Property | 50 Years |
| S/Term additions to leasehold buildings | 8 Years |
| Motor Vehicles | 4 Years |
| Fixtures & Fittings | 4 Years |
| Computer equipment | 3 Years |
| Assets under the course of construction | No charge until completed |

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

Greater Manchester Academies Trust

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

1 Accounting policies (continued)

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis 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 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 note 14. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

Retirement benefits to employees of the Academy 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 Academy 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. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the Academy 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.

Greater Manchester Academies Trust

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

1 Accounting policies (continued)

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education & Skills Funding Agency/Department for Education/sponsor/other 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 Education & Skills Funding Agency/Department for Education Group.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 31/08/2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted funds £ 000 | Restricted fixed asset funds £ 000 | 2018/19 Total £ 000 | 2017/18 Total £ 000 |
|---------------------------------|--------------------------------|---|---------------------------|---------------------------|
| Government grants | - | 97 | 97 | 567 |
| Other donations | 1 | - | 1 | 5 |
| Other restricted capital grants | - | - | - | 35 |
| | <u>1</u> | <u>97</u> | <u>98</u> | <u>607</u> |

Greater Manchester Academies Trust

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

3 Funding for the Academy Trust's educational operations

| | Unrestricted funds £ 000 | Restricted funds £ 000 | 2018/19 Total £ 000 | 2017/18 Total £ 000 |
|---|--------------------------------|------------------------------|---------------------------|---------------------------|
| DfE/ESFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 8,826 | 8,826 | 8,689 |
| Pupil Premium | - | 862 | 862 | 827 |
| Other DfE/ESFA grants | - | 228 | 228 | 57 |
| PE & Sports grant | - | 18 | 18 | 17 |
| | - | 9,934 | 9,934 | 9,590 |
| Other government grants | | | | |
| SEN from LA | - | 134 | 134 | 59 |
| Other government grants | - | 173 | 173 | 315 |
| Music Tuition grant | - | 10 | 10 | 10 |
| | - | 317 | 317 | 384 |
| Non-government grants and other income | | | | |
| Neighbourhood learning for deprived communities | - | - | - | 4 |
| Project 10 | - | - | - | 22 |
| Other Income | - | 41 | 41 | 22 |
| Community Engagement | - | - | - | 1 |
| Once Upon A Time | - | 5 | 5 | 6 |
| STEM Learning | - | - | - | 88 |
| Urban Crew | - | 8 | 8 | 6 |
| Brainhouse | - | 1 | 1 | - |
| Holiday programme | 28 | - | 28 | 17 |
| | 28 | 55 | 83 | 166 |
| Total grants | 28 | 10,306 | 10,334 | 10,140 |

Greater Manchester Academies Trust

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

4 Other trading activities

| | Unrestricted funds £ 000 | 2018/19 Total £ 000 | 2017/18 Total £ 000 |
|--------------------|--------------------------------|---------------------------|---------------------------|
| Hire of facilities | 87 | 87 | 71 |
| Catering income | 46 | 46 | 79 |
| Uniform sales | 2 | 2 | 3 |
| Other income | 103 | 103 | 58 |
| | <u>238</u> | <u>238</u> | <u>211</u> |

5 Investment income

| | Unrestricted funds £ 000 | 2018/19 Total £ 000 | 2017/18 Total £ 000 |
|-------------------|--------------------------------|---------------------------|---------------------------|
| Investment income | <u>6</u> | <u>6</u> | <u>3</u> |

Greater Manchester Academies Trust

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

6 Expenditure

| | Non Pay Expenditure | | | 2018/19 | 2017/18 |
|--|----------------------|-------------------|----------------------|----------------|----------------|
| | Staff costs £ 000 | Premises £ 000 | Other costs £ 000 | Total £ 000 | Total £ 000 |
| Expenditure on raising funds | | | | | |
| Direct costs | 16 | 14 | 4 | 34 | 8 |
| Allocated support costs | - | - | 81 | 81 | 139 |
| Academy's educational operations | | | | | |
| Direct costs | 5,940 | 930 | 918 | 7,788 | 7,203 |
| Allocated support costs | 3,195 | 591 | 1,064 | 4,850 | 4,894 |
| Teaching School | 99 | - | 245 | 344 | 440 |
| Apprenticeship levy funded training | | | | | |
| Allocated support costs | - | - | 16 | 16 | 10 |
| | <u>9,250</u> | <u>1,535</u> | <u>2,328</u> | <u>13,113</u> | <u>12,694</u> |

Net income/(expenditure) for the year includes:

| | 2018/19 £ 000 | 2017/18 £ 000 |
|---------------------------------|------------------|------------------|
| Operating lease rentals | 14 | 19 |
| Depreciation | 1,049 | 1,106 |
| Fees payable to auditor - audit | 11 | 11 |
| - other audit services | <u>5</u> | <u>10</u> |

Greater Manchester Academies Trust

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

7 Charitable activities

| | | Total 2019 £ 000 | Total 2018 £ 000 |
|--|------------------------------------|------------------------|------------------------|
| Direct costs - educational operations | | 7,788 | 7,203 |
| Support costs - educational operations | | 4,850 | 4,894 |
| | | <u>12,638</u> | <u>12,097</u> |
| | Educational operations £ 000 | Total 2019 £ 000 | Total 2018 £ 000 |
| Analysis of support costs | | | |
| Support staff costs | 3,195 | 3,195 | 3,248 |
| Depreciation | 120 | 120 | 120 |
| Technology costs | 103 | 103 | 72 |
| Premises costs | 471 | 471 | 536 |
| Other support costs | 934 | 934 | 899 |
| Governance costs | 27 | 27 | 19 |
| Total support costs | <u>4,850</u> | <u>4,850</u> | <u>4,894</u> |

8 Staff

Staff costs

| | 2019 £ 000 | 2018 £ 000 |
|--|---------------|---------------|
| Staff costs during the year were: | | |
| Wages and salaries | 7,228 | 6,845 |
| Social security costs | 690 | 650 |
| Operating costs of defined benefit pension schemes | 1,384 | 971 |
| | <u>9,302</u> | <u>8,466</u> |
| Supply staff costs | 17 | 10 |
| | <u>9,319</u> | <u>8,476</u> |

Greater Manchester Academies Trust

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

8 Staff (continued)

Staff numbers

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

| | 2018/19 No | 2017/18 No |
|------------------------------|---------------|---------------|
| Charitable Activities | | |
| Teachers | 147 | 140 |
| Non-teaching staff | 147 | 147 |
| | 294 | 287 |

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2019 No | 2018 No |
|--------------------|------------|------------|
| £60,001 - £70,000 | 5 | 4 |
| £70,001 - £80,000 | 1 | 2 |
| £80,001 - £90,000 | - | 2 |
| £90,001 - £100,000 | 2 | - |
| | 2 | - |

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £497,711 (2018: £413,204).

9 Central services

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

- Corporate Services - Finance, ICT, Site Management, HR, Admin;
- Social Investment Department services - Safeguarding, Community Learning, Family Support, Family Zone.

The academy trust charges for these services on the following basis:

The trust charges members for these services on the basis of an agreed Service Level Agreement (SLA) which sets out the services members can expect to receive and the basis on which their charge has been calculated. Trust members and central service providers review these charges periodically through the year.

The actual amounts charged during the year were as follows:

| | 2019 £ 000 |
|--|---------------|
| Manchester Communication Primary Academy | 161 |
| Manchester Communication Academy | 857 |
| | 1,018 |

Greater Manchester Academies Trust

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

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The Executive Principal, Executive Director 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, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Mrs L Heath (Principal and Accounting Officer, resigned 31/08/18):

Remuneration: (2018 - £30,000 - £35,000)

Employer's pension contributions: (2018 - £Nil)

Mr I Wait (Finance Director):

Remuneration: £95,000 - £100,000 (2018 - £Nil)

Employer's pension contributions: £15,000 - £20,000 (2018 - £Nil)

Other related party transactions involving the trustees are set out in note 24.

11 Trustees' and officers' insurance

The Academy Trust has opted into the Department for 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.

Greater Manchester Academies Trust

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

12 Tangible fixed assets

| | Leasehold land and buildings £ 000 | Furniture and equipment £ 000 | Computer equipment £ 000 | Motor vehicles £ 000 | Assets under construction £ 000 | Total £ 000 |
|------------------------|---|--|--------------------------------|----------------------------|--|----------------|
| Cost | | | | | | |
| At 1 September 2018 | 34,730 | 2,025 | 2,508 | 32 | 123 | 39,418 |
| Additions | 8 | 20 | 53 | - | 977 | 1,058 |
| At 31 August 2019 | 34,738 | 2,045 | 2,561 | 32 | 1,100 | 40,476 |
| Depreciation | | | | | | |
| At 1 September 2018 | 4,684 | 1,759 | 2,141 | 24 | - | 8,608 |
| Charge for the year | 696 | 116 | 233 | 4 | - | 1,049 |
| At 31 August 2019 | 5,380 | 1,875 | 2,374 | 28 | - | 9,657 |
| Net book value | | | | | | |
| At 31 August 2019 | 29,358 | 170 | 187 | 4 | 1,100 | 30,819 |
| At 31 August 2018 | 30,046 | 266 | 367 | 8 | 123 | 30,810 |

13 Debtors

| | 2019 £ 000 | 2018 £ 000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 28 | 15 |
| VAT recoverable | 83 | 86 |
| Prepayments | 185 | 184 |
| Accrued grant and other income | 164 | 379 |
| | <u>460</u> | <u>664</u> |

Greater Manchester Academies Trust

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

14 Creditors: amounts falling due within one year

| | 2019 £ 000 | 2018 £ 000 |
|--|-----------------------------|-----------------------------|
| Trade creditors | 252 | 190 |
| Other taxation and social security | 170 | 158 |
| Other creditors | 78 | 314 |
| Accruals | 26 | 46 |
| Deferred income | 75 | 80 |
| Pension scheme creditor | 88 | 119 |
| | <u>689</u> | <u>907</u> |
| | 2019 £ 000 | 2018 £ 000 |
| Deferred income | | |
| Deferred income at 1 September 2018 | 80 | 62 |
| Resources deferred in the period | 75 | 80 |
| Amounts released from previous periods | <u>(80)</u> | <u>(62)</u> |
| Deferred income at 31 August 2019 | <u>75</u> | <u>80</u> |

Income of £75,348 has been deferred in the year for advance payment of Looked After Children funding by Rochdale Borough Council, Year 7 Catch Up income, Universal free school meals and rates income which relates to the 2019/20 academic year.

Greater Manchester Academies Trust

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

15 Funds

| | Balance at 1 September 2018 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Gains, losses and transfers £ 000 | Balance at 31 August 2019 £ 000 |
|--|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| GAG | - | 8,826 | (8,498) | (648) | (320) |
| Start Up Grants | 164 | - | (164) | - | - |
| Other DfE/ESFA grants | 525 | 228 | (653) | - | 100 |
| Pupil Premium Grant | 130 | 862 | (992) | - | - |
| PE and Sports Grant | 13 | 18 | (31) | - | - |
| Other government grant | 459 | 173 | (618) | - | 14 |
| Local Authority grants | 42 | 144 | (186) | - | - |
| Community grants | 17 | 14 | (15) | - | 16 |
| Non government grants | 62 | 41 | (103) | - | - |
| NMITT | 78 | 386 | (344) | - | 120 |
| Apprenticeship levy funded training | - | 16 | (16) | - | - |
| | <u>1,490</u> | <u>10,708</u> | <u>(11,620)</u> | <u>(648)</u> | <u>(70)</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(891)</u> | <u>-</u> | <u>(328)</u> | <u>(1,385)</u> | <u>(2,604)</u> |
| Total restricted general funds | <u>(599)</u> | <u>(10,708)</u> | <u>11,948</u> | <u>2,033</u> | <u>2,674</u> |
| Restricted fixed asset funds | | | | | |
| Restricted fixed asset funds | <u>30,893</u> | <u>97</u> | <u>(1,050)</u> | <u>879</u> | <u>30,819</u> |
| Total restricted funds | <u>31,492</u> | <u>10,805</u> | <u>(12,998)</u> | <u>(1,154)</u> | <u>28,145</u> |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>73</u> | <u>273</u> | <u>(115)</u> | <u>(231)</u> | <u>-</u> |
| Total funds | <u>31,565</u> | <u>11,078</u> | <u>(13,113)</u> | <u>(1,385)</u> | <u>28,145</u> |

Greater Manchester Academies Trust

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

15 Funds (continued)

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

| | Balance at 1 September 2017 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Gains, losses and transfers £ 000 | Balance at 31 August 2018 £ 000 |
|--|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| GAG | 368 | 8,689 | (9,057) | - | - |
| Start Up Grants | 536 | - | (372) | - | 164 |
| Other DfE/ESFA grants | 497 | 57 | (29) | - | 525 |
| Pupil Premium Grant | 130 | 827 | (827) | - | 130 |
| PE and Sports Grant | - | 17 | (4) | - | 13 |
| Other government grant | 258 | 315 | (114) | - | 459 |
| Local Authority grants | 36 | 69 | (63) | - | 42 |
| Community grants | 37 | 39 | (59) | - | 17 |
| Non government grants | 18 | 110 | (66) | - | 62 |
| NMITT | 116 | 402 | (440) | - | 78 |
| Apprenticeship levy funded training | - | 10 | (10) | - | - |
| | 1,996 | 10,535 | (11,041) | - | 1,490 |
| Restricted fixed asset funds | | | | | |
| Restricted fixed asset funds | 31,396 | 602 | (1,105) | - | 30,893 |
| Restricted pension funds | | | | | |
| Pension reserve | (1,187) | - | (385) | 681 | (891) |
| Total restricted funds | 32,205 | 11,137 | (12,531) | 681 | 31,492 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | - | 236 | (163) | - | 73 |
| Total funds | 32,205 | 11,373 | (12,694) | 681 | 31,565 |

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

Restricted General Funds are used specifically to provide educational resources for the pupils of the Academy.

Restricted Fixed Asset funds provide for the installations, maintenance and repair of the fixed assets of the Academy.

Unrestricted Funds are those other resources which may be used to further the objectives of the Academy.

The transfers from GAG restricted funds to restricted fixed asset funds represents capital expenditure funded from GAG.

Greater Manchester Academies Trust

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

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 £ 000 | 2018 £ 000 |
|---|----------------------|----------------------|
| Manchester Communication Academy | (359) | 1,365 |
| Manchester Communication Primary Academy | <u>289</u> | <u>198</u> |
| Total before fixed assets and pension reserve | (70) | 1,563 |
| Restricted fixed asset funds | 30,819 | 30,893 |
| Pension reserve | <u>(2,604)</u> | <u>(891)</u> |
| Total | <u><u>28,145</u></u> | <u><u>31,565</u></u> |

The Trust has accumulated a net deficit of £70k on Restricted General Funds. This has arisen due to a significant amount of expenditure on Fixed Assets; changing rooms at the Trust's sports pitches and significant ICT infrastructure upgrades took place in year. These were both deemed necessary, but have caused pressure on funds.

The trust is taking the following action to return the academy to surplus:

The Academy Trust is taking action to bring funds back into surplus: three-year budget forecasts from 2019-20 to 2021-22 show sharp increases in income derived from increased student numbers; savings in non-staff expenditure generated by budget options; and staffing restructures/natural wastage & non-replacement of staff generating considerable savings. The Trust is forecast to generate notable surpluses in years 2 and 3 of this forecast, and return to stable & positive General Fund balances.

Analysis of academies by cost

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

| | Teaching and Educational Support Staff Costs £ 000 | Other Support Staff Costs £ 000 | Educational Supplies £ 000 | Other Costs (excluding Depreciation) £ 000 | Total 2019 £ 000 |
|--|--|--|----------------------------------|---|------------------------|
| Manchester Communication Academy | 5,013 | 1,777 | 163 | 2,277 | 9,230 |
| Manchester Communication Primary Academy | 898 | 553 | 42 | 287 | 1,780 |
| Central services | <u>102</u> | <u>922</u> | - | - | <u>1,024</u> |
| Academy Trust | <u><u>6,013</u></u> | <u><u>3,252</u></u> | <u><u>205</u></u> | <u><u>2,564</u></u> | <u><u>12,034</u></u> |

Greater Manchester Academies Trust

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

15 Funds (continued)

| | Total |
|--|---------------|
| | 2018 |
| | £ 000 |
| Manchester Communication Academy | 10,002 |
| Manchester Communication Primary Academy | 1,524 |
| Central services | 54 |
| Academy Trust | <u>11,580</u> |

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

| | Restricted general funds £ 000 | Restricted fixed asset funds £ 000 | Total funds £ 000 |
|--------------------------|---|---|------------------------------|
| Tangible fixed assets | - | 30,819 | 30,819 |
| Current assets | 619 | - | 619 |
| Current liabilities | (689) | - | (689) |
| Pension scheme liability | (2,604) | - | (2,604) |
| Total net assets | <u>(2,674)</u> | <u>30,819</u> | <u>28,145</u> |

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

| | Unrestricted funds £ 000 | Restricted general funds £ 000 | Restricted fixed asset funds £ 000 | Total funds £ 000 |
|--------------------------|---|---|---|------------------------------|
| Tangible fixed assets | - | - | 30,810 | 30,810 |
| Current assets | 73 | 2,397 | 83 | 2,553 |
| Current liabilities | - | (907) | - | (907) |
| Pension scheme liability | - | (891) | - | (891) |
| Total net assets | <u>73</u> | <u>599</u> | <u>30,893</u> | <u>31,565</u> |

17 Capital commitments

| | 2019 £ 000 | 2018 £ 000 |
|--|-----------------------|-----------------------|
| Contracted for, but not provided in the financial statements | <u>-</u> | <u>556</u> |

Greater Manchester Academies Trust

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

18 Commitments under operating leases

Operating leases

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

| | 2019 £ 000 | 2018 £ 000 |
|--|---------------|---------------|
| Amounts due within one year | 233 | 16 |
| Amounts due between one and five years | 401 | 13 |
| | <u>634</u> | <u>29</u> |

19 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2019 £ 000 | 2018 £ 000 |
|--|---------------|---------------|
| Net expenditure | (2,035) | (1,321) |
| Depreciation | 1,049 | 1,105 |
| Capital grants from DfE and other capital income | (97) | (567) |
| Interest receivable | (6) | (3) |
| Defined benefit pension scheme cost less contributions payable | 299 | 350 |
| Defined benefit pension scheme finance cost | 29 | 35 |
| Decrease in debtors | 204 | - |
| (Decrease)/increase in creditors | <u>(218)</u> | <u>350</u> |
| Net cash used in Operating Activities | <u>(775)</u> | <u>(51)</u> |

20 Cash flows from investing activities

| | 2019 £ 000 | 2018 £ 000 |
|---|---------------|---------------|
| Dividends, interest and rents from investments | 6 | 3 |
| Purchase of tangible fixed assets | (1,058) | (519) |
| Capital funding received from sponsors and others | 97 | 567 |
| Net cash (used in)/provided by investing activities | <u>(955)</u> | <u>51</u> |

21 Analysis of cash and cash equivalents

| | 2019 £ 000 | 2018 £ 000 |
|---------------------------------|---------------|---------------|
| Cash at bank and in hand | 159 | 1,889 |
| Total cash and cash equivalents | <u>159</u> | <u>1,889</u> |

Greater Manchester Academies Trust

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

22 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.

23 Pension and similar obligations

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

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

Contributions amounting to £ 88,040 (2018 - £118,838) were payable to the schemes at 31 August and are included within creditors.

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.

Teachers' Pension Budgeting and Valuation Account

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.

Greater Manchester Academies Trust

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

23 Pension and similar obligations (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%.

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 period amounted to £699,495 (2018: £636,179).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £468,000 (2018 - £449,000), of which employer's contributions totalled £353,000 (2018 - £338,000) and employees' contributions totalled £115,000 (2018 - £111,000). The agreed contribution rates for future years are 19.1 per cent for employers and 5.8 to 9.9 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 an academy trust 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 | 3.10 | 3.10 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.30 |
| Discount rate for scheme liabilities | <u>1.90</u> | <u>2.80</u> |

Greater Manchester Academies Trust

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

23 Pension and similar obligations (continued)

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

| | 2019 | 2018 |
|------------------------------|--------------|--------------|
| Retiring today | | |
| Males retiring today | 20.60 | 21.50 |
| Females retiring today | 23.10 | 24.10 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 22.00 | 23.70 |
| Females retiring in 20 years | <u>24.80</u> | <u>26.20</u> |

Sensitivity analysis

| | 2019 £000 | 2018 £000 |
|----------------------------|---------------|--------------|
| Discount rate -0.5% | 1,234.00 | 760.00 |
| CPI rate +0.5% | 1,105.00 | 667.00 |
| Salary increase rate +0.5% | <u>109.00</u> | <u>87.00</u> |

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

| | 2019 £ 000 | 2018 £ 000 |
|------------------------------|---------------|---------------|
| Equities | 2,515 | 2,092 |
| Other bonds | 554 | 492 |
| Property | 296 | 216 |
| Cash and other liquid assets | <u>333</u> | <u>277</u> |
| Total market value of assets | <u>3,698</u> | <u>3,077</u> |

The actual return on scheme assets was £159,000 (2018 - £148,000).

Amounts recognised in the statement of financial activities

| | 2019 £ 000 | 2018 £ 000 |
|--|---------------|---------------|
| Current service cost (net of employee contributions) | (299) | (350) |
| Interest income | 92 | 67 |
| Interest cost | <u>(121)</u> | <u>(102)</u> |
| Total amount recognised in the SOFA | <u>(328)</u> | <u>(385)</u> |

Greater Manchester Academies Trust

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

23 Pension and similar obligations (continued)

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

| | 2018/19 £ 000 | 2017/18 £ 000 |
|------------------------|------------------|------------------|
| At start of period | 3,968 | 3,673 |
| Current service cost | 592 | 688 |
| Interest cost | 121 | 102 |
| Employee contributions | 115 | 111 |
| Actuarial (gain)/loss | 1,452 | (600) |
| Benefits paid | (6) | (6) |
| Past service cost | 60 | - |
| At 31 August | <u>6,302</u> | <u>3,968</u> |

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

| | 2018/19 £ 000 | 2017/18 £ 000 |
|------------------------|------------------|------------------|
| At start of period | 3,077 | 2,486 |
| Interest income | 92 | 67 |
| Actuarial gain/(loss) | 67 | 81 |
| Employer contributions | 353 | 338 |
| Employee contributions | 115 | 111 |
| Benefits paid | (6) | (6) |
| At 31 August | <u>3,698</u> | <u>3,077</u> |

24 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of trustees - historically being drawn from local public and private sector organisations - transactions have previously taken place with organisations in which the Academy Trust has an interest. All transactions involving such organisations have always been conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The Trust has always sought best value in all procurement.

The Trust has reported previously on related party transactions with Manchester City Council; the University of Manchester; and British Telecom. These transactions were reported on by external auditors, who recommended that related party transactions were reviewed to ensure compliance with the Academies Financial Handbook, and that the AFH be considered in drafting Trust policies before entering into transactions with related parties.

Following on from this recommendation, the Trust has corresponded several times with the Education & Skills Funding Agency (ESFA) on this subject in the year of account. These exchanges are summarised below:

Greater Manchester Academies Trust

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

24 Related party transactions (continued)

- March 2019: ESFA queried RP transactions with BT. We sent details of these transactions, as requested, to the ESFA. No response
- April 2019: ESFA queried RP transactions with the University of Manchester. Again, all information requested was returned. No response.
- June 2019: Trust CFO wrote to ESFA to request clarification on whether BT could be included in tendering exercise to evaluate potential providers of internet & telephony service. No response.
- July 2019: ESFA wrote to Trust requesting assurance that issues around RP transactions are being addressed. We responded to confirm this, and set out the history detailed here of our interaction with the ESFA. We have, as yet, received no further communication from the ESFA on this issue.

We have assumed, in the absence of a response to these various communications with the ESFA, that it is prudent to wind down transactions with BT, and seek new suppliers for goods & services. We have gone through a tendering exercise for the provision of internet connectivity & telephony services, and excluded BT from this - the new contract will commence imminently. We have had to factor in some cost associated with the early termination of our contracts with BT (they were signed for periods of more than one year, to achieve savings).

British Telecom (BT)

Unlike prior years, we have had no hardware or equipment purchases from BT. Expenditure with BT has been limited to the ongoing telephony & internet access contract; expenditure of £28,022 was incurred in this area. As is noted above, we have actually terminated this contract early, so as to ensure compliance with AFH requirements and address any concern the DfE may have had.

There is no requirement placed on the Trust to use BT for the provision of any good or service, and BT Trustees have no operational role in the areas where we have procured services.

In 2018 the Trust entered into transactions with BT, purchasing goods and services totalling £29,856 (exc VAT) for Internet Access and Telephony services and £25,048 (exc VAT) for computer hardware.

At the 31 August 2019 the Trust owed BT £nil (£2018: £2,128).

North Manchester FM

North Manchester FM is a not-for-profit radio station which is set up as a Community Interest Company. It has been based at MCA since 2016 and Ian Wait, Chief Financial Officer of the Academy Trust, is a Board Member. The Trust agreed a Service Level Agreement (SLA) with the station which captures the services provided for the Trust by the station (provision of access to radio programming, training opportunities etc) & assigns a value to them. The SLA (which covers the 2019 calendar year) was for £30,000. The SLA is calculated on a 'not for profit' basis - the station makes no additional margin or return on services provided, and the SLA is simply a contribution to the cost of running the station. The trust has concluded that the SLA will not continue after December 2019, and the station is looking to move to new premises.

At the 31 August 2019 the Trust owed North Manchester FM £12,500.

Greater Manchester Academies Trust

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

24 Related party transactions (continued)

Manchester City Council

Any of the transactions we incur with Manchester City Council met the "at cost" requirements of the Academies Financial Handbook.

During the year Danielle Barrow (MCC HR) served as a Trustee. Danielle is not directly involved in the management of any of the divisions of the council with whom we transacted. These transactions are:

- Catering provision is with Manchester Fayre (part of Manchester City Council) is charged on a management fee basis where any operating subsidy will be payable by GMAT. On the other hand, any operating surplus will be returned to GMAT which serves to mitigate the costs incurred by GMAT. A net subsidy of £20,757 was paid to GMAT at the end of the year.
- Security call outs - £3,648
- Energy management - £1,700.
- Swimming - £3,200.
- Training courses - £834
- Trade Union liaison SLA - £2,878

Greater Manchester Academies Trust

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

25 Teaching school trading account

| | 2018/19 £ 000 | 2017/18 £ 000 |
|--|------------------|------------------|
| Income | | |
| Direct Income | | |
| Other income | 386 | 402 |
| Total Income | 386 | 402 |
| Expenditure | | |
| Direct costs | | |
| Direct staff costs | 95 | 58 |
| Staff development | 23 | 59 |
| Other direct costs | 1 | 2 |
| Total direct costs | 119 | 119 |
| Other costs | | |
| Support staff costs | 4 | 4 |
| Technology costs | 1 | 1 |
| Recruitment and support | 218 | 2 |
| Other support costs | - | 312 |
| Share of governance costs | 2 | 2 |
| Total other costs | 225 | 321 |
| Total Expenditure | (344) | (440) |
| Surplus/(Deficit) from all sources | 42 | (38) |
| Teaching school balances at 1 September 2018 | 78 | 116 |
| Teaching school balances at 31 August 2019 | 120 | 78 |

Greater Manchester Academies Trust

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

26 Statement of Financial Activities for the Year Ended 31 August 2018

| | Unrestricted Funds £ 000 | Restricted General Funds £ 000 | Restricted Fixed Asset Funds £ 000 | 2017/18 Total £ 000 |
|--|--------------------------------|--------------------------------------|--|---------------------------|
| Income and endowments from: | | | | |
| Donations and capital grants | 5 | - | 602 | 607 |
| <i>Charitable activities:</i> | | | | |
| Funding for the Academy trust's educational operations | 17 | 10,123 | - | 10,140 |
| Teaching schools | - | 402 | - | 402 |
| Other trading activities | 211 | - | - | 211 |
| Investments | 3 | - | - | 3 |
| Apprenticeship levy funded training | - | 10 | - | 10 |
| Total | 236 | 10,535 | 602 | 11,373 |
| Expenditure on: | | | | |
| Raising funds | 147 | - | - | 147 |
| <i>Charitable activities:</i> | | | | |
| Academy trust educational operations | 16 | 10,976 | 1,105 | 12,097 |
| Teaching schools | - | 440 | - | 440 |
| Apprenticeship levy funded training | - | 10 | - | 10 |
| Total | 163 | 11,426 | 1,105 | 12,694 |
| Net income/(expenditure) | 73 | (891) | (503) | (1,321) |
| Other recognised gains and losses | | | | |
| Actuarial gains on defined benefit pension schemes | - | 681 | - | 681 |
| Net movement in funds/(deficit) | 73 | (210) | (503) | (640) |
| Reconciliation of funds | | | | |
| Total funds/(deficit) brought forward at 1 September 2017 | - | 809 | 31,396 | 32,205 |
| Total funds/(deficit) carried forward at 31 August 2018 | 73 | 599 | 30,893 | 31,565 |