

The South Cheshire Catholic Multi-Academy Trust

Trustees' Report and Financial Statements

For the Year Ended 31 August 2019



DAINS
ACCOUNTANTS

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Reference and Administrative Details

Members

Canon D Roberts
Father J Fagan
Bishop M Davies
Mr D Cunningham

Trustees

Father J Fagan, Chair of Trustees
Mrs S Fau-Goodwin (resigned 26 November 2018)
Mr S O'Neill, Staff Trustee (resigned 18 October 2019)
Mrs H Brown
Mrs J Evans
Mrs C Hogg, Headteacher & Accounting officer
Ms C Peberdy (resigned 24 June 2019)
Mrs R Moores
Mr F Doyle
Mr E Byrne

Company registered number

08518704

Company name

The South Cheshire Catholic Multi-Academy Trust

Principal and registered office

St Thomas More Catholic High School, Dane Bank Avenue, Crewe, Cheshire, CW2 8AE

Senior management team

Mrs C Hogg, Headteacher
Mrs D Brown, Deputy Headteacher
Mrs K Packham, Assistant Headteacher
Mr M Hardacre, Assistant Headteacher
Mr B McKeown, Assistant Headteacher
Mrs J Whiston, Business Manager

Independent auditors

Dains LLP, Suite 2, Albion House, 2 Etruria Office Village, Forge Lane, Etruria, Stoke on Trent, ST1 5RQ

Bankers

Lloyds Bank plc, PO Box 1000, Andover, BX1 1LT

Solicitors

Brown Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

Trustees' Report
For the Year Ended 31 August 2019

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

The Trust operates an academy for pupils aged 11 to 16. The pupil capacity of the Trust is 640, and the number of pupils on roll in the January 2019 census was 650.

Structure, governance and management

a. Constitution

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

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

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

The charitable company is known as The South Cheshire Catholic Multi-Academy Trust.

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

b. Members' liability

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

c. Trustees' indemnities

In accordance with normal commercial practice, insurance has been purchased to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10 million on any one claim.

The South Cheshire Catholic Multi-Academy Trust

(A Company Limited by Guarantee)

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

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

All members of the Academy Trust are appointed and/or elected in accordance with the Articles of Association of The South Cheshire Catholic Multi Academy Trust.

In summary:

- The members may appoint up to 1 Director, save that no more than one third of the total number of individuals appointed as Directors shall be employees of the Academy Trust (including the Executive Headteacher and the Headteachers)
- The Diocesan Bishop shall appoint a minimum of 5 Foundation Directors provided that the number of Foundation Directors and Academy Directors together shall be 2 more than the total number of other Directors (excluding Foundation Directors and Academy Directors)
- The chairman of the Local Governing Body shall be an Academy Director for as long as he remains in office as such and shall be appointed by the Directors of the Company. They shall however appoint as the chairman of the Local Governing Body someone other than the Executive Principal
- There will be a minimum of 2 Parent Directors
- The Executive Committee shall make all necessary arrangements for, and determine all matters relating to the election and removal of the Staff Directors
- The Executive Principal shall be a Director for as long as he remains in office as such.

e. Policies adopted for the induction and training of Trustees

Persons who are appointed as trustees will be party to an induction process determined by their experience, background and knowledge.

f. Organisational structure

The Local Governing Body have been delegated responsibilities, by the Board of Trustees, for monitoring all aspects of St Thomas More Catholic High School ('the Academy') and its management. This involves ensuring it maintains its Catholic ethos, setting general policy, adopting annual and now triennial improvement plans and budgets, regular monitoring of progress, the quality of teaching, attendance, special need provision and safeguarding procedures. The Local Governing Body determines staffing structures, makes decisions about capital expenditure, and senior appointments.

The Local Governing Body also ensures the Academy meets all its statutory obligations and through the Headteacher and Business Manager ensures that it complies with financial regulations.

The day to day activities of the Academy are managed by the Headteacher and the Senior Leadership Team.

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

Structure, governance and management (continued)

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

Salary for the Head teacher is set by the school Pay and Progression committee (a group of 3 governors) which in conjunction with an external advisor reviews the objectives and targets set for the previous year and salary for the coming year based on this review. The recommendation is then made to the Finance and Premises Committee who are able to accept or reject the outcome. The leadership team and all other staff have a set of targets that are set in the beginning of the school year related to the School Development Plan.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	793
Total pay bill	2,606,184
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100 %
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i. Related parties and other connected charities and organisations

St Thomas More Catholic High School is a Catholic voluntary academy and part of The South Cheshire Catholic Multi Academy Trust. At present it is the only Academy within this trust. It has strong links with its Catholic partner primary schools and the parishes of St Mary's, Crewe, St Anne's, Nantwich and St Gabriel's, Alsager. The Trust has a relationship with the Diocese of Shrewsbury which owns the land and buildings.

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

Objectives and activities

a. Objects and aims

The object and activity of the Academy Trust is to provide a faith-based education. It does this by operating a Catholic Academy, namely St Thomas More Catholic High School, which educates pupils of different abilities between the ages of 11 to 16.

The aim of the South Cheshire Catholic Multi Academy Trust is to strengthen the effectiveness of the Catholic Church in education and to support our partner primary schools.

The Academy aims to provide:

- An excellent inclusive education, maintaining a challenging environment which encourages high academic aspirations and achievement
- To identify and value the individual abilities and qualities of all pupils so that they can reach their full potential whilst promoting a spirit of respect and concern for others
- Make prayer, worship and liturgy meaningful experiences, which contributes to their understanding of the teaching of the Lord Jesus Christ and so the spiritual growth of all
- To engender a culture of vocation to help our pupils become confident, caring members of society, with an awareness of the needs of others

b. Objectives, strategies and activities

The Academy Trust has agreed within the provisions of the Funding Agreement between the Secretary of State for Education to provide a free secondary school education with a balanced broad based curriculum for pupils of different abilities.

The pupils will mainly be drawn from the Catholic partner primary schools, but when possible, it will admit pupils from other schools who want an education in a Catholic setting.

The main objectives of the Academy during the period ending 31 August 2019 were to:

- Identify and value the individual abilities and qualities of all, whilst promoting a spirit of respect and concern for others
- Make prayer, worships and liturgy meaningful experiences for all members of the school community
- Maintain and develop a challenging environment, which encourages high academic aspirations and achievements for all
- Make our pupils confident, caring and contributing members of society

c. Public benefit

In exercising the Academy Trust's powers and duties, the Trustees have given due regard to the Charity Commission's general guidance on public benefit.

The Academy has implemented a variety of strategies to further the trust's charitable purposes for the public benefit:

- Analysis from external performance data
- Identification of priorities from the school's own self-evaluation processes
- National priorities from the DfE, Ofsted and the Catholic Education Service
- Recommendations from the Diocese of Shrewsbury, Cheshire East Local Authority & other advisory bodies

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

Strategic report

Achievements and performance

a. Key performance indicators

The Academy has implemented a variety of strategies to achieve its aims and improve performance:

KPI	2018 Result	2019 Result
Progress 8 score	0.32	0.29
Attainment 8 score	51.9%	53.0
5 standard passes, inc. Maths and English	73%	76%
5 strong passes, inc. Maths and English	50%	57%
% entering EBacc	67.0%	64.4%
EBacc Average Point Score	4.61	4.71
Whole year Attendance	93.4%	93.5%
Number on roll (at January census)	659	650
Latest Ofsted rating	Good	Good

b. Going concern

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

Financial review

The Academy's key source of funding is the General Annual Grant (GAG) from the Education and Skills Funding Agency (ESFA). Funding from the ESFA is shown as restricted funds in the Statement of Financial Activities. The analysis of the specific grants received can be seen within note 4 to the financial statements.

During the period to 31 August 2019, the Academy received GAG of £3,280,036. The in-year net movement in funds before other recognised losses was a surplus of £112,859.

The Academy also receives capital grants from the ESFA. For 2018-19 these included Devolved Formula Capital (DFC) grants. These grants are included within the Statement of Financial Activities in the restricted fixed asset fund column. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned and by the cost of property improvements expensed in the period relating to property owned by Shrewsbury Roman Catholic Diocese Trust. During the period to 31 August 2019, the Academy received DFC grants totalling £49,421.

The Local Government Pension Scheme (LGPS) opening deficit in the year totalled £1,045,000. At the 31 August 2019 the deficit had increased to £1,532,000.

At 31 August 2019, the net book value of tangible fixed assets totalled £151,641. During the year the Academy made additions of £28,303 of which £9,875 related to fixture and fittings and £18,428 related to computer equipment.

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

Strategic report (continued)

(continued)

a. Reserves policy

The Trustees will review the reserves of the Academy annually. A policy of the Trustees will be to maintain a level of free reserves that will be adequate to provide a stable base to continue the operation of the Academy.

The Trust held deficit fund balance at 31 August 2019 of £756,662 comprising of £183,060 of restricted funds, £376,811 of unrestricted general fund, restricted fixed asset funds of £215,467 and pension reserve deficit of £1,532,000.

b. Investment policy

Investments are made in compliance with the Academy's Investment Policy. The Directors seek to invest surplus funds in a manner to obtain the best possible return and these are invested with reputable and ethical investors. The aim of the Investment Policy is to maximise returns in order to increase the resources available to our staff so that we can achieve our aim of increasing academic standards.

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Fundraising

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

Plans for future periods

The Academy Trust has plans in place to improve the future of school, as follows:

- To continue to be a high achieving inclusive school where pupils, staff and parents have the opportunity to know Christ and love their neighbour;
- To create a Governing Body which is supportive but also provides constructive challenge, which holds the school to account for the quality of provision and the impact on outcomes for pupils;
- Leaders and Governors should ensure that they develop the skills of middle leaders further so that they evaluate teaching more rigorously.
- To ensure quality assurance processes, monitoring and tracking information are used accurately and robustly by all;
- To improve the presentation of pupils' workbooks and raise the level and consistency of feedback to that of the best; and
- To ensure all pupils make at least good if not outstanding progress in every lesson.

Funds held as custodian on behalf of others

During the year ended 31 August 2019, the Academy Trust, does not hold funds as custodian trustees on behalf of others.

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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



Father J Fagan
Chair of Trustees

Governance Statement

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 The South Cheshire Catholic Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 3 times during the year.

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

Trustee	Meetings attended	Out of a possible
Father J Fagan, Chair of Trustees	3	3
Mrs S Fau-Goodwin (resigned 26 November 2018)	0	0
Mr S O'Neill, Staff Trustee (resigned 18 October 2019)	2	3
Mrs H Brown	2	3
Mrs J Evans	3	3
Mrs C Hogg, Headteacher & Accounting officer	3	3
Ms C Peberdy (resigned 24 June 2019)	1	3
Mrs R Moores	2	3
Mr E Doyle	3	3
Mr E Byrne	2	3

Directors have maintained a robust review of the school's finances and are aware of their responsibilities moving forward regarding the review of the monthly management accounts and other ESFA recommendations. We have continued to monitor and hold Saint Thomas More Local Governing Body to account on safeguarding, the development of its curriculum, Pupil Premium Spending and Reviews, Health and Safety, and procedures for the employment and retention of all staff. Above all we maintain robust questions to ensure that our pupils, parents, and carers, receive the best education. We ensured that the remit of all committees meets regulatory guidance and statutory requirements. The attendance record of individual governors at board and committee meetings is maintained. An assessment of the effectiveness and impact of the board and any committees with details of any particular challenges that have arisen are recorded in our minutes.

Board members receive management accounts every month so maintain a robust review of the school's finances and are aware of their responsibilities moving forward. The delegated Finance & Premises committee at school level also meets three times per year. The Chair of this committee is a Trustee so acts as a conduit between the two layers of governance and would be able to raise any concerns with the Board if necessary.

Governance Statement (continued)

Review of value for money

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

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

Financial Governance and Oversight

The Local Governing Body has a strong financial governance oversight. Over the year they have challenged decision-making to ensure effectiveness of spending and have made use of the School Resource Management Self-Efficiency tool. The three-year budget, which reflects the objectives of the School Improvement Plan, is approved annually and management reports are reviewed on a termly basis.

Reviewing contracts

In order to achieve the best value for money from all its purchases i.e. to get what it needs in the correct quality, quantity and time at the best price possible, the academy has reviewed all contracts as they have become due, including gas, electricity and cashless catering provider. Each contract is challenged at Finance and Premises committee meetings.

Staffing

The academy keeps tight control of the staffing structure by actively considering each and every appointment. The academy has employed two cover supervisors to reduce the reliance on costly supply agencies.

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 academy 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 South Cheshire Catholic Multi-Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

Governance Statement (continued)

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

The Dains LLP role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase system
- testing of control accounts / bank reconciliations

On a biannual basis, the reviewer reports to the board of Trustees through the Finance and Premises committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

For the period 2018-19 Dains LLP has delivered their schedule of work as planned and found no material control issues.

Governance Statement (continued)

Review of effectiveness

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the executive managers within the academy trust 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 local governing body 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 and signed on their behalf by:



Father J Fagan
Chair of Trustees
Date: 12 December 2019



Mrs C Hogg
Accounting Officer

Statement on Regularity, Propriety and Compliance

As accounting officer of The South Cheshire Catholic Multi-Academy Trust I have considered my responsibility to notify the academy trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mrs C Hogg
Accounting Officer

Date: 12 December 2019

Statement of Trustees' responsibilities
For the Year Ended 31 August 2019

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

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

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

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

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

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

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



Father J Fagan
Chair of Trustees
Date: 12 December 2019

Independent Auditors' Report on the financial statements to the Members of The South Cheshire Catholic Multi-Academy Trust

Opinion

We have audited the financial statements of The South Cheshire Catholic Multi-Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent Auditors' Report on the financial statements to the Members of The South Cheshire Catholic Multi-Academy Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Independent Auditors' Report on the financial statements to the Members of The South Cheshire Catholic Multi-Academy Trust (continued)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Jonathan Dudley (Senior Statutory Auditor)
for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

12 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to The South Cheshire Catholic Multi-Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 21 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The South Cheshire Catholic Multi-Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The South Cheshire Catholic Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 30 May 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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


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

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

Independent Reporting Accountant's Assurance Report on Regularity to The South Cheshire Catholic Multi-Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

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



Dains LLP
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 12 December 2019

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
	Note					
Income from:						
Donations and capital grants	3	-	-	49,421	49,421	26,750
Charitable activities	4	-	3,741,301	-	3,741,301	3,739,002
Other trading activities	5	36,508	-	-	36,508	29,711
Investments	6	705	-	-	705	292
Total income		37,213	3,741,301	49,421	3,827,935	3,795,755
Expenditure on:						
Raising funds	7	36,508	-	-	36,508	30,003
Charitable activities	8	45	3,655,606	22,917	3,678,568	3,829,806
Total expenditure		36,553	3,655,606	22,917	3,715,076	3,859,809
Net movement in funds before other recognised gains/(losses)		660	85,695	26,504	112,859	(64,054)
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	21	-	(411,000)	-	(411,000)	219,000
Net movement in funds		660	(325,305)	26,504	(298,141)	154,946
Reconciliation of funds:						
Total funds brought forward		376,151	(1,023,635)	188,963	(458,521)	(613,467)
Net movement in funds		660	(325,305)	26,504	(298,141)	154,946
Total funds carried forward		376,811	(1,348,940)	215,467	(756,662)	(458,521)

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 23 to 47 form part of these financial statements.

The South Cheshire Catholic Multi-Academy Trust
(A Company Limited by Guarantee)

Registered number: 08518704

Balance Sheet

As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	151,641	146,256
		<u>151,641</u>	<u>146,256</u>
Current assets			
Debtors	14	95,224	54,716
Cash at bank and in hand		711,766	563,080
		<u>806,990</u>	<u>617,796</u>
Creditors: amounts falling due within one year	15	(183,293)	(177,573)
Net current assets		<u>623,697</u>	<u>440,223</u>
Total assets less current liabilities		<u>775,338</u>	<u>586,479</u>
Net assets excluding pension liability		<u>775,338</u>	<u>586,479</u>
Defined benefit pension scheme liability	21	(1,532,000)	(1,045,000)
Total net liabilities		<u>(756,662)</u>	<u>(458,521)</u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	16	215,467	188,963
Restricted income funds	16	183,060	21,365
		<u>398,527</u>	<u>210,328</u>
Restricted funds excluding pension liability	16	398,527	210,328
Pension reserve	16	(1,532,000)	(1,045,000)
Total restricted funds	16	<u>(1,133,473)</u>	<u>(834,672)</u>
Unrestricted income funds	16	<u>376,811</u>	<u>376,151</u>
Total deficit		<u>(756,662)</u>	<u>(458,521)</u>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue on 12 December 2019 and are signed on their behalf, by:



Father J Fagan
Chair of Trustees

The notes on pages 23 to 47 form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	126,863	41,255
Cash flows from investing activities	19	21,823	(1,316)
Change in cash and cash equivalents in the year		148,686	39,939
Cash and cash equivalents at the beginning of the year		563,080	523,141
Cash and cash equivalents at the end of the year	20	711,766	563,080

The notes on pages 23 to 47 form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **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.

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold land	- 125 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 3-5 years straight line

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

The academy trust company occupies land (including buildings) which are owned by its Trustees who are Shrewsbury Roman Catholic Diocese Trust. Details of this are included in note 2.

The academy trust company occupies:

- (a) land provided to it by the Local Authority under a 125-year lease;
- (b) provided to it by site trustees under a mere licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period.

in respect of;

- (a) a figure is entered that reflects advice taken on the value of the lease;
- (b) having considered the fact that the academy trust company occupies that land and such buildings as may be or may come to be erected on it by a mere licence that transfers to the academy no rights or control over the site save that of occupying it at the will of the site trustees under the terms of the relevant site trust, the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

1.6 Interest receivable

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

1.7 Operating leases

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.10 Liabilities

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

1.11 Provisions

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

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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.

1.13 Taxation

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.14 Pensions

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

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

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

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

1.15 Fund accounting

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

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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 21, 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.

Land and buildings

The academy trust company occupies land (including buildings) which are owned by the its trustees who are Shrewsbury Roman Catholic Diocese Trust. The trustees are the providers of the academy trust on the same basis as when the academy trust was a maintained school. The academy trust company occupies the land (and buildings) on mere licence, This continuing permission of their Trustees to pursuant to, and subject to, the Trustees' charitable objectives, and is part of the Catholic Church's contribution since 1847 to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any right over the land in the academy trust company. The Trustees have given an understanding to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company. The directors have also concluded that the cost of the subsequent building improvements should not be recognised on the balance sheet and that these costs should be written off in the year that they are incurred.

Notes to the Financial Statements
For the Year Ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	-	-	11,798
Capital grants	-	49,421	49,421	14,952
	-	49,421	49,421	26,750
Total 2018	11,798	14,952	26,750	

4. Funding for Academy's educational operations

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	3,280,036	3,280,036	3,201,291
Pupil Premium	135,852	135,852	84,866
Other DfE/ESFA grants	59,450	59,450	38,105
	3,475,338	3,475,338	3,324,262
Other government grants			
High Needs Topup	63,948	63,948	80,116
	63,948	63,948	80,116
Other funding			
Trip Income	71,960	71,960	191,390
Catering	130,055	130,055	143,234
	3,741,301	3,741,301	3,739,002

In 2018, of the total funding for academy's educational operations, £3,739,002 was allocated to restricted funds.

Notes to the Financial Statements
For the Year Ended 31 August 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	7,621	7,621	7,735
Other income	7,612	7,612	8,968
Supply teacher reimbursement	15,596	15,596	5,850
School bus income	5,679	5,679	7,158
	<u>36,508</u>	<u>36,508</u>	<u>29,711</u>

In 2018, of the total income from other trading activities, £29,711 was allocated to unrestricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	<u>705</u>	<u>705</u>	<u>292</u>

In 2018, of the total investment income £292, was allocated to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	7,612	-	-	7,612
Support costs	28,896	-	-	28,896
Educational Operations:				
Direct costs	2,441,827	-	294,226	2,736,053
Support Costs	468,354	153,881	320,280	942,515
	<u>2,946,689</u>	<u>153,881</u>	<u>614,506</u>	<u>3,715,076</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

8. Analysis of expenditure by activities

	Direct costs	Support costs	Total funds
	2019	2019	2019
	£	£	£
Expenditure	2,736,053	942,515	3,678,568

	Direct costs	Support costs	Total funds
	2018	2018	2018
	£	£	£
Expenditure	2,893,371	936,435	3,829,806

Analysis of direct costs

	Total funds	Total funds
	2019	2018
	£	£
Staff costs	2,441,827	2,434,215
Depreciation	22,029	25,281
Educational supplies	56,685	90,796
Examination fees	55,254	51,116
Staff Development	11,961	20,727
Technology costs	26,915	46,897
Travel and subsistence	64,840	187,309
Other direct costs	45,518	24,541
Recruitment and support	11,024	12,489
	2,736,053	2,893,371

Analysis of support costs

Notes to the Financial Statements
For the Year Ended 31 August 2019

8. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	Total funds 2019 £	Total funds 2018 £
Pension income	29,000	30,000
Staff costs	468,354	445,605
Depreciation	888	888
Staff development	-	1,499
Maintenance of premises	78,144	96,348
Maintenance of equipment	10,794	15,466
Cleaning	2,426	3,179
Governance costs	62,797	53,366
Rates	33,881	24,224
Bank interest and charges	29	64
Energy	41,856	47,224
Insurance	14,718	20,040
Security and transport	24,810	9,273
Catering costs	156,753	160,922
Other occupancy costs	18,065	28,337
	942,515	936,435

9. Net income

Net income for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets	22,918	31,167
Operating lease rentals	19,956	14,382
Fees paid to auditors for:		
- audit	8,900	7,250
- other services	3,465	2,100

Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,247,891	2,161,942
Social security costs	213,878	202,227
Operating costs of defined benefit pension schemes	454,904	447,621
	<u>2,916,673</u>	<u>2,811,790</u>
Supply teacher costs	30,016	84,061
	<u>2,946,689</u>	<u>2,895,851</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	44	44
Administration and Support	44	39
Management	6	6
	<u>94</u>	<u>89</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
	<u>2</u>	<u>2</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £460,416 (2018 - £448,825)

Notes to the Financial Statements
For the Year Ended 31 August 2019

11. Trustees' remuneration and expenses

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

		2019 £	2018 £
Mrs C Hogg	Remuneration	75,000 - 80,000	70,000 - 75,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Mr S O'Neill	Remuneration	40,000 - 45,000	40,000 - 45,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year ended 31 August 2019, travel and mileage expenses totalling £1,837 were reimbursed or paid directly to 2 Trustees (2018 - £1,125 to 2 Trustees).

12. Trustees' and Officers' insurance

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

13. Tangible fixed assets

	Leasehold land £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	111,000	62,971	211,032	385,003
Additions	-	9,875	18,428	28,303
At 31 August 2019	111,000	72,846	229,460	413,306
Depreciation				
At 1 September 2018	3,552	32,910	202,285	238,747
Charge for the year	888	11,130	10,900	22,918
At 31 August 2019	4,440	44,040	213,185	261,665
Net book value				
At 31 August 2019	106,560	28,806	16,275	151,641
At 31 August 2018	107,448	30,061	8,747	146,256

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	10,968	2,422
VAT repayable	15,541	8,813
Prepayments and accrued income	68,715	43,481
	<u>95,224</u>	<u>54,716</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

15. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	32,496	51,338
Other taxation and social security	52,767	52,474
Other creditors	53,013	47,824
Accruals and deferred income	45,017	25,937
	183,293	177,573
	2019	2018
	£	£
Deferred income at 1 September 2018	29,476	15,805
Resources deferred during the year	22,108	29,476
Amounts released from previous periods	(29,476)	(15,805)
	22,108	29,476

At the balance sheet date the academy trust was holding funds received in advance for school trips in the 2019/20 academic year.

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	376,151	37,213	(36,553)	-	-	376,811
Restricted general funds						
General Annual Grant (GAG)	17,284	3,280,036	(3,123,503)	(1,958)	-	171,859
Other DfE/ESFA	-	195,302	(195,302)	-	-	-
Trip Income	4,081	71,960	(64,840)	-	-	11,201
Other government grants	-	63,948	(63,948)	-	-	-
Other income	-	130,055	(132,013)	1,958	-	-
Pension reserve	(1,045,000)	-	(76,000)	-	(411,000)	(1,532,000)
	(1,023,635)	3,741,301	(3,655,606)	-	(411,000)	(1,348,940)

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Transfer on conversion	108,221	-	(1,660)	-	-	106,561
DfE/ESFA capital grants	61,710	49,421	(7,168)	-	-	103,963
Capital expenditure from GAG/unrestr- icted funds	19,032	-	(14,089)	-	-	4,943
	<u>188,963</u>	<u>49,421</u>	<u>(22,917)</u>	<u>-</u>	<u>-</u>	<u>215,467</u>
Total Restricted funds	<u>(834,672)</u>	<u>3,790,722</u>	<u>(3,678,523)</u>	<u>-</u>	<u>(411,000)</u>	<u>(1,133,473)</u>
Total funds	<u>(458,521)</u>	<u>3,827,935</u>	<u>(3,715,076)</u>	<u>-</u>	<u>(411,000)</u>	<u>(756,662)</u>

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

Unrestricted funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the multi-academy trust at the discretion of the Trustees.

Restricted General Funds

The restricted general funds represents grants received for the academy's operational activities and development, restricted trip income and other restricted income.

Pension Reserve

The pension reserve represents the academy's share of the pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Fund

The restricted fixed asset fund relates to grant funding received from the ESFA to carry out works of a capital nature, capital expenditure from GAG, and also the donation of the assets from the local authority on conversion.

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	364,353	41,801	(30,003)	-	-	376,151
Restricted funds						
General Annual Grant (GAG)	-	3,201,291	(3,174,849)	(9,158)	-	17,284
Other DfE/ESFA	-	122,971	(122,971)	-	-	-
Trip Income	-	191,390	(187,309)	-	-	4,081
Other government grants	-	80,116	(80,116)	-	-	-
Other income	-	143,234	(152,392)	9,158	-	-
Pension reserve	(1,178,000)	-	(86,000)	-	219,000	(1,045,000)
	<u>(1,178,000)</u>	<u>3,739,002</u>	<u>(3,803,637)</u>	<u>-</u>	<u>219,000</u>	<u>(1,023,635)</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Transfer on conversion	112,208	-	(3,987)	-	-	108,221
DfE/ESFA capital grants	48,071	14,952	(1,313)	-	-	61,710
Capital expenditure from GAG/unrestric ted funds	39,901	-	(20,869)	-	-	19,032
	<u>200,180</u>	<u>14,952</u>	<u>(26,169)</u>	<u>-</u>	<u>-</u>	<u>188,963</u>
Total Restricted funds	<u>(977,820)</u>	<u>3,753,954</u>	<u>(3,829,806)</u>	<u>-</u>	<u>219,000</u>	<u>(834,672)</u>
Total funds	<u>(613,467)</u>	<u>3,795,755</u>	<u>(3,859,809)</u>	<u>-</u>	<u>219,000</u>	<u>(458,521)</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	151,641	151,641
Current assets	376,811	366,353	63,826	806,990
Creditors due within one year	-	(183,293)	-	(183,293)
Provisions for liabilities and charges	-	(1,532,000)	-	(1,532,000)
Total	<u>376,811</u>	<u>(1,348,940)</u>	<u>215,467</u>	<u>(756,662)</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	146,256	146,256
Current assets	376,151	198,938	42,707	617,796
Creditors due within one year	-	(177,573)	-	(177,573)
Provisions for liabilities and charges	-	(1,045,000)	-	(1,045,000)
Total	376,151	(1,023,635)	188,963	(458,521)

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	112,859	(64,054)
Adjustments for:		
Depreciation	22,918	26,169
Capital grants from DfE and other capital income	(49,421)	(14,952)
Dividends, interest and rents from investments	(705)	(292)
Defined benefit pension scheme cost less contributions payable	47,000	56,000
Defined benefit pension scheme finance cost	29,000	30,000
(Increase)/decrease in debtors	(40,508)	4,369
Increase in creditors	5,720	4,015
Net cash provided by operating activities	126,863	41,255

19. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	705	292
Purchase of tangible fixed assets	(28,303)	(16,560)
Capital grants from DfE Group	49,421	14,952
Net cash provided by/(used in) investing activities	21,823	(1,316)

Notes to the Financial Statements
For the Year Ended 31 August 2019

20. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	711,766	563,080
Total cash and cash equivalents	711,766	563,080

21. Pension commitments

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

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

Contributions amounting to £51,608 were payable to the schemes at 31 August 2019 (2018 - £47,824) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#).

Scheme changes

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

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

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

The employer's pension costs paid to TPS in the year amounted to £270,000 (2018 - £266,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £165,000 (2018 - £153,000), of which employer's contributions totalled £113,600 (2018 - £126,000) and employees' contributions totalled £ 29,000 (2018 - £27,000). The agreed contribution rates for future years are 28.6 per cent for employers and 5.5 - 8.5 per cent for employees.

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Discount rate for scheme liabilities	1.8	2.8
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Commutation of pensions to lump sums - pre 2008	50	50
Commutation of pensions to lump sums - post 2008	75	75

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.2	22.3
Females	23.5	24.5
<i>Retiring in 20 years</i>		
Males	22.2	23.9
Females	25.0	26.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(84)	(64)
Discount rate -0.1%	84	64
Salary increase rate +0.1%	14	12
Salary increase rate -0.1%	(14)	(12)
CPI rate +0.1%	68	51
CPI rate -0.1%	(68)	(51)

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Pension commitments (continued)

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

	At 31	At 31
	August 2019	August 2018
	£	£
Equities	959,000	879,000
Bonds	611,000	462,000
Property	157,000	134,000
Cash and other liquid assets	17,000	15,000
Total market value of assets	1,744,000	1,490,000

The actual return on scheme assets was £134,000 (2018 - £64,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019	2018
	£	£
Current service cost	(173,000)	(182,000)
Past service cost	(10,000)	-
Interest income	44,000	34,000
Interest cost	(73,000)	(64,000)
Total amount recognised in the Statement of Financial Activities	(212,000)	(212,000)

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

	2019	2018
	£	£
At 1 September	2,534,000	2,472,000
Current service cost	173,000	182,000
Interest cost	73,000	64,000
Employee contributions	29,000	27,000
Actuarial losses/(gains)	488,000	(188,000)
Benefits paid	(31,000)	(23,000)
Past service costs	10,000	-
At 31 August	3,276,000	2,534,000

Notes to the Financial Statements
For the Year Ended 31 August 2019

21. Pension commitments (continued)

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

	2019 £	2018 £
Opening fair value of scheme assets	1,489,000	1,294,000
Interest income	44,000	34,000
Actuarial gains	77,000	31,000
Employer contributions	136,000	126,000
Employee contributions	29,000	27,000
Benefits paid	(31,000)	(23,000)
At 31 August	1,744,000	1,489,000

22. Operating lease commitments

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	11,172	19,956
Between 1 and 5 years	15,640	18,845
Total	26,812	38,801

23. Members' liability

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

24. Related party transactions

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

The Chimney House Teaching School Foundation - a company in which Mrs C Hogg (a trustee of the trust) had influence up to March 2019, when she resigned as director. During the year the Trust paid membership fees totalling £1,100 (2018: £1,800), with no amounts outstanding at the year end. This included a payment of £660 which was made after Mrs Hogg resigned as a director of the company. In entering into this transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

Diocese of Shrewsbury is a connected party to The South Cheshire Catholic Multi-Academy Trust. The Trust purchased educational services from the diocese of Shrewsbury totalling £4,486 (2018 - £4,400) during the year. Amounts outstanding at the year end was £nil (2018 - £nil). In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2018.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.