

Company Registration No. 08175642 (England and Wales)

**MAKERFIELD ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020**

MAKERFIELD ACADEMY TRUST

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MAKERFIELD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

L Turner (Resigned on 14/10/2020)
P Keary (Appointed on 08/07/2020)
Rev J Thomas
P Hart (Resigned 06/07/2020)
Dr J Moore (Appointed on 05/05/2020)
D Thorpe (Appointed on 06/12/2019)
A Wiswell (Appointed on 24/09/2020)

Trustees

A Birchall (Principal and Accounting Officer)
P Hart (Chair of Trustees)
S D Barton
S Entwistle
N Green
D Howard (Appointed 7 July 2020)
V Semple
L E Tipping
J Thomas (Resigned 1 September 2019)
P A Rigby (Resigned 1 September 2019)

Senior management team

- Principal	A R Birchall
- Deputy Headteacher	A Finch
- Deputy Headteacher	P Paul
- Assistant Headteacher	A Hudson
- Assistant Headteacher	T Wilkinson
- Assistant Headteacher	D Fletcher
- Business Manager (appointed February 2019, resigned December 2019)	C Myers
- Director of Learning	J Hornby
- Director of Learning	C Moorhouse
- Director of Learning	C Smith

Company secretary

A Finch

Company registration number

08175642 (England and Wales)

Registered office

Warrington Road
Ashton-In-Makerfield
Wigan
WN4 9PQ

Independent auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for students aged 11-16 serving a catchment area in the Makerfield area including Ashton-in-Makerfield, Abram, Bryn Gates, Downhall Green, Garswood, Golborne, Haydock, Hindley, Ince-in-Makerfield, Newton-le-Willows, North Ashton, Platt Bridge, Wargrave and Winstanley. It has a student capacity of 1,175 and had a roll of 855 in the school census in October 2019.

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 charitable company is known as Makerfield Academy Trust, the trust operates one school which is known as Byrchall High School.

The trustees of Makerfield Academy Trust are also the directors of the charitable company for the purposes of company law. 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.

Members' liability

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

Trustees' indemnities

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. Further details are disclosed in note 10.

Method of recruitment and appointment or election of trustees

The members of the trust are responsible for the appointment of trustees except elected parent trustees and staff trustees who will be appointed through a formal election process directed by the board of trustees. The number of trustees shall not be less than three and shall not be subject to a maximum.

Policies and procedures adopted for the induction and training of trustees

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the trust, attend a briefing and receive an induction pack on the role and responsibilities of trustees.

During the year, trustees are offered all necessary training.

Organisational structure

The governance of the trust is defined in the memorandum and articles of association together with the Funding Agreement with the Department for Education.

All trustees are members of the board of trustees. In addition, trustees are members of committees which report to the board of trustees.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The board of trustees meets once each term to receive reports from its sub-committees and manage its strategic objectives. The board has one sub-committee for Finance and Audit, and a local governing body for Byrchall High School:

- the Finance and Audit Committee meets once in each of the school terms to consider the academy's budgets and financial performance, statutory financial requirements and premises issues; and
- the local governing body meets four times each year to discuss issues surrounding staffing and the approval and review of the school curriculum in addition to the attainment and achievements of students.
- A Standards and Effectiveness Committee, comprising of Trustees and Local Governors meets each term to monitor and evaluate the standards of education delivered.

The day to day management is delegated to the headteacher, who has appointed a senior leadership team, which meets weekly to advise the headteacher on his day to day responsibilities.

Arrangements for setting pay and remuneration of key management personnel

The headteacher's pay is set by a performance review panel that is advised by an independent consultant. Targets are set at the start of each academic year by this panel; performance against these targets is assessed by the panel prior to any pay review taking place.

The senior leadership team's pay is reviewed through appraisal, by the headteacher, against targets which are set at the start of the academic year.

Once the pay review has been completed, findings and recommendations are submitted to the Pay Committee for final ratification.

All pay progressions for the headteacher and senior leadership team are completed in accordance with the school's pay policy, which is reviewed annually.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication requirements) regulation 2017, and where the academy has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the regulations. Currently the school has no trade union reps internally.

The academy had no staff members acting as trade union representatives in the 2019/20 year.

The trustees would have referred to Statutory Instrument 2017 No 328, The Trade Union (Facility Time Publication Requirement Regulations 2017) for calculation details.

Related parties and other connected charities and organisations

The members, directors, trustees, senior staff and their immediate families, along with any organisations in which they control are regarded as related parties in accordance with the definitions in the Charities SORP.

The trust has identified three related parties of which transactions have taken place within the year.

Winstanley College is related as the Headteacher L Tipping is a trustee of Makerfield Academy Trust.

The Rowan Learning Trust is related as L Tipping is a member of The Rowan Learning Trust and a trustee of Makerfield Academy Trust.

St Thomas' CE Primary School is related as V Semple is a trustee of both St Thomas' CE Primary School and Makerfield Academy Trust.

Further details can be found in note 20.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The trust's object is to advance for the public benefit education for children aged 11 to 16 by establishing, maintaining, carrying on, managing and developing a high school offering a broad and balanced curriculum.

The trustee's vision is to achieve high standards of performance in all areas using modern practices and promoting moral and ethical values.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The academy trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Objectives, strategies and activities

The academy's objective for the year ended 31 August 2020 was to raise the attainment level of all students through innovative practices, use of new technologies, professionalism and quality; with particular emphasis on moral and ethical values.

Student roll:	the total number on roll for the year to 31 August 2020 was 963
Admissions:	the academy is currently under-subscribed by approximately 18% calculated against its official capacity of 1,175.
Permanent exclusions:	the aim is to have exclusions only in exceptional circumstances. Makerfield Academy Trust had 2 permanent exclusions during the period from September 2019 to August 2020.
Staffing:	the average number of (full time equivalent) staff employed during the year to 31 August 2020 was 93

Public benefit

The trust will promote for the benefit of inhabitants of Ashton-in-Makerfield and the surrounding area, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

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

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

Makerfield Academy Trust's latest Ofsted inspection carried out in March 2019 received an official rating of 'Requires Improvement'.

The school works towards achieving a 'good' judgement once again. A succinct school Self Evaluation Form (SEF) based around the OFSTED Framework is maintained as a live document and is validated/updated at regular intervals as is the School Improvement Plan (SIP) which addresses the areas for development in the SEF and the OFSTED report.

Since the inspection the school addressed effectiveness issues and made significant improvements in Science and English and maximising achievement across the school in order to address the Progress 8 Agenda. The 2019 Progress 8 figure is marginally above the average for schools nationally. Examinations were suspended in 2020 and grades awarded on a Centre - Assessed basis. Comparisons with the large number of schools in the SISRA collaboration resulted in a Progress 8 figure of +0.17 for 2020. These results are not, however, part of the national accountability framework.

The school coordinates the Makerfield Community Trust, a collaborative partnership which supports educational institutions of all governance types, to achieve improvements in student outcomes through the design and supply of high quality improvement and business services. The aim of the charitable trust is to advance the education of students at Makerfield Academy Trust and other young people in the historic Makerfield area.

Key Measure	2019	2020
English & Maths 4+	77.5%	84.3%
English & Maths 5+	53%	60.5%
English Grade 4+	84.1%	93.6%
English Grade 5+	72.8%	72.1%
English Progress 8	+0.35	+0.31
Maths Grade 4+	77.5%	85.5%
Maths Grade 5+	53.6%	65.1%
Maths Progress 8	+0.32	+0.54

Attendance:

2013	2014	2015	2016	2017	2018	2019
93.7%	94.5%	94.1%	94.7%	94.4%	94.3%	94.6%

2020 Attendance is not included due to the exceptional circumstances resulting from the national lockdown. The school was only open to key workers' children and vulnerable children from March to July 2020.

Key performance indicators

The school's performance against the accepted/ normal accountability measures was as follows:

- Attainment 8 = 51.82
- Progress 8 = +0.17
- English & Maths 4+ =84.3%
- English & Maths 5+ = 60.5%

Attendance levels have maintained an acceptable level with a continued drive towards a target of 95%.

The academy places importance on staff retention and development in order to achieve the highest standards of teaching and learning.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2019/20 was another challenging year for the school budget. After a period of financial pressure due to falling rolls and 'flatcash' funding the school roll started to increase but the 'lagged' funding of schools meant this exacerbated rather than relieved the pressure. A small deficit was carried forward from 2018/19. Although the 2019/20 budget contained provisions to recover to a balanced position, projections in the early part of the year indicated that this would not be achieved. Working with the ESFA, who provided 'additional funding' of £100,000 in January, measures were put in place to control expenditure more tightly. As a consequence, the projected deficit hugely reduced. Monitoring by the ESFA ensured tighter adherence to the financial controls necessary. The budgets set for future years were both realistic and contained significant contingencies. Therefore, the financial year ended in a position where the management problems had been addressed.

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 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.

The financial statements have been prepared on the going concern basis, which assumes that the charitable company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued provision of adequate funding. The financial statements do not include any adjustments that would result if the funds were not made available.

The charitable company finances its operations with bank facilities provided by Lloyds Bank and borrowings from the Education Skills Funding Agency (ESFA). At the balance sheet date, amounts due to the ESFA total £100,000. The trustees have agreed a repayment plan to repay the balance by the 31 August 2021. This time frame will enable the charitable company to adequately manage cash flow allowing them to continue trading for the foreseeable future.

Considering the above the trustees have a reasonable expectation that the charitable company 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 annual report and accounts.

The trust started the year in a deficit position but following robust controls over expenditure and the implementation of a recovery plan the trust has reported an in year surplus for the year ended 31 August 2020 of £44,000. In addition to this the trust is projecting balanced budgets for the next 4 financial years.

Financial review

The trust's financial position for the year to 31 August 2020 demonstrates total income of £5,618,000 with a reported deficit before actuarial losses for the year to 31 August 2020 of £237,000. The trust has actually achieved an in year operational surplus of £44,000 before any adjustments for pension costs and capital expenditure.

Any future surpluses will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Balances will also be allocated to the repair, replacement and updating of the academy's buildings, its plant, equipment and contents.

All spending of the balances will be reported to the trustees.

The principal financial management policies adopted in the period are:

- regular financial reviews of income and expenditure versus planned budgets at governor committee meetings; and
- consideration as to whether income streams demonstrate a robust and stable position to continue to enable the provision of resources of sufficient quality to fulfil the academy's educational obligations.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

It is the aim of the trustees of the academy to show a level of prudence and good financial planning to cover the unexpected and unplanned so that the academy's primary object is preserved under unforeseen circumstances. The main risk to the academy can be summarised as government funding changes and falling rolls or delays in the receipt of grant funding.

Reserves are discussed on an annual basis by governor committees. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of balances.

The academy trust's current level of free reserves (total funds less the amount held in fixed assets restricted fund and excluding pension reserve) is £nil restricted funds and £nil unrestricted funds totalling a net deficit of £nil. Restricted funds are to be used to make significant financial impact in continuing to provide associated services/support in the delivery of education to our students and if required, will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials.

Investment policy

The academy aims to manage its cash balances to enable day to day financial management. Where surplus cash funds exist the academy will seek to optimise returns but ensure no risk or loss.

Principal risks and uncertainties

Makerfield Academy Trust has adopted a risk management policy and has created a risk register and risk review process. The objectives will be to determine an approach and, where it is considered necessary, put in place measures of control and mitigation in order to manage risk.

The principal risks are seen as government funding changes and falling student rolls.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the board of trustees;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk; and
- a strategic long-term marketing plan.

Fundraising

The academy trust did not undertake any fundraising activities during the year to 31 August 2020.

Plans for future periods

The key priorities for the trust are to ensure a return to financial surplus in 2020/21, to address the challenges of operations under covid restrictions (including remote learning) and to ensure the following post Ofsted issues at Byrchall High School have been resolved:

- Governance
- Consistency across the school
- Geography, History and Science
- Support and Challenge for Disadvantaged/SEND pupils

Funds held as custodian trustee on behalf of others

Throughout the year, the trust did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

UHY Hacker Young Manchester LLP was appointed auditor to the charitable company. A resolution proposing re-appointment 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 10 December 2020 and signed on its behalf by:



P Hart
Chair of Trustees

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Makerfield 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 principal, 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 Makerfield Academy Trust and the Secretary of State for Education. The accounting officer is 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
A Birchall (Principal and Accounting Officer)	6	6
P Hart (Chair of Trustees)	6	6
S D Barton	1	6
S Entwistle	4	6
N Green	6	6
D Howard (Appointed 7 July 2020)	0	1
V Semple	3	6
L E Tipping	4	6
J Thomas (Resigned 1 September 2019)	0	0
P A Rigby (Resigned 1 September 2019)	0	0

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to advise the board on all strategic risk-related issues, in particular financial risk.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
A Birchall (Principal and Accounting Officer)	6	7
P Hart (Chair of Trustees)	7	7
S D Barton	4	7
S Entwistle	2	7
N Green	7	7
V Semple	5	7
L E Tipping	5	7

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Review of value for money

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

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

- the allocation of resources to best promote the aims and values of the school;
- the targeting of resources to best improve standards and the quality of provision;
- the use of resources to best support the various educational needs of all students;
- monitoring and evaluating the performance of the school; and
- managing the performance of the staff.

As part of the Best Value and self-evaluation processes we have been committed to:

- making comparisons with other/similar schools using data provided by the LA and the government e.g.ASP online, quality of teaching and learning, levels of expenditure/salaries;
- challenging proposals, examining them for effectiveness, efficiency and cost e.g. setting of annual student achievement targets, expansion or contraction of student numbers;
- requiring suppliers to compete on grounds of cost and quality/suitability of services/products/backup;
- consulting individuals and organisations on quality/suitability of service we provide to parents and students, and services we receive from providers e.g. service level agreements;
- concentrating our efforts and resources into the review of areas that will result in significant improvement to aspects of the school's performance; and
- using students' and parents' viewpoints where most appropriate.

This will apply in particular to:

- leadership and management
- staffing
- use of premises
- use of resources
- financial management
- quality of teaching
- quality of learning
- purchasing
- students' welfare
- health and safety

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Staffing

We have deployed staff to provide Best Value in terms of quality of teaching, quality of learning, adult student ratio, curriculum management and professional development of staff to ensure continuing improvement in the school's achievements.

Use of premises

We have considered the allocation and use of teaching areas, support areas and communal areas to provide the best environment for teaching and learning, for support services and for communal access to central resources.

Use of resources

We have deployed equipment, materials and services to provide students and staff with resources which support the raising of standards through the quality of teaching and the quality of learning.

Teaching

We have reviewed the quality of curriculum provision and quality of teaching to provide parents and students with:

- a curriculum which meets the requirements of the National Curriculum and the needs of students of all abilities and provides progression routes to post 16 education and curriculum;
- the agreed RE syllabus;
- teaching which builds on previous learning and has high expectations of children's achievements; and
- details of school improvement priorities and strategies.

Learning

We regularly review the quality of children's learning, by cohort, class and group, to ensure the provision of teaching enables children to achieve at their maximum potential. This is done through the setting of student achievement targets, which are aspirational and tracked through their five years at the school.

Purchasing

We have developed procedures for assessing needs and obtaining goods and services which provide "Best Value" in terms of suitability, efficiency, time and cost. These procedures will comply with the school's Scheme of Financial Administration. Measures already in place include:

- competitive quotation procedures for goods and services between £10,001-£40,000;
- competitive tendering procedures (e.g. for goods and services above £40,001);
- procedures for accepting "Best Value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship);
- use of YPO for the purchase of goods offered at preferential rates to member authorities;
- use of The Academies Procurement Resource in particular the Crescent Purchasing Consortium, The Government Procurement Services and The Pro-5 where appropriate; and
- examining alternative ways of delivering services e.g. purchase/lease/loan.

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Students' welfare

We will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning, social, moral and personal development and recreation.

Health and safety

We will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe and stimulating working environment for students, staff and visitors.

Monitoring

These areas will be monitored for Best Value by:

- In house monitoring by the senior leadership team e.g. classroom practice, work sampling, analysis of student performance.
- External self-review by an independent specialist company.
- Analysis of school student performance data e.g. half-termly progress of student, GCSE examinations against all schools, LA schools, similar schools.
- Analysis of DfE student performance data.
- Analysis of LA student performance data.
- Annual performance management – outcomes/main findings of performance management of staff to determine forthcoming plans for the continuing professional development of staff.
- Annual budget planning, prioritising student achievement and progress, including challenging historical expenditure and targeting available resources to deliver the SIP.
- Monthly financial review, provision of detailed budget monitoring statements, with variance analyses, to the governing body on a termly basis.
- Analysis of financial data, benchmarking information, national CFR benchmarking database, salary comparisons.
- OFSTED inspection records.
- Subject consultant reports.
- Trustee committee meetings.
- Full governing body meetings.
- Annual finance review.
- Annual target setting meeting.

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 Makerfield Academy Trust for the period 1 September 2019 to 31 August 2020 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 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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.

The board of trustees has considered the need for a specific internal audit function and continues to use Wigan Council to provide the necessary internal scrutiny. This includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis the council representative reports to the board of trustees on the operation of the systems or control and on the discharge of the board of trustees' financial responsibilities.

The representative completed her most recent review in July 2020, a report has been provided to the relevant committee. All work contracted under the service level agreement for the year 2019/20 has been completed. Areas reviewed in the year consisted of:

- Bank reconciliations
- Expenditure
- Income
- Budgeting/monitoring and financial reporting
- Payroll

Review of effectiveness

As accounting officer, the principal 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 finance and premises committee;
- 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 10 December 2020 and signed on its behalf by:



P Hart
Chair of Trustees

MAKERFIELD ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Makerfield 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 2019.

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 2019.

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

Financial issues:

- *Management accounts*: Monthly management accounts were not prepared for review by the chair of trustees for the first five months of the year.
- *Gift register*: The trust does not maintain a gift register.
- *Procurement policy*: It was identified that the trusts internal procurement process had not been followed for purchases over £10,000 in that 2 purchases were found not to have three formal quotes, although costs have been benchmarked.



A Birchall
Accounting Officer

10 December 2020

MAKERFIELD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Makerfield 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 2019 to 2020 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 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 10 December 2020 and signed on its behalf by:



P Hart
Chair of Trustees

MAKERFIELD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAKERFIELD ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Makerfield Academy Trust for the year ended 31 August 2020 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 2019 to 2020 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 2020 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 2019 to 2020.

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.

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

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 accounts

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.

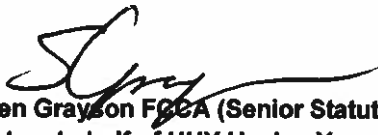
MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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



Stephen Grayson FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

10 December 2020

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Makerfield Academy Trust during the period 1 September 2019 to 31 August 2020 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 Makerfield 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 Makerfield 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 Makerfield Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Makerfield Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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.

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Financial issues:

- *Management accounts:* Monthly management accounts were not prepared for review by the chair of trustees for the first five months of the year.
- *Gift register:* The trust does not maintain a gift register.
- *Procurement policy:* It was identified that the trusts internal procurement process had not been followed for purchases over £10,000 in that 2 purchases were found not to have three formal quotes, although costs have been benchmarked.

UHY Hacker Young

Reporting Accountant

UHY Hacker Young Manchester LLP

Dated: 10 December 2020

MAKERFIELD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £000	Restricted funds: General £000	Fixed asset £000	Total 2020 £000	Total 2019 £000
Income and endowments from:						
Donations and capital grants	3	-	-	26	26	160
Charitable activities:						
- Funding for educational operations	4	-	5,351	-	5,351	4,895
Other trading activities	5	136	105	-	241	293
Total		<u>136</u>	<u>5,456</u>	<u>26</u>	<u>5,618</u>	<u>5,348</u>
Expenditure on:						
Raising funds	6	112	-	-	112	265
Charitable activities:						
- Educational operations	7	24	5,608	111	5,743	5,581
Total	6	<u>136</u>	<u>5,608</u>	<u>111</u>	<u>5,855</u>	<u>5,846</u>
Net expenditure		-	(152)	(85)	(237)	(498)
Transfers between funds	15	-	(5)	5	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	17	-	(175)	-	(175)	(629)
Net movement in funds		-	(332)	(80)	(412)	(1,127)
Reconciliation of funds						
Total funds brought forward		-	(1,808)	3,067	1,259	2,386
Total funds carried forward		<u>-</u>	<u>(2,140)</u>	<u>2,987</u>	<u>847</u>	<u>1,259</u>

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted	Restricted funds:		Total
		funds	General	Fixed asset	2019
		£000	£000	£000	£000
Income and endowments from:					
Donations and capital grants	3	-	97	63	160
Charitable activities:					
- Funding for educational operations	4	-	4,895	-	4,895
Other trading activities	5	292	1	-	293
Total		<u>292</u>	<u>4,993</u>	<u>63</u>	<u>5,348</u>
Expenditure on:					
Raising funds	6	265	-	-	265
Charitable activities:					
- Educational operations	7	113	5,343	125	5,581
Total	6	<u>378</u>	<u>5,343</u>	<u>125</u>	<u>5,846</u>
Net expenditure		(86)	(350)	(62)	(498)
Transfers between funds	15	-	62	(62)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	17	-	(629)	-	(629)
Net movement in funds		(86)	(917)	(124)	(1,127)
Reconciliation of funds					
Total funds brought forward		86	(891)	3,191	2,386
Total funds carried forward		<u>-</u>	<u>(1,808)</u>	<u>3,067</u>	<u>1,259</u>

MAKERFIELD ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		2,987		3,067
Current assets					
Debtors	12	176		153	
Cash at bank and in hand		334		74	
		<u>510</u>		<u>227</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(510)		(271)	
Net current liabilities			-		(44)
Net assets excluding pension liability			2,987		3,023
Defined benefit pension scheme liability	17		(2,140)		(1,764)
Total net assets			<u>847</u>		<u>1,259</u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			2,987		3,067
- Restricted income funds			-		(44)
- Pension reserve			(2,140)		(1,764)
Total restricted funds			<u>847</u>		<u>1,259</u>
Unrestricted income funds	15		-		-
Total funds			<u>847</u>		<u>1,259</u>

The accounts on pages 21 to 42 were approved by the trustees and authorised for issue on 10 December 2020 and are signed on their behalf by:



P Hart
Chair of Trustees

Company Number 08175642

MAKERFIELD ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £000	£000	2019 £000	£000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	18		165		(435)
Cash flows from investing activities					
Capital grants from DfE Group		18		63	
Purchase of tangible fixed assets		(24)		-	
Net cash (used in)/provided by investing activities			(6)		63
Cash flows from financing activities					
New loan from the ESFA		100		-	
Net cash provided by/(used in) financing activities			100		-
Net increase/(decrease) in cash and cash equivalents in the reporting period			259		(372)
Cash and cash equivalents at beginning of the year			74		446
Cash and cash equivalents at end of the year			<u>333</u>		<u>74</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Makerfield Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

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 2019 to 2020 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 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.

The financial statements have been prepared on the going concern basis, which assumes that the charitable company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued provision of adequate funding. The financial statements do not include any adjustments that would result if the funds were not made available.

The charitable company finances its operations with bank facilities provided by Lloyds Bank and borrowings from the Education Skills Funding Agency (ESFA). At the balance sheet date, amounts due to the ESFA total £100,000. The trustees have agreed a repayment plan to repay the balance by the 31 August 2021. This time frame will enable the charitable company to adequately manage cash flow allowing them to continue trading for the foreseeable future.

Considering the above the trustees have a reasonable expectation that the charitable company 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 annual report and 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

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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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.

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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than 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 and buildings	50 Years Straight-Line
Computer equipment	3 Years Straight-Line
Fixtures, fittings & equipment	7 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.

1.6 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.

1.7 Financial instruments

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

Financial assets

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

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.8 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.

1.9 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 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 based on quadrennial valuations using a prospective 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 net income or expenditure 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.

1.10 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.

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.

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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

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 17, 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 2020. 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.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Private sponsorship	-	-	-	97
Donated fixed assets	-	8	8	-
Capital grants	-	18	18	63
	<u>-</u>	<u>26</u>	<u>26</u>	<u>160</u>

4 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
DfE / ESFA grants				
General annual grant (GAG)	-	4,539	4,539	4,448
Other DfE group grants	-	508	508	358
	<u>-</u>	<u>5,047</u>	<u>5,047</u>	<u>4,806</u>
Other government grants				
Local authority grants	-	304	304	89
	<u>-</u>	<u>304</u>	<u>304</u>	<u>89</u>
Total funding	<u>-</u>	<u>5,351</u>	<u>5,351</u>	<u>4,895</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Hire of facilities	6	-	6	7
Parental contributions	-	105	105	111
Other income	130	-	130	175
	<u>136</u>	<u>105</u>	<u>241</u>	<u>293</u>

6 Expenditure

	Staff costs £000	Non-pay expenditure Premises £000	Other £000	Total 2020 £000	Total 2019 £000
Expenditure on raising funds					
- Direct costs	-	-	112	112	265
Academy's educational operations					
- Direct costs	3,976	96	370	4,442	4,264
- Allocated support costs	715	321	265	1,301	1,317
	<u>4,691</u>	<u>417</u>	<u>747</u>	<u>5,855</u>	<u>5,846</u>

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Fees payable to auditor for:		
- Audit	7	7
- Other services	6	6
Operating lease rentals	14	23
Depreciation of tangible fixed assets	111	125
Net interest on defined benefit pension liability	35	28
	<u>173</u>	<u>192</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000	Total 2019 £000
Direct costs				
Educational operations	-	4,442	4,442	4,264
Support costs				
Educational operations	24	1,277	1,301	1,317
	<u>24</u>	<u>5,719</u>	<u>5,743</u>	<u>5,581</u>
Analysis of costs			2020	2019
			£000	£000
Direct costs				
Teaching and educational support staff costs			3,976	3,698
Staff development			-	28
Depreciation			96	113
Technology costs			41	72
Educational supplies and services			259	278
Examination fees			69	73
Other direct costs			1	2
			<u>4,442</u>	<u>4,264</u>
Support costs				
Support staff costs			719	716
Depreciation			15	12
Technology costs			8	6
Recruitment and support			18	32
Maintenance of premises and equipment			81	116
Cleaning			73	18
Energy costs			75	74
Rent, rates and other occupancy costs			56	56
Insurance			15	17
Security and transport			6	2
Catering			50	42
Finance costs			35	28
Legal costs			30	11
Other support costs			101	170
Governance costs			19	17
			<u>1,301</u>	<u>1,317</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Staff

Staff costs

Staff costs during the year were:

	2020 £000	2019 £000
Wages and salaries	3,323	3,248
Social security costs	326	310
Pension costs	886	554
	<hr/>	<hr/>
Staff costs - employees	4,535	4,112
Agency staff costs	151	291
Staff restructuring costs	5	6
	<hr/>	<hr/>
	4,691	4,409
Staff development and other staff costs	4	33
	<hr/>	<hr/>
Total staff expenditure	4,695	4,442
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

Severance payments	5	6
	<hr/> <hr/>	<hr/> <hr/>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,000 (2019: £6,000). Individually, the payments were: £5,000.

Staff numbers

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

	2020 Number	2019 Number
Teachers	55	57
Administration and support	45	48
Management	10	7
	<hr/>	<hr/>
	110	112
	<hr/> <hr/>	<hr/> <hr/>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Staff

(Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	-	1
£90,001 - £100,000	-	1
£100,000 - £110,000	1	-
	<u>1</u>	<u>4</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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £784,771 (2019: £558,603).

9 Trustees' remuneration and expenses

One or more of the 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, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

A Birchall (principal) £100,000 - £105,000 (2019: £100,000-105,000)

The value of trustees' retirement benefits was as follows:

A Birchall (principal) £20,000 - £25,000 (2019: £15,000-£20,000)

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

There were no expenses reimbursed to trustees within the year.

10 Insurance for trustees and officers

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

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

11 Tangible fixed assets	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£000	£000	£000	£000
Cost				
At 1 September 2019	3,535	781	158	4,474
Additions	9	14	9	32
At 31 August 2020	<u>3,544</u>	<u>795</u>	<u>167</u>	<u>4,506</u>
Depreciation				
At 1 September 2019	517	766	124	1,407
Charge for the year	83	14	14	111
At 31 August 2020	<u>600</u>	<u>780</u>	<u>138</u>	<u>1,518</u>
Net book value				
At 31 August 2020	<u>2,944</u>	<u>14</u>	<u>29</u>	<u>2,987</u>
At 31 August 2019	<u>3,018</u>	<u>15</u>	<u>34</u>	<u>3,067</u>
12 Debtors			2020	2019
			£000	£000
Trade debtors			22	11
VAT recoverable			32	32
Other debtors			11	10
Prepayments and accrued income			111	100
			<u>176</u>	<u>153</u>
13 Creditors: amounts falling due within one year			2020	2019
			£000	£000
ESFA creditor			100	-
Trade creditors			73	90
Other taxation and social security			60	61
Other creditors			131	47
Accruals and deferred income			146	73
			<u>510</u>	<u>271</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Deferred income

	2020 £000	2019 £000
Deferred income is included within:		
Creditors due within one year	51	45
	<u>51</u>	<u>45</u>
Deferred income at 1 September 2019	45	36
Released from previous years	(45)	(36)
Resources deferred in the year	51	45
	<u>51</u>	<u>45</u>
Deferred income at 31 August 2020	51	45

At the balance sheet date the trust was holding the following funds which had been received in relation to:

- SEN income - £25k
- CIF funding - £26k

15 Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	(44)	4,539	(4,490)	(5)	-
Other DfE / ESFA grants	-	508	(508)	-	-
Other government grants	-	304	(304)	-	-
Other restricted funds	-	105	(105)	-	-
Pension reserve	(1,764)	-	(201)	(175)	(2,140)
	<u>(1,808)</u>	<u>5,456</u>	<u>(5,608)</u>	<u>(180)</u>	<u>(2,140)</u>
Restricted fixed asset funds					
Inherited on conversion	2,484	-	-	-	2,484
DfE group capital grants	548	18	(111)	5	460
Capital expenditure from GAG	35	-	-	-	35
Private sector capital sponsorship	-	8	-	-	8
	<u>3,067</u>	<u>26</u>	<u>(111)</u>	<u>5</u>	<u>2,987</u>
Total restricted funds	1,259	5,482	(5,719)	(175)	847
Unrestricted funds					
General funds	-	136	(136)	-	-
	<u>-</u>	<u>136</u>	<u>(136)</u>	<u>-</u>	<u>-</u>
Total funds	1,259	5,618	(5,855)	(175)	847

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

15 Funds

(Continued)

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

Restricted general funds are those resources that have been designated by the grant provider in meeting the objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those which the Governing Body may use in the pursuance of the academy's objectives and are expendable at the discretion of the Governors.

Transfer of funds from General Annual Grant restricted general funds to restricted fixed asset funds are to fund assets for which no capital grant was received.

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 at 31 August 2020.

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

	Balance at 1 September			Gains, losses and transfers	Balance at 31 August
	2018	Income	Expenditure	2019	2019
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	4,448	(4,492)	-	(44)
Other DfE / ESFA grants	67	358	(487)	62	-
Other government grants	-	89	(89)	-	-
Other restricted funds	-	98	(98)	-	-
Pension reserve	(958)	-	(177)	(629)	(1,764)
	<u>(891)</u>	<u>4,993</u>	<u>(5,343)</u>	<u>(567)</u>	<u>(1,808)</u>
Restricted fixed asset funds					
Transfer on conversion	2,556	-	(72)	-	2,484
DfE group capital grants	562	63	(15)	(62)	548
Capital expenditure from GAG	73	-	(38)	-	35
	<u>3,191</u>	<u>63</u>	<u>(125)</u>	<u>(62)</u>	<u>3,067</u>
Total restricted funds	<u>2,300</u>	<u>5,056</u>	<u>(5,468)</u>	<u>(629)</u>	<u>1,259</u>
Unrestricted funds					
General funds	86	292	(378)	-	-
Total funds	<u>2,386</u>	<u>5,348</u>	<u>(5,846)</u>	<u>(629)</u>	<u>1,259</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	2,987	2,987
Current assets	-	510	-	510
Creditors falling due within one year	-	(510)	-	(510)
Defined benefit pension liability	-	(2,140)	-	(2,140)
Total net assets	-	(2,140)	2,987	847

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total Funds £000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	3,067	3,067
Current assets	-	227	-	227
Creditors falling due within one year	-	(271)	-	(271)
Defined benefit pension liability	-	(1,764)	-	(1,764)
Total net assets	-	(1,808)	3,067	1,259

17 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Greater Manchester Pension Fund. 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 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £67,872 were payable to the schemes at 31 August 2020 (2019: £46,665) 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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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 £638,257 (2019: £334,837).

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 pension 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 19.6% for employers and 5.5% - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £123,000.

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	2020 £000	2019 £000
Employer's contributions	124	118
Employees' contributions	37	36
Total contributions	<u>161</u>	<u>154</u>

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Pension and similar obligations (Continued)

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.0	3.1
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9

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

	2020 Years	2019 Years
Retiring today		
- Males	20.5	20.6
- Females	23.1	23.1
Retiring in 20 years		
- Males	22	22
- Females	25	24.8

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
	000	000
0.5% decrease in real discount rate	596	586
0.5% increase in the pension increase rate	523	449
0.5% increase in the salary increase rate	63	122

Defined benefit pension scheme net liability

Scheme assets	2,507	2,608
Scheme obligations	(4,647)	(4,372)
Net liability	(2,140)	(1,764)

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

	2020 Fair value £000	2019 Fair value £000
Equities	1,705	1,773
Bonds	401	391
Cash	226	235
Property	175	209
Total market value of assets	2,507	2,608

The actual (return)/loss on scheme assets was £(222,000) (2019: £116,000).

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2020	2019
	£000	£000
Current service cost	290	219
Past service cost	-	48
Interest income	(51)	(68)
Interest cost	86	96
Total operating charge	325	295
Changes in the present value of defined benefit obligations		
	2020	2019
	£000	£000
At 1 September 2019	4,372	3,317
Current service cost	290	219
Interest cost	86	96
Employee contributions	37	36
Actuarial (gain)/loss	(98)	677
Benefits paid	(40)	(21)
Past service cost	-	48
At 31 August 2020	4,647	4,372
Changes in the fair value of the academy trust's share of scheme assets		
	2020	2019
	£000	£000
At 1 September 2019	2,608	2,359
Interest income	51	68
Actuarial loss/(gain)	(273)	48
Employer contributions	124	118
Employee contributions	37	36
Benefits paid	(40)	(21)
At 31 August 2020	2,507	2,608

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Reconciliation of net expenditure to net cash flow from operating activities	2020	2019
	£000	£000
Net expenditure for the reporting period (as per the statement of financial activities)	(237)	(498)
Adjusted for:		
Capital grants from DfE and other capital income	(26)	(63)
Defined benefit pension costs less contributions payable	166	149
Defined benefit pension scheme finance cost	35	28
Depreciation of tangible fixed assets	111	125
(Increase)/decrease in debtors	(23)	39
Increase/(decrease) in creditors	139	(215)
Net cash provided by/(used in) operating activities	165	(435)

19 Analysis of changes in net funds	1 September	Cash flows	31 August
	2019		2020
	£000	£000	£000
Cash	74	260	334
ESFA loan falling due within one year	-	(100)	(100)
	<u>74</u>	<u>160</u>	<u>234</u>

20 Related party transactions

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

Winstanley College - a Trustee of Makerfield Academy Trust, L Tipping, is also the Principal at Winstanley College.

- The Trust purchased careers advice totalling £6,489 in the year.

The Rowan Learning Trust - a Trustee of Makerfield Academy Trust, L Tipping, is also a Member at The Rowan Learning Trust.

- The Trust purchased financial training and support for the finance function totalling £30,170 in the year.

St Thomas' CE Primary School - a Trustee of Makerfield Academy is a Governor at St Thomas' CE Primary School Leigh.

- The Trust made sales totalling £6,850 in the year.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

21 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.