

SOUTH CUMBRIA MULTI-ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022



ArmstrongWatson®

Accountants, Business & Financial Advisers

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 12
Statement on regularity, propriety and compliance	13
Statement of trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities incorporating income and expenditure account	21
Balance sheet	22 - 23
Statement of cash flows	24
Notes to the financial statements	25 - 46

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr Philip Huck (appointed 21 May 2021) Mr John Butler (appointed 21 May 2021) Ms Janice Fielding (appointed 21 May 2021) Mr Aaron Cummins (appointed 21 May 2021, resigned 20 September 2022)
Trustees	Mr Philip Huck, Chair of Trustees (appointed 21 May 2021) Professor Andrew Wren, Chief Executive/Accounting Officer (appointed 21 May 2021) Mr John Burgess, Vice-Chair (appointed 21 May 2021) Ms Karla Thomas, Trustee (appointed 21 May 2021) Mr Liam Edgley, Trustee (appointed 21 May 2021) Mr Peter Butterworth, Trustee (appointed 21 May 2021) Ms Lisa Warrener, Trustee (appointed 21 May 2021) Mr Craig Ivison, Trustee (appointed 21 May 2021, resigned 8 July 2022) Ms Helen Rastelli, Trustee (appointed 21 May 2021, resigned 31 August 2022) Ms Karen Johnson, Trustee (appointed 21 May 2021, resigned 3 October 2022) Ms Nicola Newton (appointed 28 November 2022)
Company registered number	13414087
Company name	South Cumbria Multi Academy Trust
Principal and registered office	Furness College Channelside Barrow In Furness LA14 2PJ
Senior management team	Mr Ian Harris, Chief Financial Officer (from 1 September 2022) Ms Nicola Cove, Chief Financial Officer (until 31 August 2022) Ms K Kittley, Director of Marketing and Communications Professor Andrew Wren, Chief Executive Mr S Jefferson, Headteacher Chewynde School
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
Bankers	NatWest Bank plc 113 Dalton Road Barrow in Furness Cumbria LA13 0NY
Solicitors	Livingstons Solicitors 9 Benson Street Ulverston Cumbria LA12 7AU

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a Trustees' report and a directors' report and strategic report under company law.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of South Cumbria Multi-Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as South Cumbria Multi-Academy Trust Limited.

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

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

d. Policies adopted for the induction and training of Trustees

Newly appointed Trustees are formally welcomed by the Chair who welcomes them and reaffirms the expectations. They receive induction training on relevant educational, legal and financial matters. 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.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Structure, governance and management (continued)

e. Organisational structure

The Trust has established a clear organisational structure with identified lines of accountability and reporting for all of its operations. This includes defining the responsibilities of the Trust Board and those responsibilities delegated to its committees and officers within the Trust.

The Trust's Scheme of Delegation sets out the responsibilities, duties and powers of the Trust Board, Officers and Local Governing Bodies of individual schools. Note that in the year being reported there was only one school, Chetwynde School, in the Trust although, at the time of writing there are now three with Ormsgill Primary School and Nursery joining SCMAT on 1 September 2022 and Vickerstown Primary School joining on 1 November 2022.

The Trust Board is comprised of non-executive Trustees. It is responsible for the overall strategic direction of the Trust and for holding the executive to account for delivering agreed priorities.

Specific responsibilities include:

- Priority setting and ratification of new projects including, for example, admission of new academies to the Trust;
- Holding the executive to account for the delivery of strategic objectives and the overall performance of the Trust and its academies through receiving regular performance data and analysis;
- Appointment, appraisal, discipline and dismissal of the Chief Executive Officer;
- Setting the Executive Team pay and remuneration;
- Approval of the annual budget, medium term financial plans, the Trust's business plans and risk management policy;
- Approval of the Trust's annual report and statutory accounts receiving the annual management letter and governance report of the external auditor and agreement of proposed action;
- Continuous appraisal of the affairs of SCMAT and its academies;
- Consideration of the Trust's overall performance including the financial performance;
- Approval of statutory policies;
- Safeguarding (incorporating PREVENT) and receiving assurance from the executive that such policies are being implemented,
- Requiring and receiving the declaration of Board members' interest that may conflict with those of the Trust and determining the extent to which that member may remain involved with the matter under consideration and maintaining a register of pecuniary interests for Board Members, Academy Associates and staff.

f. Arrangements for setting pay and remuneration of key management personnel

The Trustees are responsible for determining the pay and remuneration of key management personnel. These include, the CEO, CFO and headteachers. In reaching their decision about appropriate levels of pay the Trustees will bear in mind affordability and appropriate benchmark levels of pay for similar positions in similar organisations.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities

a. Objects and aims

SCMAT's mission is to become the highest performing Trust in South Cumbria.

SCMAT's vision is to inspire young people and change lives through excellence in education in South Cumbria.

SCMAT's values are

Excellence in everything we do

Respect for individuals, enabling equality, diversity and inclusivity

Innovation in how we work, develop and continuously improve

Celebration of the success and achievement of our pupils and staff

Ambition for the Trust and its pupils to be the best they can

Support for pupils and staff by providing care and promoting well-being and resilience in a safe and protective environment

b. Public benefit

In setting our objectives and planning our activities, the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

The MAT structure allows economies of scale in shared services such as HR, Finance, IT, Data and school improvement activities. It also presents the opportunities to obtain better terms when negotiating contract and services across the Trust.

c. Strategic Priorities

Inspire

To inspire individuals through a rewarding, supportive, safe and inclusive environment

- Promote and embed the MAT's vision and values within all of our member schools and throughout the Trust
- Gauge and act upon the views of stakeholders, and value and embed the voice of our young people and their parents to ensure the Trust and its schools continuously improve
- Regularly review the curriculum and develop our teams in order that our member schools meet the current and future needs of pupils, their community and South Cumbria
- Further develop and promote the diverse and inclusive culture within our schools to create a positive learning environment which is committed to equality, maintaining a zero-tolerance approach to all harassment and discrimination
- Develop the resilience of pupils and staff by actively supporting mental well-being and promoting a culture of openness and understanding which develops positive team-working
- Advance pupils' life skills and foster a culture of critical thinking, innovation and enterprise, alongside academic excellence
- Continue to celebrate the achievement and progress of our pupils and staff, building on our reputation of excellence

Succeed

To raise individual aspirations, create opportunities and promote personal development and progression by delivering high-quality inclusive education

- Using the School Improvement Policy, undertake rigorous self-evaluation at school and trust level, set challenging targets for improvement, measure progress and take actions to achieve outstanding and improved pupil outcomes
- Deliver an exceptional learning experience and first-class resources, maximising opportunities to share expertise between our member schools whilst encouraging them to set and maintain their own unique educational character, ethos and specialisms

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities (continued)

- Ensure high performance through excellence in teaching and learning, including through the use of technology and remote teaching
- Maintain high expectations for our member schools and their pupils which will be achieved through setting aspirational targets, measuring progress and challenging learning, to ensure all pupils achieve their full potential
- Within each school, provide comprehensive, current and impartial information, advice and opportunity guidance to all pupils and support to their parents
- Provide the highest level of support to pupils, including those with an Education, Health and Care Plan, and those eligible for Free School meals and Pupil Premium, in order that they make outstanding progress and achieve their aspirations
- Build a reputation of excellence and become an aspirational destination for schools considering joining a MAT

Contribute

To contribute to the success of South Cumbria

- Work with employers to enhance the curriculum and extra-curricular activities, providing opportunities to our pupils to experience the world of work from an early age
- Support and champion the communities of South Cumbria through engaging with local partners and groups, delivering meaningful activities whilst growing our pupils' knowledge and skills
- Ensure our pupils develop into confident and responsible young people, providing an impactful contribution to their communities
- Through our links with Furness College, develop a reputation of excellence in science, technology, engineering and maths (STEM) education in South Cumbria, whilst promoting creativity and offering the broadest curriculum offer
- Work in partnership with neighbouring multi-academy trusts to develop innovative ways of working together and taking advantage of opportunities afforded to collaborative trusts
- Work closely with local and regional organisations such as the Local Enterprise Partnership, schools, universities and local authorities, and contribute to the development of education in South Cumbria
- Ensure our pupils are proud of their communities and the impact they can make

Prosper

To be financially successful through efficiency, cost-effectiveness and the delivery of sustained income

- Maintain strong financial health and future prosperity through maximising opportunities to grow income and bringing about the necessary efficiencies within the Trust and its member schools
- Maximise opportunities afforded by economies of scales through shared services, cross-school working and joint MAT-College contracts and facilities
- Foster a culture of innovation, enterprise and measured risk which leads to appropriate curriculum development, diversification opportunities, sustained income and improved work practices
- Focus on partnership opportunities, maintaining excellent communication between member schools and by working with other high-quality trusts and schools in the region
- Invest in the development of the staffing team and cutting-edge facilities to ensure our schools are leaders in the provision of high-quality education
- Provide regular and robust performance data to the Board of Trustees, including forecasts, emerging risks and opportunities, enabling the required level of scrutiny to inform leadership actions
- Promote the MAT to the wider community and grow in a measured and responsible manner, in line with the Trust's Growth Strategy

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Achievements and performance

a. Key performance indicators

Primary, Key Stage 2, 2022

Data from FFT analysis showed that for reading, on average 59% of primary pupils met year group age related expectations, which was 9% below the National average. For writing, on average 43% of pupils met year group age related expectations, which was down on the previous year's score and below National average.

Secondary, Key Stage 4, 2022

Attainment – At Key Stage 4, the school's FFT results show 78% of pupils gained a Grade 4 or above including Maths and English. However, Trustees are conscious that all of the above data has been influenced by the Covid-19 pandemic and large periods of disruption. The data cannot be compared to previous years, due to teacher assessed grades. The % of pupils achieving grade 5+ including Maths and English was 50%. This is in line with the National average and 4% above the Local Authority average. The attainment 8 score was 46 which slightly below the Local Authority average of 47.4.

b. Going concern

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

Financial review

During the year total income was £6,637,157 of which £2,251,614 arose from the donation of assets to the MAT from Chetwynde School Ltd. Total expenditure on charitable activities was £4,263,440 leading to a surplus, before gains and losses on defined benefit pension schemes, of £2,878,717. Note that a very large proportion of the income in the year derived from donated assets with no corresponding expenditure in the year other than depreciation on those assets. The underlying in year revenue position of the Trust was a small surplus on restricted funds and a slightly larger surplus on unrestricted funds.

a. Reserves policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration future redevelopment of buildings and infrastructure, uncertainty over future income streams and other key risks identified during the risk review.

b. Investment policy

The Trust's investment policy is designed to minimise risk of losses. Therefore, any surplus cash holdings not immediately required for operating expenses will be placed on deposit at the most favourable rate available with providers covered by the Financial Services Compensation Scheme. Day to day management of cash surpluses is delegated to the CEO and CFO.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

c. Principal risks and uncertainties

The principal risks and uncertainties facing the Trust are as follows:

Financial

The Trust has considerable reliance on continued Government funding through the ESFA. In the last year 99% of the Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in Governance and/or Management

The risk in this area arises from potential failure to effectively manage the Trusts finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Trust's academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and Child Protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Safeguarding reviews are commissioned and undertaken in all Trust academies on a regular basis.

Staffing

The success of Trust relies on the quality of its staff; the Board of Trustees and Local Governing Bodies monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and Mismanagement of Funds

The Trust has commissioned their internal Auditors to carry out checks on financial systems and records as recommended by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management approach throughout the year by improving the process and ensuring staff awareness. A risk register is maintained, reviewed and updated.

Fundraising

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Plans for future periods

SCMAT is committed to supporting all pupils, staff and schools within the Trust to inspire, succeed, contribute and prosper. Each of the Trust's school has its own unique ethos, however they all share a common vision and values, which are central to the life of the schools and underpin all the Trust's activities. Our vision is to inspire young people and change lives through excellence in education in South Cumbria. At the heart of our organisation are the values of excellence, respect, innovation, celebration, ambition and support. Want our young people to develop and grow into adults who can give back to their communities.

The growth of SCMAT is a committed element of the strategy. Growth will enable the trust to further support children across South Cumbria, bringing more benefits both to existing and joining SCMAT schools through partnering and cross-trust efficiencies. The Trust has received grant funding in the year to support these growth plans. In line with these plans, Ormsgill School joined on 1 September, 2022 and Vickerstown School on 1 November, 2022. Furthermore, in November 2022, Newbarns School resolved to join SCMAT on 1 September, 2023.

Through consideration of the Trust's growth strategy, the Board has resolved to admit up to four schools in 2022-23 and up to a further four schools in 2023-24. These schools must be graded by Ofsted as at least good, have sound finances and be located in South Cumbria. The Board wishes to build up the Trust's school improvement capacity in order that it can admit schools which have been judged as requiring improvement or inadequate from September 2025.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 15 December 2022 and signed on its behalf by:



.....
Mr Philip Huck
Chair of Trustees

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that South Cumbria Multi-Academy 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 South Cumbria Multi-Academy 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 7 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr Philip Huck, Chair of Trustees	6	7
Professor Andrew Wren, Chief Executive/Accounting Officer	7	7
Mr John Burgess, Vice-Chair	7	7
Ms Karla Thomas, Trustee	3	7
Mr Liam Edgley, Trustee	3	7
Mr Peter Butterworth, Trustee	7	7
Ms Lisa Warrener, Trustee	3	7
Mr Craig Ivison, Trustee	2	5
Ms Helen Rastelli, Trustee	4	6
Ms Karen Johnson, Trustee	2	7

The Trust remained stable during its first year of operation and had purposefully recruited a surplus of Trustees on its formation in order to mitigate likely attrition. The Trust continues to seek further financial expertise to strengthen its Finance, Audit and Risk Assurance Committee. The Trust Board has considered succession planning and is looking to build further capacity within the Board in 2022-23. Trustees are linked to our schools/Local Governing Bodies (LGBs). Trustees and Chairs of the LGBs will meet termly from 2022-23 to support two-way communications. Chairs of LGBs also attend monthly meetings of the LGB Chairs' Committee.

All Trustees have undergone mandatory training and have also had further training on the role and activities of Trustees, crucial during the first year of operation. A full skills assessment was undertaken to ensure the make-up of the Board meets all the necessary expertise required for a high-functioning Board.

The Clerk to the Board of Governors maintains a register of interests which is reviewed and updated at least annually or whenever either the composition of the Board changes or a Trustee declares a new interest. If ever a topic of discussion arises at a Board meeting in which a Trustee has an interest then that Trustee will absent themselves from that part of the meeting.

The Trust Board is always looking at how their performance and that of the whole Trust can be improved. A full review of performance will be undertaken by the Clerk of the effectiveness of the Board and its members in January, 2023. In addition, the Board is considering the commissioning of an external agency to compete a trust diagnostic, the findings of which will be taken forward to the Board with consideration given to the structure of governance.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance, Audit and Risk Assurance Committee is a sub-committee of the main Board of Trustees and met three times in 2021-22.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Professor Andrew Wren	3	3
Mr John Burgess	3	3
Ms Karen Johnson	1	3
Ms Lisa Warrener	3	3
Mr Philip Huck	3	3
Ms Helen Rastelli	2	2

Review of value for money

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

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

- Achieving the educational outcomes as set out in the Trustees report. Outcomes include many positive indicators. Educational outcomes were improved with the same resource by taking steps to improve the quality of teaching, as set out in the Trustees Report.
- The Trust intends to enable the sharing of delivery and good practice across all schools within the Trust. This will drive up standards for lower cost.
- The Trust has supported and collaborated with other schools in the area. SCMAT has also supported other schools through its implementing the CUSP curriculum programme.
- Consolidated procurement activities concerning the purchase of ICT equipment and centralised contractual arrangements for teacher absence cover will deliver positive value for money considerations including more comprehensive cover arrangements which will benefit more schools.
- Contract and services are regularly appraised and renegotiated in a timely manner to ensure value for money.
- Utilities contracts are constantly monitored and reviewed and renegotiated where cost savings have been identified.
- Options appraisals are carried out before purchases are made, including assessing the costs and benefits of alternatives over the longer term. A range of quotes is obtained for all major purchases so that the Trust knows it is getting a good deal.
- The Trust explores opportunities to generate income through the letting of facilities to the local community and the provision of support services to local schools.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Cumbria Multi-Academy Trust for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has decided to employ Wylie & Bisset as internal auditor.

This option has been chosen because Wylie & Bisset have significant experience of providing internal audit services to Academy Trusts.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial systems. During the first year of the Trust's operation internal audit work focused on reviews of the key financial controls in place at Chetwynde School.

From the Assignment Plan document: the purpose was to "provide assurance that key financial controls are suitably designed and operating effectively. This review will include a review of processes relating to purchasing, income, cash and banking, payroll and fixed assets. With a heightened focus on payroll."

The Assignment Plan identified the following potential key risks associated with the area under review:

- Ineffective or inefficient procedures and controls may be in place for key finance processes;
- Inadequate segregation of duties may compromise the control environment in relation to key finance processes,
- Inadequate management oversight of financial processes compromises control effectiveness.

The internal auditor reported to the Board of Trustees through the Finance, Audit and Risk Assurance Committee twice during the year on the operation of the Trust's financial procedures and controls. Their first report made a total of seven recommendations for improvement, four of which carried a medium risk and three a low risk. A subsequent review and report concluded that of the original seven recommendations only two remained outstanding. The outstanding items related to updating of the financial policy and procedures manual and the use of the accounting system to record the fixed asset register. For both of these items it was agreed between the internal auditors and the Trust that they would more appropriately wait until after the appointment of a new Chief Financial Officer and until additional academies had joined the Trust.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

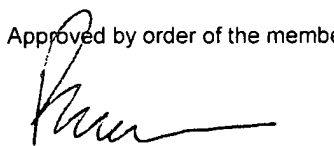
Review of effectiveness

As Accounting Officer, the CEO 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 executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.
- the work of the external auditors;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Audit and Risk Assurance 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 and signed on their behalf by:



Mr Philip Huck
Chair of Trustees

Date: 15/2/22



Professor Andrew Wren
Accounting Officer

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of South Cumbria Multi-Academy Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academy Trust Handbook 2021.

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 ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA:

- Failure to comply with the Sports Premium reporting requirements insofar as Chetwynde School did not publish how it intended to spend nor how it actually spent these monies in line with the timing requirements of the funding.
- Failure to consistently apply a strong purchase ordering system due to the timing of purchase orders and lack of tendering on the procurement of project management services
- Failure to produce and scrutinise management information in the final two months of the year due to lack of Chief Financial Officer not being in post.



Professor Andrew Wren
Accounting Officer

Date: 15/12/2022

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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

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

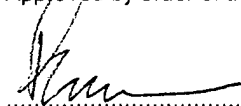
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr Philip Huck
Chair of Trustees

Date: 15/12/22

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH CUMBRIA MULTI-ACADEMY TRUST

Opinion

We have audited the financial statements of South Cumbria Multi-Academy Trust (the 'trust') for the year ended 31 August 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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 Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH CUMBRIA MULTI-ACADEMY TRUST (CONTINUED)

Other information

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

We have nothing to report in this regard.

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH CUMBRIA MULTI-ACADEMY TRUST (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, such as the Health & Safety at Work Act 1974, Ofsted Regulations and Companies Act 2006;
- we identified the laws and regulations applicable to the Trust through discussions with Trustees and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Trust's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- considering our work in respect of regularity to identify irregular spend or lack of ESFA approval for novel or contentious transactions.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and
- tested journal entries to identify unusual transactions; and
- tested the operating effectiveness of key controls over purchase cycles on a sample basis; and
- reviewed the application of accounting policies.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH CUMBRIA MULTI-ACADEMY TRUST (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Karen Rae FCCA (Senior statutory auditor)
for and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Carlisle

Date: 19 December 2022

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH CUMBRIA MULTI-ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 December 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Cumbria Multi-Academy Trust during the year 1 September 2021 to 31 August 2022 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 South Cumbria Multi-Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Cumbria Multi-Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Cumbria Multi-Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Cumbria Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Cumbria Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 21 May 2021 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH CUMBRIA MULTI-ACADEMY 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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Failure to comply with the Sports Premium reporting requirements insofar as Chetwynde School did not publish how it intended to spend nor how it actually spent these monies in line with the timing requirements of the funding.
- Failure to consistently apply a strong purchase ordering system due to the timing of purchase orders and lack of tendering on the procurement of project management services.
- Failure to produce and scrutinise management information in the final two months of the year due to lack of Chief Financial Officer not being in post.



Karen Rae FCCA
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors

Date: 19 December 2022

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Income from:					
Donations and capital grants:	4				
Transfer from a predecessor academy trust		55,847	(461,209)	2,656,976	2,251,614
Other donations and capital grants		-	49,242	11,277	60,519
Other trading activities		90,906	55,698	-	146,604
Investments	7	1	-	-	1
Charitable activities		-	2,903,078	1,275,341	4,178,419
Total income		146,754	2,546,809	3,943,594	6,637,157
Expenditure on:					
Charitable activities	9	22,890	3,062,011	1,178,539	4,263,440
Total expenditure		22,890	3,062,011	1,178,539	4,263,440
Net income/(expenditure)		123,864	(515,202)	2,765,055	2,373,717
Transfers between funds	19	(71,953)	51,542	20,411	-
Net movement in funds before other recognised gains		51,911	(463,660)	2,785,466	2,373,717
Other recognised gains:					
Actuarial gains on defined benefit pension schemes	26	-	505,000	-	505,000
Net movement in funds		51,911	41,340	2,785,466	2,878,717
Reconciliation of funds:					
Net movement in funds		51,911	41,340	2,785,466	2,878,717
Total funds carried forward		51,911	41,340	2,785,466	2,878,717

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

The notes on pages 25 to 46 form part of these financial statements.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 13414087

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £
Fixed assets		
Tangible assets	15	2,619,269
		<u>2,619,269</u>
Current assets		
Debtors	16	721,318
Cash at bank and in hand		941,219
		<u>1,662,537</u>
Creditors: amounts falling due within one year	17	<u>(1,163,236)</u>
Net current assets		499,301
Total assets less current liabilities		<u>3,118,570</u>
Creditors: amounts falling due after more than one year	18	(98,853)
Net assets excluding pension liability		<u>3,019,717</u>
Defined benefit pension scheme liability	26	(141,000)
Total net assets		<u><u>2,878,717</u></u>
Funds of the Trust		
Restricted funds:		
Fixed asset funds	19	2,785,466
Restricted income funds	19	182,340
		<u>2,967,806</u>
Restricted funds excluding pension asset	19	2,967,806
Pension reserve	19	(141,000)
Total restricted funds	19	2,826,806
Unrestricted income funds	19	51,911
Total funds		<u><u>2,878,717</u></u>

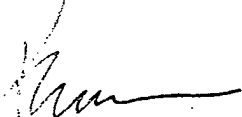
SOUTH CUMBRIA MULTI-ACADEMY TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 13414087

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

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

The financial statements on pages 21 to 46 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Mr Philip Huck

Chair of Trustees

Date: 15/12/22

The notes on pages 25 to 46 form part of these financial statements.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £
Cash flows from operating activities		
Net cash provided by operating activities	21	3,594,793
Cash flows from investing activities	23	(2,732,399)
Cash flows from financing activities	22	78,825
Change in cash and cash equivalents in the year		941,219
Cash and cash equivalents at the end of the year	24, 25	<u><u>941,219</u></u>

The notes on pages 25 to 46 form part of these financial statements

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. General information

South Cumbria Multi-Academy Trust is a private company limited by guarantee without share capital. Its registered office is Furness College, Channelside, Barrow In Furness, Cumbria, LA14 2PJ.

The principal activity of the Trust is the provision of primary & secondary education.

The current period relates to the year ended 31 August 2022, the comparative period relates to the period from incorporation (21 May 2021) to 31 August 2021. The Trust was dormant throughout the comparative period, as such all comparative balances are £Nil.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

2.2 Going concern

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

2.3 Income

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

• **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.

• **Transfer of existing academies into the Trust**

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

2. Accounting policies (continued)

2.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

2.6 Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

2.7 Tangible fixed assets

Assets costing £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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Freehold property	-	2% straight line/ 10% straight line
Plant and machinery	-	10% straight line
Computer equipment	-	33% straight line
Motor vehicles	-	25% straight line

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

2.8 Debtors

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

2.9 Cash at bank and in hand

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

2.10 Liabilities

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

2.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

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

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.13 Pensions

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

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

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

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

2.14 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

Critical areas of judgment:

Establishing useful economic lives for depreciation purposes of property, plant and equipment comprise a significant portion of the total fixed assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these assets' useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation charges for the period. Details of the depreciation policies based on estimated useful economic lives are included in accounting policies note 2.7.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

4. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Donations				
Transfer from other Academy Trust	55,847	(461,209)	2,656,976	2,251,614
Donations	-	49,242	-	49,242
Devolved capital formula	-	-	11,277	11,277
	<u>55,847</u>	<u>(411,967)</u>	<u>2,668,253</u>	<u>2,312,133</u>

5. Funding for the Trust's educational operations

	Restricted funds 2022 £	Total funds 2022 £
DfE/ESFA grants		
General Annual Grant	2,345,073	2,345,073
Other DfE/ESFA grants		
Conditional Improvement Funding	1,275,341	1,275,341
Pupil Premium	79,017	79,017
UIFSM	18,078	18,078
Sports Premium	17,640	17,640
Other DfE/ESFA Grants	230,152	230,152
	<u>3,965,301</u>	<u>3,965,301</u>
Local Authority grants		
SEN Funding	169,687	169,687
Early Years Funding	36,885	36,885
Other LA Grants	6,546	6,546
	<u>213,118</u>	<u>213,118</u>
	<u><u>4,178,419</u></u>	<u><u>4,178,419</u></u>

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

6. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Catering	77,669	-	77,669
Educational trips & visits	-	35,106	35,106
Other trading activities	13,237	20,592	33,829
	<u>90,906</u>	<u>55,698</u>	<u>146,604</u>

7. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £
Bank Interest	<u>1</u>	<u>1</u>

8. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Educational operations:				
Direct costs	1,892,547	144,122	233,746	2,270,415
Allocated support costs	411,572	1,225,496	355,957	1,993,025
	<u>2,304,119</u>	<u>1,369,618</u>	<u>589,703</u>	<u>4,263,440</u>

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Educational operations	22,890	4,240,550	4,263,440

10. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Educational operations	2,270,415	1,993,025	4,263,440

Analysis of support costs

	Educational operations 2022 £	Total funds 2022 £
Staff costs	289,466	289,466
Depreciation	124,131	124,131
IT costs	77,068	77,068
Admin costs	195,814	195,814
Maintenance & Repairs	22,243	22,243
Rent & Rates & Utilities	85,705	85,705
Catering	123,862	123,862
Other Supplies	14,371	14,371
Transport	5,957	5,957
CIF Expenditure	1,054,408	1,054,408
	1,993,025	1,993,025

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £
Wages and salaries	1,608,831
Social security costs	123,087
Pension costs	444,545
	<hr/> 2,176,463
Agency staff costs	48,037
Other costs	79,619
	<hr/> <hr/> 2,304,119

b. Staff numbers

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

	2022 No.
Teacher	57
Administration and support	22
Management	3
	<hr/> 82

c. Higher paid staff

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

	2022 No.
In the band £60,001 - £70,000	<hr/> 1

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £190,031.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

12. Central services

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

- Finance
- Human Resources
- Network Services

The Trust charges for these services on the following basis:

Each Academy pays 6% of their general annual grant for the central services listed above.

The actual amounts charged during the year were as follows:

	2022 £
Chetwynde School	140,711

13. Trustees' remuneration and expenses

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

	2022 £
Professor Andrew Wren, Chief Executive	10,000 - 15,000
Pension contributions paid	0 - 5,000

During the year ended 31 August 2022, no Trustee expenses have been incurred.

14. Trustees' and Officers' insurance

The 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 membership.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

15. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
Additions	2,309,403	336,243	97,754	1,250	2,744,650
Disposals	-	-	-	(1,250)	(1,250)
At 31 August 2022	<u>2,309,403</u>	<u>336,243</u>	<u>97,754</u>	<u>-</u>	<u>2,743,400</u>
Depreciation					
Charge for the year	54,543	40,114	29,474	-	124,131
At 31 August 2022	<u>54,543</u>	<u>40,114</u>	<u>29,474</u>	<u>-</u>	<u>124,131</u>
Net book value					
At 31 August 2022	<u>2,254,860</u>	<u>296,129</u>	<u>68,280</u>	<u>-</u>	<u>2,619,269</u>

On transfer into the Multi-Academy Trust the net book value of assets from Chetwynde School totalling £2,666,779 were recognised as a donation to the Trust.

Breakdown:

Freehold Property - £2,309,403
Furniture & Equipment - £275,165
Computer Equipment - £80,961
Motor Vehicles - £1,250

16. Debtors

	2022 £
Due within one year	
Other debtors	80,295
Prepayments and accrued income	641,023
	<u>721,318</u>

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

17. Creditors. Amounts falling due within one year

	2022 £
Other loans	4,993
Trade creditors	938,793
Other taxation and social security	25,261
Other creditors	49,178
Accruals and deferred income	145,011
	<u>1,163,236</u>
	2022 £
Resources deferred during the year	<u>39,004</u>

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

	2022 £
Other loans	73,832
Other creditors	25,021
	<u>98,853</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2022 £
Payable or repayable by instalments	7,072
	<u>7,072</u>

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

19. Statement of funds

	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2022
Unrestricted funds					
General Funds	146,754	(22,890)	(71,953)	-	51,911
Restricted general funds					
General Annual Grant (GAG)	2,362,917	(2,414,459)	51,542	-	-
Trip, music & exam fee's	37,683	-	-	-	37,683
SEN Fund	169,687	(169,687)	-	-	-
Sports Premium	45,968	(29,720)	-	-	16,248
Pupil Premium	79,017	(79,017)	-	-	-
Universal Infant Free School Meals	18,078	(18,078)	-	-	-
Covid Catch Up	24,569	(24,569)	-	-	-
Other DFE/ESFA Grants	241,767	(151,716)	-	-	90,051
Urgent Capital Support	2,049	-	-	-	2,049
Kindergarten	99,074	(62,765)	-	-	36,309
Pension reserve	(534,000)	(112,000)	-	505,000	(141,000)
	<u>2,546,809</u>	<u>(3,062,011)</u>	<u>51,542</u>	<u>505,000</u>	<u>41,340</u>
Restricted fixed asset funds					
Inherited funds	2,656,975	(119,732)	15,649	-	2,552,892
Capital Expenditure from GAG	-	(79)	4,762	-	4,683
DFE/ESFA Capital Grants	11,278	(663)	-	-	10,615
CIF	1,275,341	(1,058,065)	-	-	217,276
	<u>3,943,594</u>	<u>(1,178,539)</u>	<u>20,411</u>	<u>-</u>	<u>2,785,466</u>
Total Restricted funds	<u>6,490,403</u>	<u>(4,240,550)</u>	<u>71,953</u>	<u>505,000</u>	<u>2,826,806</u>
Total funds	<u><u>6,637,157</u></u>	<u><u>(4,263,440)</u></u>	<u><u>-</u></u>	<u><u>505,000</u></u>	<u><u>2,878,717</u></u>

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. Statement of funds (continued)

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

Restricted funds

Restricted balances carried forward are for funding (cash) to be spent on charitable activities of the academy in accordance with the grant agreements.

General Annual Grant (GAG)

Funds received from the ESFA are applied to the charitable activities of the Trust as defined in the funding agreements. Under the funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of General Annual Grants (GAG) that it could carry forward at 31 August 2022.

Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. In the current financial year, the deficit on the fund has increased to £141,000. The charge to the Income & Expenditure Account in the year was £223,683 and SOCI other recognised gains were £505,000.

Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic years (as per the Trust's fixed assets policy) and transfers between are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these have been committed in future years for depreciation and amortisation.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the Board of Trustees to meet the charitable objectives of the Academy Trust.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022 £
South Cumbria Multi-Academy Trust	-
Chetwynde School	234,251
Total before fixed asset funds and pension reserve	234,251
Restricted fixed asset fund	2,785,466
Pension reserve	(141,000)
Total	2,878,717

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies & other costs £	Total 2022 £
South Cumbria Multi-Academy Trust	-	41,157	99,554	140,711
Chetwynde School	1,892,547	370,415	1,735,636	3,998,598
Trust	1,892,547	411,572	1,835,190	4,139,309

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	2,619,269	2,619,269
Current assets	122,086	454,895	1,085,556	1,662,537
Creditors due within one year	(70,175)	(252,527)	(840,534)	(1,163,236)
Creditors due in more than one year	-	(20,028)	(78,825)	(98,853)
Provisions for liabilities and charges	-	(141,000)	-	(141,000)
Total	51,911	41,340	2,785,466	2,878,717

21. Reconciliation of net income to net cash flow from operating activities

	2022 £
Net income for the year (as per Statement of financial activities)	2,373,717
Adjustments for:	
Depreciation	124,131
Defined benefit pension scheme obligation inherited	534,000
Defined benefit pension scheme cost less contributions payable	101,000
(Increase)/decrease in debtors	(721,318)
Increase in creditors	1,183,263
Net cash provided by operating activities	3,594,793

22. Cash flows from financing activities

	2022 £
Cash inflows from new borrowing	78,825
Net cash provided by financing activities	78,825

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

23. Cash flows from investing activities

	2022 £
Dividends, interest and rents from investments	1
Purchase of tangible fixed assets	(2,744,650)
Proceeds from the sale of tangible fixed assets	1,250
Defined benefit pension finance costs	11,000
Net cash (used in)/provided by investing activities	(2,732,399)

24. Analysis of cash and cash equivalents

	2022 £
Cash in hand and at bank	941,219
Total cash and cash equivalents	941,219

25. Analysis of changes in net debt

	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	941,219	941,219
Debt due within 1 year	(4,993)	(4,993)
Debt due after 1 year	(73,832)	(73,832)
	862,394	862,394

26. Pension commitments

The 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 Mercer Limited. 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 2019.

Contributions amounting to £36,180 were payable to the schemes at 31 August 2022 and are included within creditors.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

26. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £337,447.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £134,000, of which employer's contributions totalled £108,000 and employees' contributions totalled £26,000. The agreed contribution rates for future years are 15.9 per cent for employers and 5.5-12.5 per cent for employees.

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

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

26. Pension commitments (continued)

Principal actuarial assumptions

	2022
	%
Rate of increase in salaries	4.3
Rate of increase for pensions in payment/inflation	2.9
Discount rate for scheme liabilities	4.3
Inflation assumption (CPI)	2.8

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

	2022
	Years
<i>Retiring today</i>	
Males	22.6
Females	25.3
<i>Retiring in 20 years</i>	
Males	24.1
Females	27.1

Share of scheme assets

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

	At 31 August 2022 £
Equities	235,000
Gilts	100,000
Property	68,000
Cash and other liquid assets	22,000
Other	276,000
Total market value of assets	701,000

The actual return on scheme assets was £-47,000.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

26. Pension commitments (continued)

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

	2022 £
Current service cost	(209,000)
Interest income	12,000
Interest cost	(18,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(1,000)
Administrative expenses	(4,000)
Total amount recognised in the Statement of financial activities	(220,000)

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

	2022 £
Transferred in on existing academies joining the trust	1,154,000
Interest cost	18,000
Employee contributions	26,000
Actuarial gains	(563,000)
Benefits paid	(3,000)
Losses on curtailments	1,000
Current service cost	209,000
At 31 August	842,000

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

	2022 £
Transferred in on existing academies joining the trust	620,000
Interest income	12,000
Actuarial (losses)/gains	(58,000)
Employer contributions	108,000
Employee contributions	26,000
Benefits paid	(3,000)
Admin expenses	(4,000)
At 31 August	701,000

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

27. Operating lease commitments

At 31 August 2022 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £
Not later than 1 year	28,901
Later than 1 year and not later than 5 years	28,456
	<hr/> 57,357 <hr/>

28. Members' liability

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

29. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Trust expensed costs of £45,880 during the year in respect of a service level agreement with Furness College, an entity in which a Trustee is the Principal. The agreement related to the recharge of staff costs at cost value.

30. Post balance sheet events

As of the 1 September 2022 all educational operations, including staff members via TUPE, the fixed assets and Local Government Pension Scheme liabilities of the Ormsgill Primary School were transferred into the Multi-Academy Trust at their fair value.

As of the 1 November 2022 all educational operations, including staff members via TUPE, the fixed assets and Local Government Pension Scheme liabilities of the Vickerstown Primary School were transferred into the Multi-Academy Trust at their fair value.

SOUTH CUMBRIA MULTI-ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

31. Transfer of existing academies into the trust

Chetwynde School

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Freehold property	2,309,403	2,309,403
Furniture and equipment	275,165	275,165
Computer equipment	80,961	80,961
Motor vehicles	1,250	1,250
Current assets		
Debtors due within one year	474,835	474,835
Cash at bank and in hand	348,579	348,579
Liabilities		
Creditors due within one year	(704,579)	(704,579)
Pensions		
Pensions - pension scheme assets	620,000	620,000
Pensions - pension scheme liabilities	(1,154,000)	(1,154,000)
Net assets	<u>2,251,614</u>	<u>2,251,614</u>