

Company Registration No. 07687709 (England and Wales)

**CRANMER EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



# CRANMER EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

- Oldham, Henshaw and Church of England- represented by A Armitage (appointed 1 September 2018)  
Education Trust (Henshaw Trust)

- Chair of Board of Trustees - represented by J Gregory
- Area Dean, Oldham West Deanery - represented by Reverend N Andrewes
- Manchester Diocesan Board of Education - represented by Canon M Smith (resigned 31 August 2019)  
A Coates (temporary 1 September 2019 to 31 October 2019)  
then D Smith (appointed 1 November 2019)

### Trustees

J A Hollis (Accounting Officer and Chief Executive Officer of Cranmer Education Trust)  
T Mitchell (Chair of Finance Committee until 24 April 2019)  
E Moores  
M Tomlinson  
J Gregory (Chair of Trust Board)  
P Winter (Chair of Audit Committee - 24 Apr 19 / Chair of Audit, Risk & Finance Committee from 25 Apr 19)  
M Khan  
S Skidmore (Appointed 21 November 2018)  
S Curley (Appointed 28 February 2019)  
E Wood (Appointed 8 January 2019)  
Reverend J Rosedale (Appointed 18 June 2019)  
R Lamb (Appointed 18 June 2019)

### Senior management team

- Chief Executive Officer J Hollis
- Director of Operations C Ellis
- Director of Finance B Harper
- Principal HR Officer C Kearns
- IT Manager C Hawes
- Data Manager M Walker

Company registration number 07687709 (England and Wales)

### Registered office

Cranmer Education Trust  
The Blue Coat School  
Egerton Street  
Oldham  
OL1 3SQ

### Academies operated

Mayfield Primary School

East Crompton St George's CofE Primary School

The Blue Coat School

### Location

Mayfield Road, Oldham, OL1 4LG

George Street, Shaw, Oldham, OL2 8AX

Egerton Street, Oldham, OL1 3SQ

### Principal

M Couper-Barton

R Ross

R Higgins

# CRANMER EDUCATION TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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Independent auditor                      RSM UK Audit LLP  
   3 Hardman Street  
   Manchester  
   M3 3HF

Bankers                                        Lloyds Bank PLC  
   Church Street  
   Blackburn  
   BB2 1JQ

Solicitors                                    Hill Dickinson LLP  
   1 St. Paul's Square  
   Old Hall Street  
   Liverpool  
   L3 9SJ

# **CRANMER EDUCATION TRUST**

## **TRUSTEES' REPORT**

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

Cranmer Education Trust is a Multi Academy Trust which offers a broad and balanced curriculum in accordance with the tenets of the Church of England. During the period the Trust operated one secondary and two primary academies.

The secondary academy is The Blue Coat C of E School for pupils aged 11 to 18 serving a wide catchment area across North East Manchester.

The two primary academies are East Crompton St. George C of E Primary School for pupils aged 4-11 with a local catchment area in Shaw which joined the Trust on 1 September 2015 and Mayfield Primary School for pupils aged 3-11 situated in the Derker area of Oldham which joined the Trust on 1 January 2016.

The Trust's academies have a combined roll of 2,156 in the school census of January 2019.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

Cranmer Education Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association dated 29 June 2011, last amended 26 November 2019 are the primary governing documents of the Trust.

The Trustees of Cranmer Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company changed its name from The Blue Coat School to Cranmer Education Trust on 1 May 2015 when the company converted to multi academy trust status.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **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.

#### **Trustees' indemnities**

The Trust has opted into the Department for Education risk protection arrangement (RPA). This scheme protects trustees and officers from claims arising from negligent acts, errors and omissions occurring while on Trust business and provides cover up to £10,000,000.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Method of recruitment and appointment or election of Trustees**

All members of the Trust Board are appointed and/or elected in accordance with the Articles of Association. The Articles were revised at Companies House on 26 November 2019 and so the conditions set out below reflect the original Articles and the Revised Articles:

#### **Original Articles**

Trustees (Directors) are recruited by invitation dependent upon their expertise, experience and skills under the following conditions as set out in the Articles of Association:

- Foundation Directors appointed in equal numbers by the Diocesan Board of Education and the Henshaw Trust — the remainder appointed by the Area Dean
- Executive Directors including the Chief Executive Officer — number not to exceed one third of total Directors
- Directors appointed by the Directors — restricted to ensure that at all times a majority of Directors are Foundation Directors
- Academy Directors — Chairs of a Local Governing Body including a representation from both primary and secondary academies in the Trust
- Parent Directors if appointed under Articles 53-56D

The Board must comprise of at least three Trustees each with a term of office of 4 years (with the exception of any post held ex officio including the Academy Directors).

#### **Revised Articles**

- No fewer than three Directors appointed by members such that the number of Directors appointed by the members always outnumber all other Directors by at least two
- Parent Directors if appointed under Articles 53-56
- Co Opted Directors appointed under Article 58
- Chief Executive Officer appointed under Article 57

The total number of Directors including CEO who are employees of the company shall not exceed one third of the total number of Directors.

### **Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees and local governors depends on their existing experience. Where appropriate, induction training is provided on charitable, educational, legal and financial matters. All are given access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents appropriate to their specific roles.

The Trust will institute training for Directors and local governors on their responsibilities within the Trust and will review its own needs in the light of its experience and responsibilities. These are likely to include:

- training for Directors in relation to their specific areas of oversight within the Trust.
- updates from the Diocesan Board of Education on the responsibilities of Directors and Members of Multi-Academy Trusts with a religious character
- training for Directors on their financial responsibilities, provided by an independent body
- training for Directors on their legal responsibilities and accountabilities as trustees, provided by an independent body, and prior to reviewing the Scheme of Delegation
- induction training for new Directors and Governors
- training on the use of GovernorHub for the sharing of documents and information

# **CRANMER EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

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### **Organisational structure**

Cranmer Education Trust currently operates a management structure as follows: The Trust Board (including Audit, Risk and Finance Committee and Pay Committee), local governance, the Principals of each Academy and the Executive Team of the Trust chaired by the Chief Executive Officer (CEO) who is also the Accounting Officer. The aim of the management structure is to devolve appropriate levels of responsibility to ensure responsive, high quality provision in all our schools. The management structure is set out in two trust documents, the Scheme of Delegation, the Finance Manuals and Financial Responsibilities Key.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of data results and budgets and making major decisions about the direction of the Trust, capital expenditure, senior staff appointments and the overall policy framework.

The Trust Board has established Local Governing Bodies (LGB) in each academy of the Trust which receive delegated authority from the Trust Board to monitor and advise the Trust Board in relation to the functioning of the Academy under the remit of curriculum policy, safeguarding policy, admissions procedure, receiving and challenging local financial performance, compliance with Trust systems and procedures, appointments below principal level, monitoring and evaluating outcomes for pupils, estate maintenance and health and safety.

During 2018-19 the Executive Team headed by the CEO comprised key personnel of the Trust: The Operations Director and the Finance Director supported by the Principal HR Officer, IT and Data managers and two third party specialists - School Improvement Professional, and Primary Specialist. The team through the CEO was delegated by the Trust Board wide ranging responsibilities to support the work of the Trust. To ensure value for money, high standards of educational provision and actions for pupils, and consistent practice especially in areas such as procurement, IT finance, and facilities. In 2018-19, a further team was set-up, the Strategic Leadership Team, including the Director of Operations, Finance Director and the Principals of each Academy, chaired by the CEO to consult on and assist the Trust Board and Executive Team with the development of policy and procedures as a key communication tool for the Trust. The group is not a committee and does not have any formal powers delegated to it by the Trust Board.

### **Arrangements for setting pay and remuneration of key management personnel**

Factors considered in determining the pay and remuneration of key management personnel include the skills required (qualifications and experience), responsibility levels and autonomy. For new posts, benchmarking exercises and research is carried out so that the salaries paid are compatible with other similar posts outside the Trust. Posts within the Trust that have similar requirements are paid at comparable rates. The Trust also ensures that salaries are in line with market requirements as far as possible so that the best staff are recruited and retained, and staff are well motivated.

### **Trade Union Facility Time**

The Trust did not have any relevant Trade Union Officials undertaking facility time in its employment.

### **Related parties and co-operation with other organisations**

The Blue Coat School was designated a National Teaching School and a National Support School in 2013 and as such has established an Alliance (The Northern Alliance) of sixteen schools/colleges, from all phases and from 6 Local Authority areas to promote the professional development of staff so as to improve provision and outcomes for young people. During the current period the Alliance has provided school to school support through its network of Specialist Leaders of Education run NPQ programmes in partnership with Ambition School Leadership and run a significant project for the Local Authority in relation to Subject Networks.

From 1 September 2017 the Trust became a designated centre for School Centered Initial Teacher Training (SCITT) under the trading name Manchester Nexus SCITT with full responsibility for the recruitment, training and assessing of the SCITT teacher training programme with Liverpool Hope University providing the PGCE element of the course. 43 students completed the SCITT programme for 18-19 and 60 joined the programme for 19-20.

From 1 September 2017 the Trust, through the CEO, became a strategic partner of North-West 1, the North West Maths hub, facilitating a secondary maths network and a primary research group to support the introduction of Singapore Maths into both the Trust primaries, and primaries across the area.

# **CRANMER EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

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The Trust is also commissioned by the Local Authority to provide Quality Assurance for provision for Newly Qualified Teachers in Oldham and leads a support network for staff responsible for that provision.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and Aims**

The principal object and activity of the Trust is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad, balanced, rich and differentiated curriculum, and which shall include:

- i. Church of England schools conducted in accordance with the principles, practices and tenets of the Church of England particularly in relation to arranging for religious education and daily acts of worship and in accordance with any trust deed governing the use of land used by the relevant Academy and having regard to any advice and following directives issued by the Diocesan Board of Education; and
- ii. other academies with or without a designated religious character,

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated as Church of England schools.

The Trust is dedicated to serve young people, to help and enable them to become everything they can be and everything that they are meant to be.

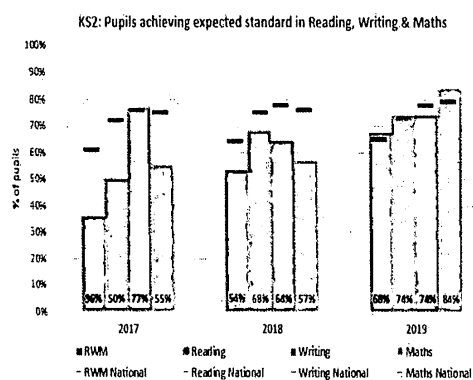
#### **Objectives, Strategies and Activities - Achievements and Performance**

Please see tables on pages 7-11.

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

Objectives and Outcomes 2018-19	Achievements and Performance																																																				
1. Continue to improve/sustain educational outcomes and progress	<p><b>Blue Coat</b></p> <ul style="list-style-type: none"><li>Sustained high achievement overall, with all outcomes meeting target ranges except Attainment 8 (1% below). A Level progress remained steady.</li><li>Progress of Disadvantaged pupils improved.</li><li>Progress measure in GCSE Maths increased to 0.6.</li><li>Key indicators:</li></ul> <table><tr><th>Key Indicators</th><th>Target</th><th>Blue Coat</th><th>England Average</th></tr><tr><td>Progress 8</td><td>+0.35-+0.5</td><td>0.36 (above avg)</td><td>-0.03</td></tr><tr><td>Entering EBacc</td><td>80%</td><td>86.7%</td><td>40%</td></tr><tr><td>Achieving 5+ in Eng and Maths</td><td>60%-65%</td><td>62.1%</td><td>43%</td></tr><tr><td>Staying in Education/Entering Employment</td><td>98%</td><td>98%</td><td>94%</td></tr><tr><td>Attainment 8</td><td>55%-56.5%</td><td>53.3%</td><td>46.4%</td></tr><tr><td>Ebacc APS</td><td></td><td>4.9</td><td>4.07</td></tr><tr><td>Pupil Premium Progress</td><td>0.0 to -0.2</td><td>-0.16</td><td>-0.35</td></tr><tr><td>A-Level Progress</td><td>0.0 to -0.10</td><td>-0.13</td><td>0.00</td></tr><tr><td>Average Result</td><td>C+</td><td>C+</td><td>C+</td></tr><tr><td>Average Point Score</td><td></td><td>33.57</td><td>33.33</td></tr><tr><td>% completing main study programme</td><td>95%</td><td>94.9%</td><td>92.5%</td></tr><tr><td>Staying in Education/employment for at least 2 terms after L3 study (most recent, i.e. 2016 data)</td><td></td><td>98%</td><td>96%</td></tr></table> <p><b>East Crompton St George's</b></p> <ul style="list-style-type: none"><li>Improved significantly at KS2, achieving national average for the first time and significantly exceeding targets.</li><li>KS2 achieving expected standards in Reading, Writing and Maths.</li></ul>	Key Indicators	Target	Blue Coat	England Average	Progress 8	+0.35-+0.5	0.36 (above avg)	-0.03	Entering EBacc	80%	86.7%	40%	Achieving 5+ in Eng and Maths	60%-65%	62.1%	43%	Staying in Education/Entering Employment	98%	98%	94%	Attainment 8	55%-56.5%	53.3%	46.4%	Ebacc APS		4.9	4.07	Pupil Premium Progress	0.0 to -0.2	-0.16	-0.35	A-Level Progress	0.0 to -0.10	-0.13	0.00	Average Result	C+	C+	C+	Average Point Score		33.57	33.33	% completing main study programme	95%	94.9%	92.5%	Staying in Education/employment for at least 2 terms after L3 study (most recent, i.e. 2016 data)		98%	96%
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## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)



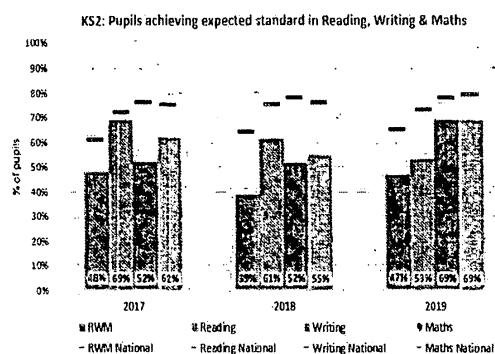
KEY STAGE 2 EXPECTED STANDARDS (ATTAINMENT)	2017		2018		2019		Pred.	Tgt.
	School	National	School	National	School	National		
% of pupils meeting expected standard in R, W & M	36%	61%	54%	64%	68%	65%	53%	64%
% of pupils meeting expected standard in Reading	50%	72%	68%	75%	74%	73%	77%	73%
% of pupils meeting expected standard in Writing	77%	76%	64%	78%	74%	78%	63%	78%
% of pupils meeting expected standard in Maths	55%	75%	57%	76%	84%	79%	60%	76%

- KS 1 remained 4-5% below national in all 3 areas.
- Progress Measures improved in Maths from -2.7 to -0.9, held steady in Writing (-2.4) but dropped in Reading to (-1.3). Partly this reflects unmoderated and inflated KS1 scores before the school came into The Cranmer Education Trust.

### Mayfield

- Improved on 2018 in both Maths and Writing, achieving targets, but still 10% below national. Reading dropped to 53% (20% below national) as a result of 7 pupils predicted to achieve Age Related Expectations not achieving the benchmark. This lowered the combined score.

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)



	2017		2018		2019		
Y STAGE 2 EXPECTED STANDARDS (ATTAINMENT)	School	National	School	National	School	National	Pred. Tgt.
of pupils meeting expected standard in R, W & M	48%	61%	39%	61%	47%	61%	56%
of pupils meeting expected standard in Reading	48%	61%	39%	61%	47%	61%	56%
of pupils meeting expected standard in Writing	52%	76%	61%	72%	53%	72%	66%
of pupils meeting expected standard in Maths	62%	75%	53%	75%	69%	75%	66%

- Improved on 2018 in both Maths and Writing, achieving targets, but still 10% below national. Reading dropped to 53% (20% below national) as a result of 7 pupils predicted to achieve Age Related Expectations not achieving the benchmark. This lowered the combined score.
- Progress measures were 0.6 for both Writing and Maths and -0.6 for Reading, KS1 outcomes improved by 10% on 2018, but remain 15% average below National.

### 2. Business Plans/Growth Strategy

- 2.1 Prioritisation of expansion priorities, benefits and risks re Free School/BC and/or Mayfield potential expansion/increase primary base/increase secondary base. Workforce development strategy and financial planning to support the scenarios.
- 2.2 Continue to strengthen capacity of Trust Board to hold executive governance to account and manage the workload.

- Application to open a secondary Free School in Oldham approved in June 2019, one of only 22 nationally.
- Mayfield approved to expand to 2FE by September 2019, funded by the LA.
- Trust Board strengthened by appointment of 5 new Trustees to total of 12 (including CEO)

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

	<ul style="list-style-type: none"> <li>Governance Review conducted by NLG Summer 2019 with action plan.</li> <li>Establishment of Standards Committee September 2019.</li> </ul>
<b>3. Trust Capacity</b> <b>3.1</b> Develop estates strategy and prioritisation using external consultancy: submit CIF bids, as appropriate.  <b>3.2</b> Extend systems/metrics for executive governance and reporting at relevant levels: <ul style="list-style-type: none"> <li>Staff absence/recruitment/retention</li> <li>Safeguarding in line with KCSIE 2018</li> <li>Statutory checks</li> <li>Health and Safety and repairs and maintenance schedule</li> </ul>	<ul style="list-style-type: none"> <li>CIF bids developed by external consultancy were unsuccessful.</li> <li>Compliance reporting in Safeguarding, Health and Safety and statutory checks built into programmes for local committees and reported to the Trust Board.</li> <li>Staff data awaiting purchase of HR Management Information System Spring 2020.</li> </ul>
<b>4. Ethos</b> <b>4.1</b> All schools to have the same text. <b>4.2</b> Embed chaplaincy involvement in all schools.  <b>4.3</b> Continue joint Faith Days for Years 5 and 7. <b>4.4</b> Continue to develop support for pupils of other faiths to build community cohesion and mutual respect.	<ul style="list-style-type: none"> <li>Schools all shared the same text; Jeremiah 17, 7-8 (2018-19) and Peter 5:7 (2019-20).</li> <li>Chaplain leads regular half-termly assemblies in all 3 schools, liaising closely with parish priests, Reverend D Woodall at St George's and Rev D Palmer at St Mary's. Mayfield links with Oldham Methodist Church. Termly Christian Bible Encounter assemblies are led by Peter and Jane Fraser from Oldham Methodists.</li> <li>Assembly themes are agreed centrally, linked to the Bible and led by senior staff in an age-appropriate way.</li> <li>Year 5 and 7 pupils share a Faith Day to explore World Religion in active learning and celebrate the family identity of The Cranmer Education Trust.</li> <li>All 3 schools support charitable causes chosen by pupils to help others locally, nationally and internationally.</li> <li>All 3 schools celebrated Advent, Lent, Christmas, Easter and Pentecost, Harvest and Remembrance through collective worship and at Blue Coat, eucharistic worship, in which pupils of all faiths and denominations take part.</li> <li>Mayfield has developed strong links with other primaries with a different ethnic and faith demographic through the Linking Project.</li> <li>Strong curricular links between RS, Music, and Art enhanced the power of the Easter Service at Blue Coat, culminating in the choir's performance of Rachmaninoff's Bogoroditse Devo (which they later sang, with Bruckner's Locus Iste) at the funeral of Mrs Mary Whitehead.</li> <li>Artwork by St George's children for Remembrance was displayed by the font at St James's Church.</li> <li>The curriculum at Mayfield's intent, in a school that serves a very disadvantaged community, is to enrich children's lives, awaken awe and wonder, and teach children responsible stewardship.</li> </ul>

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

	<ul style="list-style-type: none"> <li>Blue Coat's active Christian Union works on how we can apply biblical principles to our daily lives. A particularly memorable meeting focussed on the armour of God (Ephesians 6:10-18) illustrating how the shield of faith can be our protection.</li> <li>Children of other faiths are fully included in all aspects of ethos and worship. Mufti Helal from the Interfaith Network led worship during Ramadan to explain its significance to all students, which led to much greater awareness of and support for Muslim pupils who are fasting in school.</li> <li>The school prayer room is used regularly by students and staff from different faiths, to have a quiet space for reflection and prayer.</li> <li>An agreement with Union Street Mosque to delay the start of Friday prayers for 10 minutes ensures that staff and sixth formers who wish to attend can do so.</li> <li>The Oldham Interfaith Network formally supported by letter to the DfE, the new CoFE Free School to be opened by The Cranmer Education Trust.</li> </ul>
<p><b>5. SCITT</b></p> <p>5.1 Recruitment targets: 56 Budgeting number: 51 Breakeven number: 46</p> <p>5.2 Expand partnership, especially at primary level, to ensure quality capacity for expansion. Ensure new partners are supported to realise the Manchester Nexus Vision for trainees.</p> <p>5.3 Establish SCITT governance and executive structure, strategic direction in particular.</p> <p>5.4 Improve consistency and quality of training through more face-to-face support for subject knowledge enhancement.</p> <p>5.5 Develop and improve the quality of mentoring using the mentor profile and established expertise.</p> <p>5.6 Ensure that trainees receive and act on high quality feedback from lesson observation re the impact of teaching on pupils' learning.</p> <p>5.7 Prepare for/secure Stage 1 of a successful SCITT inspection.</p>	<ul style="list-style-type: none"> <li>Recruitment target exceeded: 60 commenced training in Sept 2019.</li> <li>Partnership successfully expanded to bring in Harmony and Focus Trusts with primary and early years expertise and groups of schools to add capacity. Expansion into Tameside (secondary) and Kirklees post-16.</li> <li>Partnership Executive Board reviewed – clearer brief re commitment to strategic direction and targets and governance, quality assurance across secondary and primary.</li> <li>All professional training now centralised. Face to face training for subject specialisms replaces on-line in most subjects/areas.</li> <li>Mentoring training and communication increased.</li> <li>Focus on impact on pupils' learning now central to feedback.</li> <li>Stage 1 Ofsted successfully completed. All recommendations in place, ready for Stage 2.</li> </ul>

# **CRANMER EDUCATION TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

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### **Public benefit**

In setting objectives and planning activities the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The key public benefit which the Trust aims to develop is the provision of continued high-quality education for all students through the objects, aims and strategies detailed above. The achievements against the annual objectives are also detailed above.

### **Equal Opportunities and employee consultation**

The Trust Board recognises equal opportunities as an integral part of the Trust's commitment, evident in both employment practices and educational opportunities for children.

The Trust has entered into a Trade Union Recognition Agreement and established a Joint Consultation and Negotiation Committee (JCNC) with clear terms of reference at which all the recognised unions are represented. Policies consulted on at the JCNC 2018-19 include:

- Teachers' Pay Policy 2018-19
- Support Staff Appraisal Policy
- Staff Code of Conduct
- NJC Staff Pay Policy (previously entitled Support Staff Pay Policy)
- Improving Attendance Policy
- Equality Policy
- Apprenticeship Policy
- Family Friendly Policies
- Significant change Policy
- Recruitment and Selection Policy
- Teacher Appraisal and capability Policy
- Support Staff Capability Policy
- NJC Pay Protection Policy

### **Disabled persons**

It is the Trust's policy to give employment to persons with disability wherever practicable. Where an employee becomes disabled, assessment is made of requirements and adjustments to work space or working conditions implemented. The Trust ensures that all employees are treated equally and fairly with regards to training, career development and promotion prospects.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

### STRATEGIC REPORT

#### Achievements and performance

— see objectives, strategies and activities

#### Key Financial Performance Indicators

Performance in Pupil achievement and progress across the Trust is included in objectives, strategies and activities section on pages 7-11.

In relation to financial performance:

- Maintenance of reserves — to ensure that the Trust retains enough unrestricted reserves to cover £200k of any emergency capital maintenance work, £200k as protection for future changes in funding and at least two months of Trust salary costs £1,533k. Unrestricted reserves carried forward at 31 August 2019 total £1,885k
- Annual staff costs benchmarking — to ensure that staff costs remain within benchmarked national limits from the 2019 Academy Benchmarking Report. Report for 17-18 shows the following averages  
Staff costs % as total costs — average 72 % - The Trust % for 18-19 is 67 %  
Teaching staff to pupil ratio — average 18 — The Trust ratio for 18-19 is 20:34
- To achieve an annual operating surplus pre depreciation, capital grants and FRS 102 pension adjustments — net surplus for 18-19 has been achieved of £294k
- To pursue and increase year on year alternative sources of revenue funding contributing to income received from educational operations — Level of alternative income sources has increased over the last four years— see table below

Income	2018-19 £'000	2017-18 £'000	2016-17 £'000	2015-16 £'000
Donations excluding capital grants	44	46	44	42
Other trading activities excluding MAT set up grants and balances transferred in on conversion and SCITT bursaries	1,732	1,486	1,278	1,021
Investment income	1	1	2	3
Total income alternative sources	1,777	1,533	1,324	1,066
Funding from educational operations	10,770	10,533	10,233	9,636
Total income for comparison purposes excluding bursaries and capital gains	12,547	12,066	11,557	10,702
Alternative source income as percentage of total income for comparison purposes	14.1%	12.7%	11.5%	10.0%

Non-financial performance indicators include examination results as detailed in objectives and outcomes above.

#### Going Concern

The Trust has received details of 2019/20 Department of Education funding and made assessment of the impact of potential changes and risk areas. Whilst uncertainties remain, 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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Financial review

#### Revenue

The Trust experienced significant changes in funding in 2017-18 through the inclusion of tuition fees from SCITT activities (2018-19 £393,000, 2017-18 £363,000) rather than School Direct funding through Liverpool Hope. Income also reflects the receipt of sponsorship and bursary grants from National College of Teaching Leadership (NCTL 2018-19 £566,000, 2017-18 £468,000) which were passed directly on to trainees by the Trust. There were also increases in Teaching School Income from participation in an NPQ Programme of £117,000 and income to support work undertaken by Trust staff for the Maths Hub totaling £46,000.

During the period ending 31 August 2019 total income excluding capital grants was £13,113,000 (2018 £12,534,000) and total operational expenditure before depreciation of £655,000 (2018 £660,000) was £13,296,000 (2018 £12,568,000) resulting in an operating loss (before depreciation, other gains and losses, but after FRS 102 defined benefit pension adjustments) of £183,000 (2018 loss £34,000).

#### Capital

Capital Grants of £250,000 (2018 £46,000) were received (including £107,000 of DfE "little extras") of which £242,000 was used to fund capital assets alongside £5k capital funds unused from 2017-18. Funds from other restricted reserves of £138,000 (2018 £188,000) were also utilised towards payments for the acquisition of capital assets. Capital funding of £19,000 (2018 £16,000) has been carried forward unutilised this period being devolved capital funding for the primaries of £11,000 and the remainder of the primaries capital balances transferred in from the Diocese and the Local Authority of £8,000 (2018 £13,000). Also in this period, £10,000 was released from fixed assets to revenue on the decision to not go ahead with a capital project to construct an amphitheatre. The costs released were initial design and feasibility studies.

#### Reserves policy

The Trust has maximised reserves to provide a buffer for any funding cash flow delays, protection for future changes in funding and for capital estate investment/maintenance requirements as stated in the Key Performance Indicator section of the Trustees report.

Restricted general reserves total £424,000 (2018 £261,000) excluding the Trust's pension deficit of £4,669,000 (2018 £2,385,000). However, the presence of a pension deficit does not mean that an immediate liability crystallises, as any such pension deficit arising through the triennial valuation of the scheme will be managed through increased future pension contribution rates. The contribution rates until the next valuation in 2019 have been incorporated into cash flow models. In Note 24, the Department of Education has guaranteed that in the event of Trust closure, any outstanding Local Government pension liability will be met by the Department. During the year £138,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions. Future capital acquisitions will be assessed as to whether these can be met by restricted general funds in the period, or will be met from unrestricted funds.

The value of unrestricted reserves is £1,885,000 (2018 £1,882,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Trust.

Details of the Academy Trust's target reserves are included within the Key Performance Indicators on page 13. The Trustees are satisfied that the level of reserves is broadly in line with target.

Restricted fixed asset reserves total £15,293,000 (2018 £15,570,000) and includes the value of the assets and capital balances transferred by the local authority and the Manchester Diocesan Board of Education to the Trust on conversion of the secondary school in 2011 and the two primary schools in period ended 31 August 2016. The restricted fixed asset reserve also includes the funding of assets through grant income since conversion, any balance on capital funds received and not spent (£19,000) and is reduced by annual depreciation charges over the expected useful life of the assets concerned.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Investment policy:

The investment policy requires the Trust to maintain sufficient funds to cover expenditure identified through revenue and capital cashflow predictions before considering any investment opportunities. The investment objectives include:

- achieving best financial return available whilst maintaining security of deposits
- to protect the capital value of any investment from risk of loss and inflation
- exercise investment appraisal with care and skill

Surpluses for investment will be identified and documented by Academy but amalgamated to maximise investment potential. The Trust will only invest funds in risk free and easily accessible deposit accounts. For 18-19, Trustees have continued to defer the investment of any reserves to protect cash flow while estate maintenance projects are progressing and while establishing the Multi Academy Trust.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed during the period. The principal risks are identified as follows:

- Profile risk - As a result of changes to National accountability, progress models and curriculum there is a potential risk a Trust school may through Ofsted or ESFA challenge be graded as requiring improvements. Actions taken by the Trust to mitigate this risk include data review through tracking software, deployment of staff across Trust to lead and upskill teachers, use of School Improvement Partners, set up of Standards Committee, securing funding for improvement of teaching and development of leadership.
- Profile Risk – Developing a new Free School and potentially bringing in, through re-brokerage, a school likely to be judged “inadequate” also involve political challenges and reputational risk. To mitigate this the Trust is developing its marketing and communications strategy, particularly through social media, to offset any negative publicity and building relationships with key individuals and bodies whose support/influence can have a positive effect when faced with detractors with a particular agenda.
- Growth management risk - Expansion of the Trust could potentially deplete Trust resources and result in an inability to back fill due to funding pressures. Actions taken by the Trust to mitigate this risk include plans to increase central capacity (both human and through more efficient automated systems), detailed planning of expansion requirements including management of pre-opening resources and application for emergency school improvement and potential transition/capacity funding for re-brokerage.
- Governance delegation and communication risk - Risks that individuals involved in governance at all levels in the Trust are not aware of their powers/responsibilities or the implications of their actions in the wider Trust picture through maintenance of a single school culture and that matters are not communicated effectively. Actions taken by the Trust to mitigate these risks include annual review of terms of reference for committees, recruitment of Directors to Trust Board, setting up of a strategic leadership team and a scheduled review of the Trust's scheme of delegation and key financial responsibility documents to ensure the delegation and responsibility levels meet the requirements for Trust growth. Also undertaking a Governance Review resulting in a report and action plan for 2019-20.
- Key personnel recruitment, retention and succession risk - The risk of long term sickness and any lack of succession, retention, development and recruitment of key staff could result in educational instability and repeated investment of finite resources, limiting quality and progress of the Trust. Actions taken by the Trust include the establishment of a SCITT and leadership programmes to support teaching staff, development of a robust pay policy, use of staff surveys address any issues expanding of the appraisal process to include career aspirations, monitoring of market forces and consideration of succession planning for key personnel.
- Reliance on Government funding - To mitigate any reduction in funding as a result of the transition to a National Funding Formula, the Trustees and Governors ensure reputational status of the Trust is maintained through monitoring student success and achievement in order to maximise pupil base funding available. The Trust also participates in Schools Forum and EFSA training events to gain information regarding the transition in funding policy and its effect at Local Authority level. The Trust also engages in other income generating activities in order to support its base funding through its Teaching School Alliance and SCITT.
- Changes to conditions affecting expenditure – Teachers pension contributions, rate changes, teacher and support staff pay awards put pressure on budgets going forward. A grant from the DfE is currently available to cover increases but these are for limited time. Actions taken by the Trust to mitigate risks include monitoring of forecast budgets and obtaining information from DfE regarding future funding/grant calculations.
- SCITT- Reputational risks if the training provided does not meet standards for Ofsted and financial risks if costs are not covered. Actions taken by the Trust include use of Paragon software to monitor student progress, SCITT management structure strengthened and partnership schools increased to enhance recruitment, training and QA of trainees, budgets set and monitored - separate accounting system for SCITT activities, Student Loan Company used to administer bursaries.
- Pension schemes - The Trust's employees are members of two defined pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of assets and liabilities of the LGPS in accordance with FRS102 and as a result, a deficit has been included in the accounts for 31 August 2019. The TPS has been accounted for as a defined contribution scheme. Due to the nature of the two schemes, there is an underlying risk to the Trust relating to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme.

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### **Risk Management**

A Trust risk register is maintained and reviewed by the Audit Risk and Finance Committee providing the basis for key internal controls, and on financial matters, the internal audit programme. Key controls in place are:

- Forensic data analysis
- Annual school improvement plans
- Organisation structure with clearly defined roles, authorisation levels and terms of reference
- Financial planning, budgeting and regular management reporting
- Formal written and published policies
- Vetting procedures as required by legislation for protection of the vulnerable
- Robust due diligence and tender procedures for new contracts and commissions

The Trust does not have any exposure to significant cash flow or liquidity issues nor does the Trust have any significant credit liabilities, only ordinary creditors from educational and construction activities disclosed in note 16.

# CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

## Plans for Future Periods

**Aims and Objectives**

1. Continue to improve/sustain educational outcomes and progress

Planned Activities												
Blue Coat												
End of KS4 2020 Target Ranges for SIP												
	Pupils	Overall Prog 8	English Prog 8	Maths Prog 8	EBacc Pot Prog 8	Open Pot Prog 8	Attain. 8	9-4 Eng & Mat %	9-5 Eng & Mat %	EBacc Standard Pass (9-4)	EBacc Strong Pass (9-5)	EBacc Entry %
All Pupils	251	0.35 - 0.50	0.30 - 0.45	0.35 - 0.50	0.40 - 0.50	0.45 - 0.55	55.0 - 56.5	80-85%	60-65%	65-70%	40-45%	80-85%
End of KS5 2020 Target Ranges for SIP												
	Pupils	GCE A2 Value Added	A*-A %	A*-B %	A*-C %	A*-E %	Retention %					
All Pupils	196	0.00 - 0.10	28-32%	58-62%	83-87%	98-99%	91-94%					

**Mayfield**

MAYFIELD PRIMARY SCHOOL		2019		2020
KEY STAGE 2 EXPECTED STANDARDS		School	National	TARGET
30	% meeting expected standard in R, W & M	47%	65%	65%
30	% meeting expected standard in Reading	53%	73%	71%
30	% meeting expected standard in Writing	69%	78%	74%
30	% meeting expected standard in Maths	69%	79%	74%
MAYFIELD PRIMARY SCHOOL		2019		2020
KEY STAGE 1 EXPECTED STANDARDS		School	National	TARGET
30	% meeting expected standard in R, W & M	17%	-	53%
30	% meeting expected standard in Reading	60%	75%	67%
30	% meeting expected standard in Writing	50%	70%	60%
30	% meeting expected standard in Maths	63%	76%	70%
MAYFIELD PRIMARY SCHOOL		2019		2020
YEAR 1 PHONICS		School	National	TARGET
30	% meeting expected standard in Phonics Y1	80%	82%	83%
MAYFIELD PRIMARY SCHOOL		2019		2020
EARLY YEARS FOUNDATION STAGE (EYFS)		School	National	TARGET
30	% making a Good Level of Development	60%	72%	63%

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

	<table><tr><th colspan="4">EAST CROMPTON ST GEORGE'S SCHOOL</th><th colspan="3">2019</th><th>2020</th></tr><tr><th colspan="4">KEY STAGE 2 EXPECTED STANDARDS</th><th>School</th><th>National</th><th>Tgt.</th><th>TARGET</th></tr><tr><td>29</td><td colspan="3">% meeting expected standard in R, W &amp; M</td><td>68%</td><td>65%</td><td>64%</td><td>66%</td></tr><tr><td>29</td><td colspan="3">% meeting expected standard in Reading</td><td>74%</td><td>73%</td><td>75%</td><td>79%</td></tr><tr><td>29</td><td colspan="3">% meeting expected standard in Writing</td><td>74%</td><td>78%</td><td>78%</td><td>72%</td></tr><tr><td>29</td><td colspan="3">% meeting expected standard in Maths</td><td>84%</td><td>79%</td><td>76%</td><td>79%</td></tr></table> <table><tr><th colspan="4">EAST CROMPTON ST GEORGE'S SCHOOL</th><th colspan="3">2019</th><th>2020</th></tr><tr><th colspan="4">KEY STAGE 1 EXPECTED STANDARDS</th><th>School</th><th>National</th><th>TARGET</th><th></th></tr><tr><td>24</td><td colspan="3">% meeting expected standard in R, W &amp; M</td><td>-</td><td>-</td><td>63%</td><td></td></tr><tr><td>24</td><td colspan="3">% meeting expected standard in Reading</td><td>71%</td><td>75%</td><td>75%</td><td></td></tr><tr><td>24</td><td colspan="3">% meeting expected standard in Writing</td><td>65%</td><td>70%</td><td>71%</td><td></td></tr><tr><td>24</td><td colspan="3">% meeting expected standard in Maths</td><td>71%</td><td>70%</td><td>75%</td><td></td></tr></table> <table><tr><th colspan="4">EAST CROMPTON ST GEORGE'S SCHOOL</th><th colspan="3">2019</th><th>2020</th></tr><tr><th colspan="4">YEAR 1 PHONICS</th><th>School</th><th>National</th><th>TARGET</th><th></th></tr><tr><td>29</td><td colspan="3">% meeting expected standard in Phonics Y1</td><td>77%</td><td>82%</td><td>83%</td><td></td></tr></table> <table><tr><th colspan="4">EAST CROMPTON ST GEORGE'S SCHOOL</th><th colspan="3">2019</th><th>2020</th></tr><tr><th colspan="4">EARLY YEARS FOUNDATION STAGE (EYFS)</th><th>School</th><th>National</th><th>TARGET</th><th></th></tr><tr><td>25</td><td colspan="3">% making a Good Level of Development</td><td>68%</td><td>72%</td><td>72%</td><td></td></tr></table> <p>East Crompton St George's</p>	EAST CROMPTON ST GEORGE'S SCHOOL				2019			2020	KEY STAGE 2 EXPECTED STANDARDS				School	National	Tgt.	TARGET	29	% meeting expected standard in R, W & M			68%	65%	64%	66%	29	% meeting expected standard in Reading			74%	73%	75%	79%	29	% meeting expected standard in Writing			74%	78%	78%	72%	29	% meeting expected standard in Maths			84%	79%	76%	79%	EAST CROMPTON ST GEORGE'S SCHOOL				2019			2020	KEY STAGE 1 EXPECTED STANDARDS				School	National	TARGET		24	% meeting expected standard in R, W & M			-	-	63%		24	% meeting expected standard in Reading			71%	75%	75%		24	% meeting expected standard in Writing			65%	70%	71%		24	% meeting expected standard in Maths			71%	70%	75%		EAST CROMPTON ST GEORGE'S SCHOOL				2019			2020	YEAR 1 PHONICS				School	National	TARGET		29	% meeting expected standard in Phonics Y1			77%	82%	83%		EAST CROMPTON ST GEORGE'S SCHOOL				2019			2020	EARLY YEARS FOUNDATION STAGE (EYFS)				School	National	TARGET		25	% making a Good Level of Development			68%	72%	72%	
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25	% making a Good Level of Development			68%	72%	72%																																																																																																																																											
2. Business Plans/Growth Strategy	<ul style="list-style-type: none"><li>Achieve Blue Coat II by successful and timely completion of necessary activities/processes 2019/20, i.e.<ul style="list-style-type: none"><li>impactful engagement in design process;</li><li>approval of Education Plan, Governance Plan, Admissions Policy;</li><li>successful ongoing communications plan and community engagement to build commitment to the vision of the new school and recruitment in 2021-22.</li></ul></li><li>Successfully deliver expansion of Mayfield to 2FE in time and in budget and fill all places in reception and nursery.</li><li>Develop business plan re re-brokering of St Anne's, full risk analysis and strategy for mitigation, improvement plan. Depending upon this plan, Trust capacity, RSC decision and wider political context, successfully bring St Anne's into the Trust.</li></ul>																																																																																																																																																
3. Trust Capacity	<ul style="list-style-type: none"><li>Members approve new model Articles of Association.</li><li>Implement Stage 1 of recommendations of external governance review.</li><li>Ensure local governance is trained/able to fulfil its responsibilities and can model for/buddy Blue Coat II local governance.</li><li>Develop and implement business case to strengthen central capacity of Trust executive and school improvement to support new and underperforming schools entering CET.</li></ul>																																																																																																																																																

## CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

	<ul style="list-style-type: none"> <li>• Research/introduce improved systems/automation re HR, MIS, payroll, recruitment systems.</li> <li>• Secure future of SCITT as a good/outstanding teacher training body to recruit, train, develop and retain teachers for our schools and area.</li> <li>• Ensure stakeholder engagement and confidence as Trust expands. Build investment/hope of wider community in what we are striving to achieve for children and young people.</li> </ul>
4. Ethos	<ul style="list-style-type: none"> <li>• Continue to develop the distinctively Christian character, particularly of our designated CofE schools, in line with Section 48 (SIAMS) framework; include in governance development.</li> <li>• Continue to develop quality of Spiritual, Moral, Social and Cultural education and ethos in our non-designated schools.</li> <li>• Continue to build support for pupils of other faiths in all our schools and a distinctive Cranmer ethos of success and achievement for children and young people through a holistic Christian philosophy of education which builds mutual respect, understanding and cohesion.</li> </ul>

# CRANMER EDUCATION TRUST

## TRUSTEES' REPORT (CONTINUED)

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### Fundraising

The Trust has little activity in this area. No professional advisers or commercial participators are used to raise funds. Only small amounts are generated mainly from primary activities with parents.

### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust does not hold, and the Trustees do not anticipate that it will in the future hold any funds as custodian for any third party.

### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

### Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2019 and signed on the Board's behalf by:

  
Gregory  
Chair of Trust Board

# CRANMER EDUCATION TRUST

## GOVERNANCE STATEMENT

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### Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Cranmer Education 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
J A Hollis (Accounting Officer and Chief Executive Officer of Cranmer Education Trust)	4	4
T Mitchell (Chair of Finance Committee until 24 April 2019)	2	4
E Moores	3	4
M Tomlinson	3	4
J Gregory (Chair of Trust Board)	4	4
P Winter (Chair of Audit Committee - 24 Apr 19 / Chair of Audit, Risk & Finance Committee from 25 Apr 19)	3	4
M Khan	2	4
S Skidmore (Appointed 21 November 2018)	2	3
S Curley (Appointed 28 February 2019)	0	2
E Wood (Appointed 8 January 2019)	2	2
Reverend J Rosedale (Appointed 18 June 2019)	1	1
R Lamb (Appointed 18 June 2019)	1	1

During the period 2018-19, Trustees competently and effectively dealt with the following areas:

- Capacity of the Trust to grow and strengthen.
- Performance of the schools and specifically leadership, risk areas and actions taken to mitigate.
- Metrics showing trends re Trust performance educationally and financially.
- Policy development.

Challenges for the Board:

- Growth, in the context of national changes to the academisation and re-brokerage policies and the Free Schools programme.
- Capacity of the Board and the need to ensure a range of strategic expertise and succession and monitoring of delegated tasks.
- Capacity of the Trust to resource and fund growth.

Data used by Board:

The Board now uses a summary dashboard including financial and educational performance. The Trust now provides GovernorHub facilities for the sharing of data to Governance.

# CRANMER EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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### Audit Committee

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value-for-money framework through appointment, planning and review of internal / external auditor work and review of the effectiveness of internal controls. It also monitors the risk profile of the Trust and approves the Academy Risk register and Business Continuity Plan. The Committee was amalgamated with the Finance Committee on 25 April 2019.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
E Moores	1	2
P Winter (Chair of Audit Committee - 24 Apr 19 / Chair of Audit, Risk & Finance Committee from 25 Apr 19)	2	2
M Khan	1	2

### Finance Committee

The Finance Committee is also a subcommittee of the Trust Board. This Committee was set up during 2017-18, its purpose was to provide independent oversight and scrutiny of the Trust's revenue and capital budget setting, monitoring, outcomes and reporting, value for money, to review the Trust estate planning and to set, monitor and evaluate the central support cost contributions payable by the Academies in the Trust. This committee was amalgamated with the Audit Committee on 25 April 2019.

# CRANMER EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
T Mitchell (Chair of Finance Committee)	0	1
M Tomlinson	1	1
M Khan	0	1
J Gregory (Chair of Trust Board)	1	1

### Audit, Risk and Finance Committee

The responsibilities and delegated powers of the Audit Committee and Finance Committee were amalgamated on 25 April 2019 to form the Audit, Risk and Finance Committee.

Attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Winter (Chair)	2	2
T Mitchell	1	2
E Moores	2	2
M Khan	1	2
M Tomlinson	2	2
S Skidmore	1	2
S Curley	0	2

### Pay Committee

A Pay Committee was established during 2018-19 to review national pay awards for teachers and support staff and to review salary ranges and recommend/approve performance awards for CEO, Headteachers and Executive staff.

Attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
T Mitchell (Chair)	1	1
E Moores	1	1
M Khan	1	1

### Governance reviews

An external review of Governance was undertaken by Jane Lewis, published July 2019. Recommendations included:

- Developing a governance plan for the new free school including succession planning
- Review governance arrangements across the trust in light of the expansion
- Develop Governance training and development plan
- Provide a clear induction process for new trustees

The Articles include the delegation of local responsibilities to Local Governing Bodies. The principles of the Scheme of Delegation were reviewed and revised during 2018/19 in preparation for the expansion of the Trust. The Scheme of Delegation will be reviewed again during 2019/20 following the amalgamation of the audit and finance committees and the set up of a pay committee in 2018/19, a Standards Committee in 2019/20 and the Trust expansion plans.

### Review of value for money

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

# CRANMER EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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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 Trust Board 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 examples:

- The set-up of the Trust as a School Centred Initial Teacher Training (SCITT) centre to ensure recruitment and retention of the best staff. In 2018-19 significant work was undertaken to recruit trainee teachers increasing the number of trainees from 43 in 2018-19 to 60 in 2019-20 and thereby increasing ability to recruit teaching staff across the Trust. The SCITT also underwent its Ofsted review to ensure the quality of training and that staff recruited were of the highest calibre.
- Review and benchmark of Trust contracts for services that are central to the running of the Trust to ensure value for money is achieved through all the academies. During 18-19 this included a tender process for the provision of reprographics machines and a new fire alarm system at The Blue Coat School to provide efficient systems for the running of the school at a fair market price and procured information sharing systems in school and for Governors. For 2019-20, the Trust will tender to bring HR in-house by the end of 2019-20 academic year with payroll shortly thereafter.

### **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 the Trust for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

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

### **The risk and control framework**

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

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

# CRANMER EDUCATION TRUST

## GOVERNANCE STATEMENT (CONTINUED)

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The Board of Trustees has considered the need for a specific internal audit function and appointed Jane Ripley, as an independent internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. During the year the internal auditor undertook work on the areas of:

- review of the processes for procurement (value for money), cash and payroll checks at the primary schools.
- review of the monthly reconciliations and budgeting at Blue Coat – its effectiveness as a model for expansion
- review of the Trust Risk Register
- review of the month end consolidation at Trust level.

The internal auditor recommendations included benchmarking of regular suppliers, set up of purchase best value forms to summarise three quotes and recommendations, where needed and that the recording of cash for breakfast club is reinforced or updated.

### Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2019 the review has been informed by:

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

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

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:

J A Hollis

  
Accounting Officer and Chief Executive  
Officer of Cranmer Education Trust

J Gregory

  
Chair of Trust Board

# **CRANMER EDUCATION TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Cranmer Education Trust I have considered my responsibility to notify the Academy Trust Board and the Education and Skills Funding Agency (EFSA) of material irregularity, impropriety and non-compliance with EFSA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



J A Hollis  
**Accounting Officer**

11 December 2019

# CRANMER EDUCATION TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who are also the Directors of Cranmer Education Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued 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:

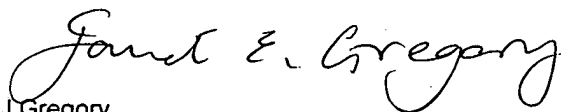
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:



J Gregory  
Chair of Trust Board

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANMER EDUCATION TRUST**

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## **Opinion**

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

In our opinion the financial statements:

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

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANMER EDUCATION TRUST (CONTINUED)

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### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within 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 set out on page 28, the Trustees (who act as trustees for the charitable activities of the charitable company) are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

John Guest (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

16 December 2019

# CRANMER EDUCATION TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted General	Restricted Fixed Asset	Total 2019	Total 2018
	Notes	£'000	Funds £'000	Funds £'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	4	44	-	250	294	92
Charitable activities:						
- Funding for educational operations	5	-	10,770	-	10,770	10,533
- Funding for teaching school	27	-	1,250	-	1,250	951
Other trading activities	6	554	494	-	1,048	1,003
Investments	7	1	-	-	1	1
<b>Total</b>		<u>599</u>	<u>12,514</u>	<u>250</u>	<u>13,363</u>	<u>12,580</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	596	11,464	655	12,715	12,292
- Teaching school	27	-	1,236	-	1,236	936
<b>Total</b>	8	<u>596</u>	<u>12,700</u>	<u>655</u>	<u>13,951</u>	<u>13,228</u>
<b>Net income/(expenditure)</b>		3	(186)	(405)	(588)	(648)
Transfers between funds	19	-	(128)	128	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(1,807)	-	(1,807)	1,161
<b>Net movement in funds</b>		3	(2,121)	(277)	(2,395)	513
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>1,882</u>	<u>(2,124)</u>	<u>15,570</u>	<u>15,328</u>	<u>14,815</u>
Total funds carried forward		<u>1,885</u>	<u>(4,245)</u>	<u>15,293</u>	<u>12,933</u>	<u>15,328</u>

**CRANMER EDUCATION TRUST****BALANCE SHEET****AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	14		15,273		15,552
<b>Current assets</b>					
Debtors	15	380		218	
Cash at bank and in hand		2,583		2,655	
		<u>2,963</u>		<u>2,873</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(634)		(712)	
<b>Net current assets</b>			2,329		2,161
<b>Net assets excluding pension liability</b>			17,602		17,713
Defined benefit pension scheme liability	24		(4,669)		(2,385)
<b>Total net assets</b>			<u>12,933</u>		<u>15,328</u>
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	19				
- Restricted fixed asset funds			15,293		15,570
- Restricted income funds			424		261
- Pension reserve			(4,669)		(2,385)
<b>Total restricted funds</b>			11,048		13,446
<b>Unrestricted income funds</b>	19		1,885		1,882
<b>Total funds</b>			<u>12,933</u>		<u>15,328</u>

The financial statements on pages 31 to 57 were approved by the board of trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:

  
J Gregory  
Chair of Trust Board

# CRANMER EDUCATION TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	23		53		445
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		250		46	
Purchase of tangible fixed assets		(376)		(241)	
<b>Net cash used in investing activities</b>			(125)		(194)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(72)		251
Cash and cash equivalents at beginning of the year			2,655		2,404
<b>Cash and cash equivalents at end of the year</b>			2,583		2,655

# CRANMER EDUCATION TRUST

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

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### 1 Accounting policies

#### General information

Cranmer Education Trust is a Charitable Company (the "Trust"). The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

#### Basis of preparation

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

The financial statements are presented in sterling which is also the functional currency of the Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### Going concern

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

#### Income

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

#### Grants

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

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

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

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

##### Donations

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

##### Other income

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

##### Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the SOFA.

Where the donated goods are a fixed asset they are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

##### Transfer on conversion

Where assets and liabilities are received by the Trust on conversion to an academy the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

The Trust, since academisation in 2011 has held the land and buildings of The Blue Coat School on a licence to occupy from the owners, the Oldham Henshaw and Church of England Education Trust evidenced in the Church Supplemental Agreement. The land and buildings are recognised in the balance sheet on the basis of the flow of future economic benefit from the use of the property and its continuing occupancy by the school on the basis of substance over form. The property was valued at depreciated replacement cost in 2015 by Sanderson Weatherall Quantity Surveyors and is being depreciated over its remaining useful economic life.

On conversion to academies, during year ended 31 August 2016, East Crompton St George's CofE Primary School and Mayfield Primary School received transfer of property under lease agreements and license arrangements for £Nil consideration. The land and buildings were valued by Kier Group plc for the ESFA on the basis of fair value and were transferred to the Trust as follows:

Mayfield Primary School - 125 year lease agreement with Oldham Council

East Crompton St George's CofE Primary School - license agreement within the Church Supplemental Agreement for the use of the Land owned by the Manchester Diocesan Board of Education until the agreement is terminated.

##### Interest receivable

Interest receivable is included in the SOFA on a receivable basis, and is stated inclusive of related tax credits.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### **Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

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

#### **Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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 licenced land and assets under construction, so as to write off the cost of assets less their residual values on a straight line basis over their useful lives on the following bases:

Leasehold buildings	2% per annum
Plant and machinery	10% per annum
Land - leased	2% per annum
Land - licence agreement	No depreciation is charged
ICT/Educational equipment and motor vehicles	20% - 33% per annum
Assets in the course of construction	No depreciation is charged
Major school improvements	5% per annum

Where an asset comprises of two or more components that have substantially different useful lives, each component must be depreciated separately over its useful economic life.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### 1 Accounting policies (Continued)

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

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

#### **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.

#### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### **Financial instruments**

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments. The Trust only holds basic financial instruments as defined in FRS 102.

#### Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 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.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pensions benefits**

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 method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded 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. Actuarial gains and losses are recognised immediately in other comprehensive income.

#### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees. Designated funds are unrestricted funds which the Trustees have set aside for specific purposes.

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

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

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies (Continued)

#### Agency arrangements

The Trust acts as an agent in the administering of 16-19 Vulnerable Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA. The funds received and paid and any balances held are disclosed in note 26.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

The 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.

#### Local Government Pension Scheme

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability of £4,669k (2018: £2,385k).

#### Fixed assets

The categorisation of fixed asset expenditure in the accounts for the purpose of depreciation is based on judgement of the expected useful life for each asset involved. Assets have been categorised into set bases of expected life in order to simplify the calculation and disclosure of the basis of depreciation. The useful life basis are described in note 1.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 3 Comparative year information

Year ended 31 August 2018	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000
<b>Income and endowments from:</b>				
Donations and capital grants	46	-	46	92
Charitable activities:				
- Funding for educational operations	-	10,533	-	10,533
- Funding for teaching school	-	951	-	951
Other trading activities	520	483	-	1,003
Investments	1	-	-	1
<b>Total</b>	<b>567</b>	<b>11,967</b>	<b>46</b>	<b>12,580</b>
<b>Expenditure on:</b>				
Charitable activities:				
- Educational operations	597	11,035	660	12,292
- Teaching school	-	936	-	936
<b>Total</b>	<b>597</b>	<b>11,971</b>	<b>660</b>	<b>13,228</b>
<b>Net expenditure</b>	<b>(30)</b>	<b>(4)</b>	<b>(614)</b>	<b>(648)</b>
Transfers between funds	17	(205)	188	-
<b>Other recognised gains/(losses)</b>				
Actuarial gains on defined benefit pension schemes	-	1,161	-	1,161
<b>Net movement in funds</b>	<b>(13)</b>	<b>952</b>	<b>(426)</b>	<b>513</b>

### 4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	250	250	46
Other donations	44	-	44	46
	<b>44</b>	<b>250</b>	<b>294</b>	<b>92</b>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	9,533	9,533	9,342
Other DfE group grants	-	803	803	709
National College Grants	-	-	-	12
	-	10,336	10,336	10,063
<b>Other government grants</b>				
Local authority grants	-	419	419	458
Other incoming resources	-	15	15	12
	-	10,770	10,770	10,533

### 6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	2	-	2	2
Catering income	437	-	437	394
Music tuition	32	-	32	36
Trips	-	373	373	342
Other income	83	121	204	229
	554	494	1,048	1,003

### 7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Interest from short term deposits	1	-	1	1

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	7,247	-	717	7,964	7,651
- Allocated support costs	1,659	1,418	1,674	4,751	4,641
Teaching school					
- Direct costs	303	-	835	1,138	839
- Allocated support costs	69	-	29	98	97
Total support costs	<u>9,278</u>	<u>1,418</u>	<u>3,255</u>	<u>13,951</u>	<u>13,228</u>

#### Net income/(expenditure) for the year includes:

	2019 £'000	2018 £'000
Operating lease rentals	14	14
Depreciation of tangible fixed assets	655	660
Net interest on defined benefit pension liability	71	81
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	20	20
- Other services	3	3

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
<b>Direct costs</b>				
Educational operations	18	7,946	7,964	7,651
Teaching school	-	1,138	1,138	839
<b>Support costs</b>				
Educational operations	578	4,173	4,751	4,641
Teaching school	-	98	98	97
	<u>596</u>	<u>13,355</u>	<u>13,951</u>	<u>13,228</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 9 Charitable activities (Continued)

	Teaching school £'000	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
<b>Analysis of support costs</b>				
Support staff costs	69	1,659	1,728	1,643
Depreciation	-	655	655	660
Technology costs	-	221	221	193
Premises costs	-	763	763	791
Other support costs	28	1,421	1,449	1,423
Governance costs	1	32	33	28
	<u>98</u>	<u>4,751</u>	<u>4,849</u>	<u>4,738</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	6,910	6,622
Social security costs	703	666
Pension costs	1,589	1,514
Staff costs - employed	<u>9,202</u>	<u>8,802</u>
Agency staff costs	66	47
Staff restructuring costs	10	16
Total staff expenditure	<u>9,278</u>	<u>8,865</u>

Staff restructuring costs comprise:

Redundancy payments	<u>10</u>	<u>16</u>
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Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £9,770 (2018: £16,000).

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff (Continued)

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	106	108
Administration and support	119	120
Management	19	20
	<u>244</u>	<u>248</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019 FTE	2018 FTE
Teachers	101	103
Administration and support	79	78
Management	19	19
	<u>199</u>	<u>200</u>

#### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	1	-
£90,001 - £100,000	1	1
	<u>6</u>	<u>3</u>

#### 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 employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £358,000 (2018: £307,000).

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 11 Central services

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

- 1 Payroll services;
- 2 Legal services;
- 3 Audit and accountancy;
- 4 IT infrastructure;
- 5 Website and marketing;
- 6 Finance software;
- 7 Insurance (excluding RPA);
- 8 Human resources;
- 9 Finance services;
- 10 IT support;
- 11 Estates support;
- 12 Data support;
- 13 Strategic leadership;
- 14 Admin Executive Assistant;
- 15 School improvement services.

The Trust charges for these services on the following basis:

- Points 1-4 and 7 - Allocated over the time the Academy is in the Trust and pupil numbers in each Academy
- Point 5 - Equal allocation to each Academy
- Point 6 - Actual costs for each Academy
- Points 8-14 - Allocated over the time the Academy is in the Trust and pupil numbers in each Academy for basic services. Additional days of service allocated to Academy's on basis of risk level of the Academy and support therefore required
- Point 15 - Equal allocation to each primary Academy

The amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Mayfield Primary School	95	65
East Crompton St George's CofE Primary School	84	53
The Blue Coat School	333	186
	<u>512</u>	<u>304</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 12 Trustees' remuneration and expenses

One or more Trustees have been paid remuneration or has received other benefits from employment with the Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment, and not in respect of their services as Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their roles as Trustees.

The value of Trustees' remuneration and other benefits are as follows:

Chief Executive Officer:

Remuneration £71,698 (2018: £59,492)

Employer's pension contributions paid £nil (2018: £nil)

During the year ended 31 August 2019, travel and subsistence expenses totalling £197 (2018: £789) were reimbursed to one Trustee of the Trust.

Any other related party transactions involving the Trustees are set out in note 25.

### 13 Trustees and officers insurance

The Trust has opted into the Department for Education risk protection arrangement (RPA), as 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 Trust 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.

### 14 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	ICT/ Educational equipment and motor vehicles	Assets in the course of construction	Major school improvements	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2018	13,223	475	1,427	32	3,772	18,929
Transfer	-	27	-	(92)	55	(10)
Additions	-	40	74	272	-	386
At 31 August 2019	13,223	542	1,501	212	3,827	19,305
<b>Depreciation</b>						
At 1 September 2018	1,388	151	1,046	-	792	3,377
Charge for the year	237	54	173	-	191	655
At 31 August 2019	1,625	205	1,219	-	983	4,032
<b>Net book value</b>						
At 31 August 2019	11,598	337	282	212	2,844	15,273
At 31 August 2018	11,835	324	381	32	2,980	15,552

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

<b>15 Debtors</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	9	10
VAT recoverable	51	47
Prepayments and accrued income	320	161
	<u>380</u>	<u>218</u>
<b>16 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	61	172
Other taxation and social security	169	170
Other creditors	102	102
Accruals and deferred income (see note 17)	302	268
	<u>634</u>	<u>712</u>
<b>17 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Deferred income is included within:		
Creditors due within one year	49	118
	<u>49</u>	<u>118</u>
Deferred income at 1 September 2018	118	57
Released from previous years	(118)	(57)
Resources deferred in the year	49	118
	<u>49</u>	<u>118</u>
<b>Deferred income at 31 August 2019</b>	<b>49</b>	<b>118</b>

At the balance sheet date the Trust was holding funds received in advance in relation to rates relief from ESFA of £22,000 (2018: £24,000), parental online payments of £Nil (2018: £5,000), universal free school meals £27,000 (2018: £28,000) and Teaching School 19-20 Grant of £Nil (2018: £40,000). SCITT bursary income for leavers £Nil (2018: £11,000) and £Nil for SEND income (2018: £10,000).

The year end balance of £49,000 is expected to be released in the 2019/20 year.

<b>18 Financial instruments</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	188	39
	<u>188</u>	<u>39</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	416	424
	<u>416</u>	<u>424</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,533	(9,405)	(128)	-
Other DfE / ESFA grants	-	803	(803)	-	-
Other government grants	-	419	(419)	-	-
Teaching school	(2)	1,250	(1,236)	-	12
Other restricted funds	263	509	(360)	-	412
Pension reserve	(2,385)	-	(477)	(1,807)	(4,669)
	<u>(2,124)</u>	<u>12,514</u>	<u>(12,700)</u>	<u>(1,935)</u>	<u>(4,245)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	10,267	-	(226)	-	10,041
DfE group capital grants	3,872	250	(222)	-	3,900
Capital expenditure from GAG	1,431	-	(207)	128	1,352
	<u>15,570</u>	<u>250</u>	<u>(655)</u>	<u>128</u>	<u>15,293</u>
<b>Total restricted funds</b>	<u>13,446</u>	<u>12,764</u>	<u>(13,355)</u>	<u>(1,807)</u>	<u>11,048</u>
<b>Unrestricted funds</b>					
General funds	1,777	599	(596)	-	1,780
Inherited funds	105	-	-	-	105
	<u>1,882</u>	<u>599</u>	<u>(596)</u>	<u>-</u>	<u>1,885</u>
<b>Total funds</b>	<u>15,328</u>	<u>13,363</u>	<u>(13,951)</u>	<u>(1,807)</u>	<u>12,933</u>

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

During the year £138,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions. A further £10,000 was transferred back to revenue in relation to the release of expenditure on initial design and planning for a prospective amphitheatre at The Blue Coat School which is not now to be constructed.

The value of unrestricted reserves is £1,885,000 (2018: £1,882,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Trust.

Restricted fixed asset reserves total £15,293,000 (2018: £15,570,000) and includes the value of the assets and capital balances transferred by the local authority and the Manchester Diocesan Board of Education to the Trust on conversion of the secondary school in 2011 and the two primary schools in period ended 31 August 2016. The restricted fixed asset reserve also includes the funding of assets through grant income since conversion, any balance on capital funds received in the period and not spent £19,000 (2018: £16,000) and is reduced by annual depreciation charges over the expected useful life of the assets concerned.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	9,342	(9,154)	(188)	-
Other DfE / ESFA grants	-	721	(721)	-	-
Other government grants	-	458	(458)	-	-
Teaching school	-	951	(936)	(17)	(2)
Other restricted funds	-	495	(232)	-	263
Pension reserve	(3,076)	-	(470)	1,161	(2,385)
	<u>(3,076)</u>	<u>11,967</u>	<u>(11,971)</u>	<u>956</u>	<u>(2,124)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	10,502	-	(235)	-	10,267
DfE group capital grants	4,044	46	(215)	(3)	3,872
Capital expenditure from GAG	1,450	-	(210)	191	1,431
	<u>15,996</u>	<u>46</u>	<u>(660)</u>	<u>188</u>	<u>15,570</u>
<b>Total restricted funds</b>	<u>12,920</u>	<u>12,013</u>	<u>(12,631)</u>	<u>1,144</u>	<u>13,446</u>
<b>Unrestricted funds</b>					
General funds	1,790	567	(597)	17	1,777
Inherited funds	105	-	-	-	105
	<u>1,895</u>	<u>567</u>	<u>(597)</u>	<u>17</u>	<u>1,882</u>
<b>Total funds</b>	<u>14,815</u>	<u>12,580</u>	<u>(13,228)</u>	<u>1,161</u>	<u>15,328</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Funds (Continued)

#### Total funds analysis by academy

	2019 £'000	2018 £'000
Fund balances at 31 August 2019 were allocated as follows:		
Mayfield Primary School	190	148
East Crompton St George's CofE Primary School	170	121
The Blue Coat School	1,885	1,821
Central services	64	53
<b>Total before fixed assets fund and pension reserve</b>	<b>2,309</b>	<b>2,143</b>
Restricted fixed asset fund	15,293	15,570
Pension reserve	(4,669)	(2,385)
<b>Total funds</b>	<b>12,933</b>	<b>15,328</b>

#### Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Mayfield Primary School	770	111	111	247	1,239	1,238
East Crompton St George's CofE Primary School	672	138	85	207	1,102	1,103
The Blue Coat School	6,111	770	515	1,930	9,326	8,871
Central services	-	301	5	848	1,154	887
	<b>7,553</b>	<b>1,320</b>	<b>716</b>	<b>3,232</b>	<b>12,821</b>	<b>12,099</b>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	15,273	15,273
Current assets	1,885	1,058	20	2,963
Creditors falling due within one year	-	(634)	-	(634)
Defined benefit pension liability	-	(4,669)	-	(4,669)
<b>Total net assets</b>	<b>1,885</b>	<b>(4,245)</b>	<b>15,293</b>	<b>12,933</b>
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	15,552	15,552
Current assets	1,882	973	18	2,873
Creditors falling due within one year	-	(712)	-	(712)
Defined benefit pension liability	-	(2,385)	-	(2,385)
<b>Total net assets</b>	<b>1,882</b>	<b>(2,124)</b>	<b>15,570</b>	<b>15,328</b>

### 21 Commitments under operating leases

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

	2019 £'000	2018 £'000
Amounts due within one year	40	34
Amounts due between one and five years	48	14
	<b>88</b>	<b>48</b>

### 22 Members' liability

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

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 23 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £'000	2018 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(588)	(648)
Adjusted for:		
Capital grants from DfE and other capital income	(250)	(46)
Interest receivable	(1)	(1)
Defined benefit pension scheme costs less contributions payable	406	389
Defined benefit pension scheme finance cost	71	81
Depreciation of tangible fixed assets	655	660
<b>Movements in working capital:</b>		
(Increase) in debtors	(162)	(73)
(Decrease)/increase in creditors	(78)	83
<b>Net cash provided by operating activities</b>	<b>53</b>	<b>445</b>

### 24 Pension and similar obligations

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 Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £102,000 (2018: £102,000) were payable to the schemes at 31 August 2019 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Scheme Regulations 2014. Membership is automatic for full time teachers in academies and, from 1 January 2007, automatic for teachers in part time employment following appointment as a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by parliament.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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### 24 Pension and similar obligations (Continued)

#### Valuation of the Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,250,952 (2018: £1,197,107) and at the year-end £102,000 (2018 - £102,000) was accrued in respect of contributions to this scheme.

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

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

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

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

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

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20% to 20.6% between 2018 and 2020 for employers and between 5.5% and 12.5% for employees.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 24 Pension and similar obligations (Continued)

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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	398	365
Employees' contributions	120	111
Total contributions	<u>518</u>	<u>476</u>

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2019 by a qualified independent actuary.

	2019 %	2018 %
Rate of increase in salaries	3.1	3.1
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	<u>1.9</u>	<u>2.8</u>

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	<u>24.8</u>	<u>26.2</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 24 Pension and similar obligations (Continued)

#### The Trust's share of the assets in the scheme

	2019 Fair value £'000	2018 Fair value £'000
Equities	5,081	4,572
Bonds	1,121	1,076
Cash	672	605
Property	598	471
Total fair value of assets	<u>7,472</u>	<u>6,724</u>

The actual return on scheme assets was £332,000 (2018: £337,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	684	735
Net interest cost	71	81
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	120	19
Total operating charge	<u>875</u>	<u>835</u>

#### Changes in the present value of defined benefit obligations

	2019 £'000
At 1 September 2018	9,109
Current service cost	684
Interest cost	265
Employee contributions	120
Actuarial loss/(gain)	1,945
Benefits paid	(102)
Past service cost	120
At 31 August 2019	<u>12,141</u>

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 24 Pension and similar obligations (Continued)

#### Changes in the fair value of the Trust's share of scheme assets

	2019 £'000
At 1 September 2018	6,724
Interest income	194
Return on plan assets (excluding net interest on the net defined pension liability)	138
Employer contributions	398
Employee contributions	120
Benefits paid	(102)
At 31 August 2019	<u>7,472</u>

Included within the above an adjustment has been made to reflect the outcome of the McCloud judgement.

### 25 Related party transactions

No related party transactions took place in the period of account other than certain trustee's remuneration and expenses already disclosed in note 12.

### 26 Agency arrangements

The Trust distributes 16-19 Vulnerable Bursary Funds to students, on behalf of the ESFA. In the year the Trust received £4,800 (2018: £6,000) of vulnerable bursary and disbursed £4,800 (2018: £6,000) to the relevant students from the fund. The Trust had no beneficial interest in these transactions.

# CRANMER EDUCATION TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

27 Teaching school trading account	2019		2018	
	£'000	£'000	£'000	£'000
<b>Direct income</b>				
Teaching school grant		40		40
Teaching school trading income		251		80
SCITT tuition fees		393		363
SCITT bursaries and sponsorships		566		468
		<u>1,250</u>		<u>951</u>
<b>Direct costs</b>				
Direct staff costs	303		198	
Other direct costs	835		641	
	<u>1,138</u>		<u>839</u>	
<b>Other costs</b>				
Support staff costs	69		63	
Recruitment and support	-		1	
Other support costs	28		32	
Share of governance costs	1		1	
	<u>98</u>		<u>97</u>	
<b>Total operating costs</b>		<u>(1,236)</u>		<u>(936)</u>
<b>Surplus from teaching school</b>		14		15
Teaching school balances at 1 September 2018		<u>(2)</u>		<u>(17)</u>
<b>Teaching school balances at 31 August 2019</b>		<u>12</u>		<u>(2)</u>