

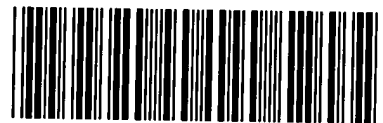
Company Registration No. 08748904 (England and Wales)

MERCIA PRIMARY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021



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MERCIA PRIMARY ACADEMY TRUST

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MERCIA PRIMARY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

L M Colclough (Ofsted Reg. Childminder, Trust Director)
R J Lane (Chief Executive Officer, Trust Director)
V M Van Den Bergh (Minister of Religion, Trust Director)
M Haywood (Trust Director)
A Dolphin (Trust Director)
A Taylor (Trust Director)
D Probert (Trust Director)
G Hirons (Trust Director)

Members

D Golder
S Boden
V M C Van Den Bergh

Senior management team

- Headteacher	R J Lane
- Headteacher	N Probert
- Head of schools	M L Booth
- Deputy Headteacher	V Smith
- MAT HR Business Manager	T J Matthews
- MAT Finance Business Manager	R G McConnell

Company secretary

R G McConnell (MAT Finance Business Manager)

Company registration number

08748904 (England and Wales)

Registered office

Chestnut Avenue
Tamworth
B79 8QZ

Academies operated

Lakeside Primary Academy
Lark Hall Infant & Nursery Academy
Flax Hill Junior Academy

Location

Staffordshire
Staffordshire
Staffordshire

Principal

N Probert
R Lane
R Lane

Independent auditor

Haines Watts Tamworth
Chartered Accountants and Statutory Auditors
Stearling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

Bankers

Lloyds Bank
17 George Street
Tamworth
B79 7LW

MERCIA PRIMARY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Other advisors

Entrust Support Services
Riverway Centre
Riverway
Stafford
Staffordshire
ST16 3TH

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates one infant, one junior and one primary academy in Tamworth, Staffordshire.

Lark Hall Infant has a capacity of 90 with 83 on roll as of the January 2021 census not including pre-school. Flax Hill Junior has a capacity of 300 with 300 on roll as of the January 2021 census. Lakeside has a capacity of 210 with 191 on roll from the January 2021 census.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The constituent academies of the trust are:

- Lark Hall Infant & Nursery Academy
- Flax Hill Junior Academy
- Lakeside Primary Academy

The trustees of Mercia Primary Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Mercia Primary Academy Trust.

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

As part of the overall insurance cover taken out with third party insurers the Academy has taken out insurance relating to Governors' indemnity. The limit of indemnity cover is £10 million in this respect.

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 Articles of Association pages 20 – 26.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new governors and trustees will depend upon their existing experience. Induction is tailored specifically to the individual. New trustees are invited to attend "Welcome to being a Governor" training event run by Entrust Education Services. Webinars are also available for trustees to participate in. Policies and Procedures Adopted for the induction and Training of Trustees. All new trustees are provided with an induction pack and an informal induction talk by the Headteacher.

The Clerk to Trustees keeps a log of courses attended and training is a standard agenda item, all items are recorded on Governor Hub.

Trustees participate in an annual self-review process to highlight any weaknesses and to address any additional training needs.

The Business Managers will provide training relating to the finance system if required.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Organisational structure

The board of trustees are responsible for the overall strategic direction of the academy trust. The trustees have a duty to act in the fulfilment of the academy trust objects. They set the strategic direction, and determine the policies and procedures of the academy trust whilst holding each academy within the academy trust to account. The trustees will meet at least three times a year and local governing body committees will report to meetings of the board of trustees throughout the year.

Each academy within the academy trust is governed by a Local Governing Body (LGB) which is appointed by the board of trustees and elected by staff and parents in a manner similar to the board of trustees. The LGB is responsible for determining the strategic direction of the academy in accordance with the overall strategic direction of the academy trust. The LGB should engage with the local community, constructively challenge the leadership team of the academy and provide evaluative feedback and supporting evidence to the board of trustees on the impact and effectiveness of the collective and individuals aims, objectives, policies, targets and future plans.

The board of trustees and each LGB do not exercise a managerial role. The leadership and management across the academy trust is delegated by the board of trustees to the Senior Leadership Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing, and school improvement.

The CEO is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets as set out in the Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration of the key management personnel of the academy trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the Senior Leadership Team within each academy. Recommendations for pay increases are made by the Senior Leadership Team to the academy committee and their decision is validated by the board of trustees at the Autumn term meeting.

Related parties and other connected charities and organisations

The members, board of trustees, academy committee members and the accounting officer all complete a pecuniary interest declaration on an annual basis. This declaration sets out any relationship with the academy trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made, the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current year, no transactions have taken place with related parties and other connected charities and organisations.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

Objects and aims

Our Aim - Everyone is valued and shares responsibility for the challenging learning that takes place.

Through partnership between Governors, staff, parents, pupils, external partners and the local community, the Academy Trust will provide the facilities, resources and vision to enable the Academy to flourish and provide pupils with the best possible education.

Trust Improvement focus 2021-2022

- Broad and Balanced curriculum
- Creation of Learning Networks
- Reaching out to other local schools who may wish to join the Trust
- Reaching out to other small trusts to form a network

Objectives, strategies and activities

The strategic goals of the academy trust are:

1. To provide high quality education provision for all academies within the academy trust that improve the outcomes of all of our pupils. This will be achieved by providing appropriate and proportionate support and challenge each academy within the academy trust. There will be a focus on:

- Establish and monitoring a system of governance through effective academy committees.
- Providing intervention to support school improvement.
- Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning.
- Developing monitoring and evaluating strategies and procedures that will drive school improvement.
- Supporting the procurement of best value central services.
- Collaboratively sharing and supporting best practice.

2. To provide the same high quality of education provision to pupils outside of the trust to help achieve the government's aim of the same standard of education for all children. This will be achieved by:

- Developing a systematic marketing strategy and work with local stakeholders, Headteacher forums and the DfE to identify potential schools and academies that wish to join the academy trust.
- Build capacity by creating a robust management structure which involves building a central team to support the board of trustees.
- Develop training based on the expertise within the academy trust that can be delivered to other education providers.
- Develop more effective means on collaboration with other education providers to share best practice and encourage.

Public benefit

Mercia Primary Academy Trust is approved by the Department of Education (DfE) and funded wholly by the Education and Skills Funding Agency (ESFA) to further the education of pupils admitted under the requirements set by the ESFA Funding Agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted in accordance with these requirements. Governors ensure that applications are considered appropriately.

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the academy trust objective and aims and in planning future activities for the period. The trustees consider that the academy trust can clearly demonstrate that its aims are to advance education for public benefit.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

Both Lark Hall Infant Academy and Flax Hill Junior Academy received Ofsted during 2016-2017. As an independent report on the school's quality and progress they reflect the long term progress both schools are making. Lakeside Primary Academy was graded as good during their Ofsted inspection in 2014-2015.

Flax Hill

The school continues to be good.

The leadership team has maintained the good quality of education in the school since the last inspection. You have further strengthened leadership within the school, through the appointment of the deputy headteacher and the leader of provision for pupils who have special educational needs and/or disabilities. They, together with the head of school, provide strong and effective leadership that has helped to improve teaching and outcomes for pupils. You have also ensured that those pupils who had not been making the progress that was expected of them, and who were falling behind the attainment of their classmates, are now provided with appropriate support that allows them to catch up in their learning.

Flax Hill Junior Academy is a warm and welcoming school that provides a safe and nurturing environment for its pupils. Nov 2016 Ofsted

No data due to Covid.

Lark Hall

This school continues to be good.

The leadership team has maintained the good quality of education in the school since the last inspection. Following the school's conversion to an academy in 2014, you took the opportunity to reorganise leadership roles and responsibilities. You appointed subject leaders for English and mathematics to work and share expertise across the two trust schools. This has helped to sustain the drive for improvement.

You and the deputy Headteacher form a strong partnership and provide effective leadership and direction for the school. You frequently check the quality of teaching and pupils' learning. You work closely with teachers to agree the precise steps that need to be taken in order to improve the quality of teaching further. You provide well-planned support for teachers, including opportunities for them to visit other schools and learn from outstanding practice. As a result, there is a climate of professional learning and a strong team spirit across the school. Staff comments include, 'This is a small school with a caring, family atmosphere and we all want the very best for every child', and, 'Leaders are always ready to support us and, as a staff, we help and support each other.' Nov 2016 Ofsted

No data due to Covid.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Lakeside Primary Academy

This school is good:

Strong leadership from the Headteacher, working together with senior leaders, managers and governors, has successfully driven improvements since the previous inspection, despite a change in personnel to strategic roles (Headteacher, Deputy Headteacher, Chair of Governors and changes to members of the governing body). Although end of Key Stage attainment is not where the school would like it to be, improvements to teacher pedagogy and understanding of the assessment process has ensured that future standards will be sustainable on the future. Standards in teaching and learning remain good and the use of metacognition through 'Growth Mind-set' remains a strength of the pupils in school. This in turn ensures they have good behaviours not just to each other but to their learning. Following parental questionnaires, parents overwhelmingly support the school and with projects such as raising funds to provide a defibrillator for the community, Lakeside is at the heart of the local area.

No data due to Covid.

Key Performance Indicators

Key financial performance indicators show that the budget set allowed the Trust to fulfil all its functions more than effectively.

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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Income for the year was £3,161,559 of which £2,836,999 was provided by the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) by means of standard grants to cover operational and capital costs. This was supplemented by donations and Capital Grants and other trading activities including third party lettings and funds generated by extended school activities which totalled the remaining £324,560.

All expenditure supports the academy trust key objectives to deliver quality education to our pupils and community. Expenditure for the year was £3,332,648 with the largest element of this expenditure being attributed to staff costs totalling £2,667,364 for the year. The depreciation charge on assets of £77,745 has been included. Net expenditure for the year was £171,089.

The academy trust element of the Pension fund that forms part of the Local Government Pension Scheme was valued at 31 August 2021, showing a net deficit of £2,569,000.

As at 31 August 2021, the net book value of fixed assets was £3,462,721 and the movement in fixed assets are shown in Note 13 and Note 14 of the financial statements. The assets were used exclusively in providing education and the associated support services to the pupils across the academy trust.

The academy trust complies with the principles of financial control as outlined in the Academies Financial Handbook and the Accounts Direction. The financial procedures, Scheme of Delegation and Value for Money statement together with systems of financial control ensure that the academy trust conforms to the requirements of propriety, regularity and sound financial management.

The board of trustees are accountable for the allocation of resources to meet the objectives set out in the School Development Plan. The Accounting Officer together with the Finance Committee is responsible for reviewing the Financial Procedures on an annual basis and recommending approval to the main board of trustees. The intention is for individual academy budgets to be monitored on a monthly basis with reports and commentary on income and expenditure against budget provided to the Finance Committee on a twice termly basis and to the board of trustees on a termly basis.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Reserves policy

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education and Skills Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees identify capital projects on an annual basis and reserves are reviewed alongside this exercise. The board of trustees will review the level of reserves and reserves policy annually.

As at 31 August 2021 the academy trust has reserves of £626,609. Flax hill has a balance of £261,441, Lark Hall a balance of £61,270 and Lakeside a balance of £303,898.

Investment policy and powers

The academy trust currently has no material investments.

Principal risks and uncertainties

A review of the principal risks highlights the financial risk involved in the reliance on Government funding and the limited influence of the academy trust on the level and future of this funding.

The deficit on the Local Government Pension Scheme of £2,569,000 presents a concern. However, Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013.

Plans for future periods

In accordance with the aims and objectives of Mercia Primary Academy Trust, it will continue to further the education and drive improvements in the performance of all pupils to the best of their abilities. The Academy will continue to develop its resources, assets and staff to achieve these aims and objectives.

It is anticipated that during 2021/22 further academies will join the Trust, but this will be subject to the on-going issues with Covid-19.

Funds held as custodian trustee on behalf of others

The Academy has no such funds.

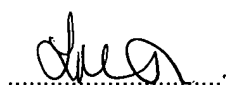
Auditor

In so far as the trustees are aware:

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

A resolution proposing that Haines Watts Tamworth be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 15/12/2021 and signed on its behalf by:



L M Colclough

Ofsted Reg. Childminder, Trust Director

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Mercia Primary 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 Mercia Primary 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
L M Colclough (Ofsted Reg. Childminder, Trust Director)	5	5
R J Lane (Chief Executive Officer, Trust Director)	5	5
V M Van Den Bergh (Minister of Religion, Trust Director)	2	5
M Haywood (Trust Director)	1	5
A Dolphin (Trust Director)	4	5
A Taylor (Trust Director)	3	5
D Probert (Trust Director)	1	5
G Hiron (Trust Director)	4	5

The Joint Governing Body have met formally three times during the period. Attendance as follows;

Trustees/Governors	Meetings attended	Out of possible
Mrs M Couchman (LH) (Chair)	3	3
RJ Lane (Headteacher)	3	3
Mrs S Boden (FH)	3	3
Mrs D Golder (FH)	-	3
Mrs N Taylor (FH)	1	3
Mrs C Keast (FH)	2	3
Mrs M Booth (LH)	2	3
Mrs C Kendall (LH)	3	3
Mr C Plume (FH)	1	3
Mr A Roberts (FH)	3	3
Mrs H Hadley (LH)	2	3
Ms C Fisher (FH)	2	3
Ms K Frits (FH)	1	3

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The joint finance committee have met formally three times during the period. Attendance as follows:

Trustees/Governors	Meetings attended	Out of possible
M Couchman	3	3
R Lane	3	3
S Boden	3	3
H Hadley	-	3
C Keast	1	3
C Kendall	2	3
C Plume	-	3
A Roberts	-	3
C Fisher	3	3

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 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:

- Looked closely at school SLAs to ensure they are value for money.
- Undertaken a review of term time staff and amended contracts at a MAT level.
- Deploying staff in the most appropriate way to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management.
- Continue to negotiate contracts and services at trust level.
- The academy has invested in further developing effective tracking systems in relation to the new curriculum to record all aspects of student data including progress through the school; ensuring interventions and support are targeted to achieve value for money
- The academy trust has produced a detailed analysis of how the pupil premium was spent and the impact of the funding for individual pupils.
- Sports funding continues to be used to provide enriching opportunities for children, extra sport opportunities after school and by providing expert PE coaching, further developments are planned for next year also.

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 Mercia Primary Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

- to appoint Staffordshire County Council as internal auditor.

The internal auditor's 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 systems
- testing of control account/bank reconciliations

On an annual basis, an auditor's report is presented to the trustees with their findings and recommendations. The findings of the latest health check carried out on 15th July 2021 awarded an overall opinion of Adequate Assurance at both Lark Hall and Flax Hill sites.

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee. Both academies within the trust received substantial assurance.

Approved by order of the board of trustees on 15/12/2021 and signed on its behalf by:



L M Colclough

Ofsted Reg. Childminder, Trust Director



R J Lane

Chief Executive Officer, Trust Director

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of Mercia Primary Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the 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 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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.



R J Lane
Accounting Officer

15/12/2021

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of Mercia Primary Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, 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 2020 to 2021;
- 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 accounts; and
- prepare the accounts 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 accounts 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 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 15/12/2021 and signed on its behalf by:



L M Colclough

Ofsted Reg. Childminder, Trust Director

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST

Opinion

We have audited the accounts of Mercia Primary Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 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 Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST (CONTINUED)

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 including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, 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 accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST (CONTINUED)

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. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of Haines Watts Tamworth

Chartered Accountants

Statutory Auditor

Chartered Accountants and Statutory Auditors

Stearling House

97 Lichfield Street

Tamworth

Staffordshire

B79 7QF

Dated:

15/12/21

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA PRIMARY ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 26 March 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercia Primary Academy Trust during the period 1 September 2020 to 31 August 2021 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 Mercia Primary Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Mercia Primary 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 Mercia Primary Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Mercia Primary Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Mercia Primary Academy Trust's funding agreement with the Secretary of State for Education dated 23 December 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and document systems and internal controls
- Walk through testing of key systems and controls
- Review of trustees/governors minutes
- Test check of income and expenditure

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA PRIMARY ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Haines Watts Tamworth

Dated:15/12/21.....

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £	Total 2021 £	Total 2020 £
Income and endowments from:					
Donations and capital grants	3	2,103	57 26,101	28,261	32,539
Charitable activities:					
- Funding for educational operations	4	8,361	3,090,925 -	3,099,286	2,956,225
Other trading activities	5	34,232	(302) -	33,930	66,582
Investments	6	82	- -	82	345
Total		<u>44,778</u>	<u>3,090,680</u> <u>26,101</u>	<u>3,161,559</u>	<u>3,055,691</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	124,132	3,130,771 77,745	3,332,648	3,269,280
Total	7	<u>124,132</u>	<u>3,130,771</u> <u>77,745</u>	<u>3,332,648</u>	<u>3,269,280</u>
Net expenditure		(79,354)	(40,091) (51,644)	(171,089)	(213,589)
Transfers between funds	18	-	(7,093) 7,093	-	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(427,000) -	(427,000)	(146,000)
Net movement in funds		(79,354)	(474,184) (44,551)	(598,089)	(359,589)
Reconciliation of funds					
Total funds brought forward		237,361	(1,626,214) 3,532,171	2,143,318	2,502,907
Total funds carried forward		<u>158,007</u>	<u>(2,100,398)</u> <u>3,487,620</u>	<u>1,545,229</u>	<u>2,143,318</u>

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020		Unrestricted funds	Restricted funds: General Fixed asset		Total 2020
	Notes	£	£	£	£
Income and endowments from:					
Donations and capital grants	3	12,235	1,836	18,468	32,539
Charitable activities:					
- Funding for educational operations	4	17,975	2,938,250	-	2,956,225
Other trading activities	5	49,854	16,728	-	66,582
Investments	6	345	-	-	345
Total		80,409	2,956,814	18,468	3,055,691
Expenditure on:					
Charitable activities:					
- Educational operations	9	64,047	3,138,632	66,601	3,269,280
Total	7	64,047	3,138,632	66,601	3,269,280
Net income/(expenditure)		16,362	(181,818)	(48,133)	(213,589)
Transfers between funds	18	-	(2,301)	2,301	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(146,000)	-	(146,000)
Net movement in funds		16,362	(330,119)	(45,832)	(359,589)
Reconciliation of funds					
Total funds brought forward		220,999	(1,296,095)	3,578,003	2,502,907
Total funds carried forward		237,361	(1,626,214)	3,532,171	2,143,318

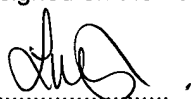
MERCIA PRIMARY ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		968		2,575
Tangible assets	14		3,461,753		3,503,042
			<u>3,462,721</u>		<u>3,505,617</u>
Current assets					
Debtors	15	101,797		116,407	
Cash at bank and in hand		754,181		683,380	
		<u>855,978</u>		<u>799,787</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(204,470)		(205,086)	
Net current assets			<u>651,508</u>		<u>594,701</u>
Net assets excluding pension liability			<u>4,114,229</u>		<u>4,100,318</u>
Defined benefit pension scheme liability	20	(2,569,000)		(1,957,000)	
Total net assets			<u><u>1,545,229</u></u>		<u><u>2,143,318</u></u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			3,487,620		3,532,171
- Restricted income funds			468,602		330,786
- Pension reserve			(2,569,000)		(1,957,000)
Total restricted funds			<u>1,387,222</u>		<u>1,905,957</u>
Unrestricted income funds	18		<u>158,007</u>		<u>237,361</u>
Total funds			<u><u>1,545,229</u></u>		<u><u>2,143,318</u></u>

The accounts on pages 20 to 42 were approved by the trustees and authorised for issue on 15/12/2021 and are signed on their behalf by:



L M Colclough
Ofsted Reg. Childminder, Trust Director

Company Number 08748904

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		79,467		22,910
Cash flows from investing activities					
Dividends, interest and rents from investments		82		345	
Capital grants from DfE and EFA		26,101		18,468	
Payments to acquire tangible fixed assets		(34,849)		(52,313)	
			(8,666)		(33,500)
Change in cash and cash equivalents in the reporting period			70,801		(10,590)
Cash and cash equivalents at 1 September			683,380		693,971
Cash and cash equivalents at 31 August			754,181		683,381

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Mercia Primary Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, 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 accounts 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 accounts.

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 receivable

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.

Sponsorship income

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

Donations

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

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 academy trust's accounting policies.

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 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 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.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 5 years

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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 freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land & buildings	50 years
Plant & machinery	10 years
Fixtures & fittings	5 years
Computer equipment	3 years

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

1.7 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.

1.8 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.

1.9 Leasing and hire purchase commitments

Rentals under operating leases are charged on a straight-line basis over the lease term.

1.10 Financial instruments

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

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 Pensions benefits

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

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 projected unit credit method. The 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 are 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.

1.13 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 funders where the asset acquired or created is held for a specific purpose.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees consider the critical areas involve the forecasting process and going concern evaluation.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	26,101	26,101	18,468
Other donations	2,103	57	2,160	14,071
	<u>2,103</u>	<u>26,158</u>	<u>28,261</u>	<u>32,539</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	2,358,477	2,358,477	2,338,525
UIFSM	-	40,905	40,905	49,075
Pupil premium	-	210,838	210,838	210,640
Teachers pay grant	-	27,166	27,166	27,412
Teachers pension grant	-	82,306	82,306	83,004
Others	-	60,769	60,769	59,611
	-	2,780,461	2,780,461	2,768,267
Other government grants				
Local authority grants	-	253,926	253,926	161,783
Other funding				
Other incoming resources	8,361	-	8,361	17,975
Covid-19 additional funding (Dfe/ESFA)				
Catch-up premium	-	46,000	46,000	-
Other Dfe/ESFA Covid-19 Funding	-	10,538	10,538	8,200
Total funding	8,361	3,090,925	3,099,286	2,956,225

The academy received £46,000 of funding for catch-up premium and costs incurred in respect of this funding totalled £45,920. The remaining £80 will be spent in 2021/2022.

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	774	-	774	5,230
Catering income	-	-	-	2,457
Parental contributions	33,263	(302)	32,961	55,568
Other income	195	-	195	3,327
	34,232	(302)	33,930	66,582

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	82	-	82	345

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	2,098,685	-	71,896	2,170,581	2,142,899
- Allocated support costs	568,679	269,305	324,083	1,162,067	1,126,381
	2,667,364	269,305	395,979	3,332,648	3,269,280

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for audit services	7,000	10,000
Depreciation of tangible fixed assets	76,138	64,994
Amortisation of intangible fixed assets	1,607	1,607
Net interest on defined benefit pension liability	35,000	31,000

8 Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs - educational operations	115,515	2,055,066	2,170,581	2,142,899
Support costs - educational operations	8,617	1,153,450	1,162,067	1,126,381
	<u>124,132</u>	<u>3,208,516</u>	<u>3,332,648</u>	<u>3,269,280</u>

	2021 £	2020 £
Analysis of support costs		
Support staff costs	571,865	571,249
Depreciation and amortisation	77,745	66,601
Technology costs	48,014	49,820
Premises costs	179,050	159,025
Other support costs	228,042	218,844
Governance costs	57,351	60,842
	<u>1,162,067</u>	<u>1,126,381</u>

10 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	1,828,217	1,828,319
Social security costs	163,232	158,231
Pension costs	584,872	563,764
Staff costs - employees	<u>2,576,321</u>	<u>2,550,314</u>
Agency staff costs	80,641	15,243
Staff restructuring costs	10,402	-
	<u>2,667,364</u>	<u>2,565,557</u>
Staff development and other staff costs	4,342	12,501
Total staff expenditure	<u>2,671,706</u>	<u>2,578,058</u>
Staff restructuring costs comprise:		
Redundancy payments	<u>10,402</u>	<u>-</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

(Continued)

Staff numbers

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

	2021 Number	2020 Number
Teachers	24	25
Administration and support	34	34
Management	5	4
	<u>63</u>	<u>63</u>

The above numbers are based on Full Time Equivalent Numbers

Higher paid staff

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

	2021 Number	2020 Number
£60,001-£70,000	1	1
£90,001-£100,000	1	1
	<u>2</u>	<u>2</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £550,331 (2020: £316,747).

11 Trustees' remuneration and expenses

The executive headteacher and staff trustees only received remuneration in respect of services they provide undertaking the roles of executive headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

R Lane (principal):

- Remuneration £95,000 - £100,000 (2020: £90,000 - £95,000)
- Employer's pension contributions £20,000- £25,000 (2020: £20,000- £25,000)

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

Other related party transactions involving the trustees are set out within the related parties note.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

12 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. The scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy 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.

13 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2020 and at 31 August 2021	8,033
Amortisation	
At 1 September 2020	5,458
Charge for year	1,607
At 31 August 2021	7,065
Carrying amount	
At 31 August 2021	968
At 31 August 2020	2,575

14 Tangible fixed assets

	Land & buildings £	Plant & machinery £	Computer equipment £	Fixtures & fittings £	Total £
Cost					
At 1 September 2020	3,596,366	169,718	45,543	48,080	3,859,707
Additions	-	8,634	24,922	1,293	34,849
At 31 August 2021	3,596,366	178,352	70,465	49,373	3,894,556
Depreciation					
At 1 September 2020	244,683	46,785	33,478	31,719	356,665
Charge for the year	43,187	17,558	8,984	6,409	76,138
At 31 August 2021	287,870	64,343	42,462	38,128	432,803
Net book value					
At 31 August 2021	3,308,496	114,009	28,003	11,245	3,461,753
At 31 August 2020	3,351,683	122,933	12,065	16,361	3,503,042

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

15 Debtors

	2021 £	2020 £
Trade debtors	458	413
VAT recoverable	22,816	23,278
Prepayments and accrued income	78,523	92,716
	<u>101,797</u>	<u>116,407</u>

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	49,029	59,685
Other taxation and social security	36,134	38,742
Other creditors	49,344	48,872
Accruals and deferred income	69,963	57,787
	<u>204,470</u>	<u>205,086</u>

17 Deferred income

	2021 £	2020 £
Deferred income is included within: Creditors due within one year	<u>40,686</u>	<u>40,471</u>
Deferred income at 1 September	40,471	43,421
Released from previous years	(40,471)	(43,421)
Amounts deferred in the year	<u>40,686</u>	<u>40,471</u>
Deferred income at 31 August	<u>40,686</u>	<u>40,471</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals and Devolved Formula Capital. Deferred income also includes fees received from parents in advance for trips taking place in 2021/2022.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	234,500	2,358,477	(2,368,885)	(2,053)	222,039
Start up grants	11,690	-	-	-	11,690
Other government grants	8,776	253,926	(125,793)	-	136,909
UIFSM	-	40,905	(40,905)	-	-
Pupil premium	23,829	210,838	(210,836)	-	23,831
Teachers pay grant	-	27,166	(27,166)	-	-
Teachers pension grant	-	82,306	(82,306)	-	-
Other Grants	48,470	60,769	(32,974)	(5,040)	71,225
Covid-19 catch-up premium	-	46,000	(45,920)	-	80
Other covid-19 funding	-	10,538	(10,538)	-	-
Other restricted funds	3,521	(245)	(448)	-	2,828
Pension reserve	(1,957,000)	-	(185,000)	(427,000)	(2,569,000)
	<u>(1,626,214)</u>	<u>3,090,680</u>	<u>(3,130,771)</u>	<u>(434,093)</u>	<u>(2,100,398)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>3,532,171</u>	<u>26,101</u>	<u>(77,745)</u>	<u>7,093</u>	<u>3,487,620</u>
Total restricted funds	<u>1,905,957</u>	<u>3,116,781</u>	<u>(3,208,516)</u>	<u>(427,000)</u>	<u>1,387,222</u>
Unrestricted funds					
General funds	<u>237,361</u>	<u>44,778</u>	<u>(124,132)</u>	<u>-</u>	<u>158,007</u>
Total funds	<u>2,143,318</u>	<u>3,161,559</u>	<u>(3,332,648)</u>	<u>(427,000)</u>	<u>1,545,229</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

The transfers between funds for the year relate to the funding of fixed asset acquisitions from non-capital grant income and the use of unrestricted funds to cover restricted expenditure.

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and includes grants from The Education Funding Agency and Staffordshire County Council.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward as at 31st August 2021.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Restricted Fixed Asset Funds

These comprise resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Staffordshire County Council where the asset acquired or created is held for a specific purpose.

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	228,173	2,338,525	(2,332,198)	-	234,500
Start up grants	11,690	-	-	-	11,690
Other DfE / ESFA grants	72,298	321,806	(321,805)	-	72,299
Other government grants	7,931	277,919	(274,773)	(2,301)	8,776
Other restricted funds	2,813	18,564	(17,856)	-	3,521
Pension reserve	(1,619,000)	-	(192,000)	(146,000)	(1,957,000)
	<u>(1,296,095)</u>	<u>2,956,814</u>	<u>(3,138,632)</u>	<u>(148,301)</u>	<u>(1,626,214)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>3,578,003</u>	<u>18,468</u>	<u>(66,601)</u>	<u>2,301</u>	<u>3,532,171</u>
Total restricted funds	<u>2,281,908</u>	<u>2,975,282</u>	<u>(3,205,233)</u>	<u>(146,000)</u>	<u>1,905,957</u>
Unrestricted funds					
General funds	<u>220,999</u>	<u>80,409</u>	<u>(64,047)</u>	<u>-</u>	<u>237,361</u>
Total funds	<u>2,502,907</u>	<u>3,055,691</u>	<u>(3,269,280)</u>	<u>(146,000)</u>	<u>2,143,318</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Funds

(Continued)

Total funds analysis by academy

	2021 £	2020 £
Fund balances at 31 August 2021 were allocated as follows:		
Lakeside Primary Academy	303,898	316,476
Lark Hall Infant & Nursery Academy	61,270	(29,483)
Flax Hill Junior Academy	261,441	281,154
Total before fixed assets fund and pension reserve	626,609	568,147
Restricted fixed asset fund	3,487,620	3,532,171
Pension reserve	(2,569,000)	(1,957,000)
Total funds	1,545,229	2,143,318

Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Lakeside Primary Academy	774,582	206,123	17,128	208,241	1,206,074	1,084,008
Lark Hall Infant & Nursery Academy	331,809	166,646	24,876	122,496	645,827	663,495
Flax Hill Junior Academy	992,295	195,910	29,893	177,396	1,395,494	1,263,176
Central services	-	-	-	7,508	7,508	-
	2,098,686	568,679	71,897	515,641	3,254,903	3,010,679

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Intangible fixed assets	-	-	968	968
Tangible fixed assets	-	-	3,461,753	3,461,753
Current assets	362,477	468,602	24,899	855,978
Creditors falling due within one year	(204,470)	-	-	(204,470)
Defined benefit pension liability	-	(2,569,000)	-	(2,569,000)
Total net assets	158,007	(2,100,398)	3,487,620	1,545,229

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Intangible fixed assets	-	-	2,575	2,575
Tangible fixed assets	-	-	3,503,042	3,503,042
Current assets	237,361	535,872	26,554	799,787
Creditors falling due within one year	-	(205,086)	-	(205,086)
Defined benefit pension liability	-	(1,957,000)	-	(1,957,000)
Total net assets	237,361	(1,626,214)	3,532,171	2,143,318

20 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. 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 £48,610 (2020: £48,033) were payable to the schemes at 31 August 2021 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' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £257,705 (2020: £240,503)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers.

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.

Total contributions made	2021 £	2020 £
Employer's contributions	176,000	162,000
Employees' contributions	42,000	40,000
Total contributions	218,000	202,000

Principal actuarial assumptions	2021 %	2020 %
Rate of increases in salaries	3.3	2.6
Rate of increase for pensions in payment	2.9	2.2
Discount rate	1.65	1.7
Inflation assumption (CPI)	2.9	2.2

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Pensions and similar obligations

(Continued)

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

	2021 Years	2020 Years
Retiring today		
- Males	21.4	21.2
- Females	24.0	23.6
Retiring in 20 years		
- Males	22.5	22.1
- Females	25.7	25.0

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

	2021 Fair value £	2020 Fair value £
Equities	1,757,800	1,344,360
Bonds	517,000	395,400
Property	206,800	158,160
Other assets	103,400	79,080
Total market value of assets	2,585,000	1,977,000
Actual return on scheme assets - gain/(loss)	423,000	115,000

Amounts recognised in the statement of financial activities

	2021 £	2020 £
Current service cost	326,000	323,000
Interest income	(35,000)	(32,000)
Interest cost	70,000	63,000
Total operating charge	361,000	354,000

Changes in the present value of defined benefit obligations

	2021 £	2020 £
Obligations at 1 September 2020	3,934,000	3,315,000
Current service cost	326,000	323,000
Interest cost	70,000	63,000
Employee contributions	42,000	40,000
Actuarial loss	815,000	229,000
Benefits paid	(33,000)	(36,000)
At 31 August 2021	5,154,000	3,934,000

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20	Pensions and similar obligations	(Continued)		
Changes in the fair value of the academy trust's share of scheme assets				
		2021	2020	
		£	£	
Assets at 1 September 2020		1,977,000	1,696,000	
Interest income		35,000	32,000	
Actuarial gain		388,000	83,000	
Employer contributions		176,000	162,000	
Employee contributions		42,000	40,000	
Benefits paid		(33,000)	(36,000)	
At 31 August 2021		2,585,000	1,977,000	
21	Reconciliation of net expenditure to net cash flow from operating activities			
		2021	2020	
		£	£	
Net expenditure for the reporting period (as per the statement of financial activities)		(171,089)	(213,589)	
Adjusted for:				
Capital grants from DfE and other capital income		(26,101)	(18,468)	
Investment income receivable		(82)	(345)	
Defined benefit pension costs less contributions payable		150,000	161,000	
Defined benefit pension scheme finance cost		35,000	31,000	
Depreciation of tangible fixed assets		76,138	64,994	
Amortisation of intangible fixed assets		1,607	1,607	
Decrease/(increase) in debtors		14,611	(5,748)	
(Decrease)/increase in creditors		(616)	2,459	
Net cash provided by operating activities		79,467	22,910	
22	Analysis of changes in net funds			
		1 September 2020	Cash flows	31 August 2021
		£	£	£
Cash		683,380	70,801	754,181

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

23 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	2,123	-
Amounts due in two and five years	531	-
	2,654	-

24 Related party transactions

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

25 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.