

Company Registration No. 08175642 (England and Wales)

MAKERFIELD ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

Haines Watts
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

MAKERFIELD ACADEMY TRUST

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MAKERFIELD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|------------------------------------|--|
| Members | L Turner Rev R Peers Rev J Thomas P Hart A Wiswell MBE (Resigned 29 June 2018) |
| Trustees | A R Birchall (Principal and Accounting Officer) S Brookes (Resigned 18 January 2018) P Hart (Chair of Trustees) K Hilton (Resigned 18 October 2017) L Hutton (Resigned 18 October 2017) P A Rigby Rev J Thomas A Wiswell MBE (Resigned 29 June 2018) N Green L Tipping V Semple (Appointed 18 October 2017) S Barton (Appointed 7 December 2017) |
| Senior management team | |
| - Principal | A Birchall |
| - Deputy Headteacher | A Finch |
| - Deputy Headteacher | P Paul |
| - Assistant Headteacher | A Hudson |
| - Assistant Headteacher | E Tunnacliffe |
| - Assistant Headteacher | T Wilkinson |
| - Assistant Headteacher | D Fletcher |
| - Finance Manager | P Bailey (Resigned 31 August 2018) |
| Company secretary | P Bailey (Resigned 31 August 2018) |
| Company registration number | 08175642 (England and Wales) |
| Registered office | Warrington Road Ashton-in-Makerfield Wigan WN4 9PQ |
| Independent auditor | Haines Watts Bridge House Ashley Road Hale Altrincham WA14 2UT |
| Bankers | Lloyds TSB Bank Plc Church Street Blackburn Lancashire BB2 1JQ |

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 844 in the school census on 5 October 2017.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The company's registered office is Warrington Road, Ashton-in-Makerfield, Wigan, WN4 9PQ and its company number is 08175642. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Makerfield Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Makerfield Academy Trust.

The trustees who were in office at 31 August 2018 and served during the period are listed 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 he/she ceases 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 at note 9.

Method of recruitment and appointment or election of trustees

The members of the trust are responsible for the appointment of trustees except seven parent trustees and three staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not 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 2018

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..

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

There were no relevant union officials during 2017/18 and consequently there was no time or pay bill spent on either facility time or any paid trade union activities.

Related parties and other connected charities and organisations

The members, directors, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

The academy is related to Western Skills Centre Limited by common directorship. Western Skills Centre Limited is a training provider delivering vocational training to the academy and other schools in the local area. This centre closed during academic year 2017/18.

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 school offering a broad and balanced curriculum.

The trustees' 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.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

The academy's objective for the year ended 31 August 2018 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 2018 was 839.
- Admissions: the academy is currently under-subscribed by approximately 25% calculated against its official capacity of 1,175.
- Permanent exclusions: the aim is to have exclusions only in exceptional circumstances. Makerfield Academy Trust had no permanent exclusions during the period from September 2017 to August 2018. During the same period there were 43 fixed term exclusions amounting to 112.5 days
- Staffing: the average number of (full time equivalent) staff employed during the year to 31 August 2018 was 89.

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.

Strategic report

| Key Measure | 2017 | 2018 |
|--------------------|-------|-------|
| English & Maths 4+ | 69.4% | 79.5% |
| English & Maths 5+ | 47.7% | 56.4% |
| English Grade 4+ | 80.8% | 87.2% |
| English Grade 5+ | 65.8% | 69.9% |
| English Progress 8 | -0.04 | -0.11 |
| Maths Grade 4+ | 76.2% | 83.3% |
| Maths Grade 5+ | 52.8% | 66.0% |
| Maths Progress 8 | -0.30 | 0.25 |

Attendance:

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------|-------|-------|-------|-------|------|
| 93.7% | 94.5% | 94.1% | 94.7% | 94.4% | 94.3 |
| | | | | | |

Makerfield Academy Trust's latest Ofsted inspection carried out on 13th March 2018, received the official rating of 'GOOD'.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The inspection judgements were:

| | |
|------------------------------------|------|
| ▪ Overall Effectiveness | GOOD |
| ▪ Achievement & Progress of Pupils | GOOD |
| ▪ Quality of Teaching | GOOD |
| ▪ Behaviour & Safety of Teaching | GOOD |
| ▪ Leadership & Management | GOOD |

The school continues to work towards becoming an outstanding school. 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 is "hard-linked" to the areas for development in the SEF.

In 2017/18 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 school has re-launched 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 performance indicators

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

- Attainment 8 = 50.44
- Progress 8 = -0.20
- English & Maths 4+ = 79.5%
- English & Maths 5+ = 56.4%

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.

2017/18 was another challenging year for the school budget. Falling rolls and further reduction of the Education Services Grant, with no eligibility for protection, meant that even less funding was available. Staffing levels had been reduced in 2016/17. Cost centres were again subject to a 5% reduction and detailed monitoring was required to ensure a favourable year- end position.

The Apprenticeship Levy was introduced by central government and meant further costs at school level.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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.

Balanced budgets are projected for the next 4 financial years.

The current level of restricted general funds and cash at bank remains below the recommended level to cover one month's net wages. The trustees will continue to closely monitor outgoing resources against the level of available funds. Further details regarding the adoption of the going concern basis can be found in the accounting policies note of the financial statements.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The trust's financial position for the year to 31 August 2018 demonstrates total income of £5,822,000 with a surplus for the year to 31 August 2018 of £533,000. The surplus has been carried forward in reserves.

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.

Balances carried forward at 31 August 2018 will be utilised as part of the medium and long term plans of the academy to improve and update its educational resources, materials and equipment.

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.

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.

Pension liability

The academy exercised pension pooling with the local authority for the Local Government Pension Scheme (LGPS). The academy was placed in the local authority actuarial pool paying the same minimum employer contribution rate as the pool but on the basis that (1) capital costs of ill-health retirement will be treated as a pool charge (with the fund looking to the local authority to account for any aggregate overspend) but (2) the capital cost of any non-ill health early retirements or augmentation of membership or pension has to be paid up front to the fund by the academy. Assets were transferred such that the estimated deficit relating to both the transferred active members and to former employees of the school who are either deferred or pensioner members transfers to the academy. This implies that the opening funding level for the academy would be materially lower than that of the local authority. The pension deficit has decreased this year from £1,195,000 to £958,000. A full report has been prepared by Hymans Robertson LLP which contains the rationale behind this increase.

MAKERFIELD ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The academy trust did not undertake any fundraising activities during the year to 31 August 2018.

Plans for future periods

The key priorities for the trust are to address the following post Ofsted issues at Byrchall High School:

- Attendance
- Assessment and Challenge Issue (Teaching)
- Science
- Disadvantaged

Immediate other priorities:

- Achievement of boys

Wider on going school improvement priorities:

- Greater consistency in day to day routines and practices
- Improving leadership and management
- Improving teaching and learning (continuous)

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 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.

The audit business Haines Watts has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts.

The report of the trustees, incorporating a strategic report, was approved by the trustees on 10/12/18 and signed on their behalf by:



.....
Mr Peter Hart
Chair of trustees

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 headteacher, as accounting officer, for ensuring financial controls conform to 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. 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 met four times during the period. Attendance during the meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of possible |
|-------------------|-------------------|-----------------|
| Mrs S Brookes | 0 | 1 |
| Mrs L Tipping | 4 | 4 |
| Mr S Barton | 0 | 4 |
| Mr P Hart | 4 | 4 |
| Dr P Rigby | 1 | 4 |
| Mrs A Wiswell MBE | 2 | 2 |
| Rev. J Thomas | 0 | 4 |
| Mr A Birchall | 4 | 4 |
| Mrs V Semple | 2 | 4 |
| Mr N Green | 2 | 4 |

The governing body completed a skills audit in the autumn term of 2018; a further review will take place during 2018/19 as part of the school's self-review process and will contribute to the revised governance arrangements of the MAT. The next review will monitor the impact of this and look to identify further areas for trustee development. These will be incorporated in to the academy's improvement/development plan.

The local governing body is a sub-committee of the main board of trustees. Its purpose is to report to the full board of trustees on a termly basis. Attendance at meetings in the period was as follows:

| Trustee | Meetings attended | Out of possible |
|---------------|-------------------|-----------------|
| Mrs S Brookes | 1 | 3 |
| Mrs K Hilton | 2 | 3 |
| Mr S Barton | 1 | 2 |
| Mrs T Hughes | 1 | 3 |
| Mrs L Hutton | 2 | 3 |
| Mrs J Shaw | 2 | 3 |
| Rev. J Thomas | 2 | 3 |
| Mr A Birchall | 3 | 3 |
| Mr G Limb | 2 | 3 |

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to report to the full board of trustees on a timely basis the finances of the academy. Attendance at meetings in the period was as follows:

| Trustee | Meetings attended | Out of possible |
|-------------------|-------------------|-----------------|
| Mrs A Wiswell MBE | 2 | 3 |
| Mr P Hart | 3 | 3 |
| Mrs L Tipping | 2 | 3 |
| Mr A Birchall | 3 | 3 |
| Mr N Green | 2 | 3 |

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 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 applying the principles of best value; challenge, compare, consult and complete. These principles have been applied when making decisions about:

- 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

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.

MAKERFIELD ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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.

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:

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

MAKERFIELD ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

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 the academy's 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 year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operation, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process of identifying, evaluating and managing the academy trust's significant risks that have been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal 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 system with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular review by committees 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 defining purchasing (assets purchase or capital investment) guidelines;
- delegation of authority and segregations of duties; and
- 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 June 2018, a report has been provided to the relevant committee. All work contracted under the service level agreement for the year 2018/19 has been completed.


Review of effectiveness


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

- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the Finance and Premises Committee;
- the work of the Wigan Council Representative;
- the work of the external auditors; and
- the financial management and governance self-assessment process.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the responsible officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10/12/18 and signed on its behalf by:


.....
Mr Peter Hart
Chair of trustees


.....
Mr Alan R Birchall
Accounting officer

MAKERFIELD ACADEMY TRUST

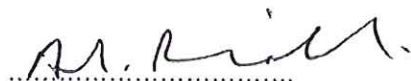
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Makerfield Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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.

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.



Mr Alan R Birchall
Accounting officer

Date: 10/12/18

MAKERFIELD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

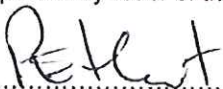
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 10/12/18 and signed on its behalf by:


.....

Mr Peter Hart
Chair of trustees

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Makerfield Academy Trust for the year ended 31 August 2018 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 2015 and the Academies Accounts Direction 2016 to 2017 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 2018 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 2015 and the Academies Accounts Direction 2017 to 2018.

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 other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. 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 2018

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 2018

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.


.....

John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Date *10/11/18*

MAKERFIELD ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 13 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


.....

Haines Watts
Reporting Accountant

Dated: *10/1/18*
.....

MAKERFIELD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | Unrestricted Funds £000 | Restricted funds: General £000 | Fixed asset £000 | Total 2018 £000 | Total 2017 £000 |
|--|----------|----------------------------|--------------------------------------|---------------------|-----------------------|-----------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | - | 400 | 400 | 197 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 3 | - | 5,147 | - | 5,147 | 5,084 |
| Other trading activities | 2 | 274 | 1 | - | 275 | 233 |
| Total | | <u>274</u> | <u>5,148</u> | <u>400</u> | <u>5,822</u> | <u>5,514</u> |
| Expenditure on: | | | | | | |
| Raising funds | 5 | 246 | - | - | 246 | 112 |
| Charitable activities: | | | | | | |
| - Educational operations | 6 | - | 5,334 | 121 | 5,455 | 5,331 |
| Total | 5 | <u>246</u> | <u>5,334</u> | <u>121</u> | <u>5,701</u> | <u>5,443</u> |
| Net income/(expenditure) | | 28 | (186) | 279 | 121 | 71 |
| Transfers between funds | 14 | (31) | 39 | (8) | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains on defined benefit pension schemes | 15 | - | 412 | - | 412 | 698 |
| Net movement in funds | | (3) | 265 | 271 | 533 | 769 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | <u>89</u> | <u>(1,156)</u> | <u>2,920</u> | <u>1,853</u> | <u>1,084</u> |
| Total funds carried forward | | <u>86</u> | <u>(891)</u> | <u>3,191</u> | <u>2,386</u> | <u>1,853</u> |


MAKERFIELD ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

| | Notes | 2018 | | 2017 | |
|--|-------|------------|--------------|------------|--------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 3,192 | | 2,920 |
| Current assets | | | | | |
| Debtors | 11 | 192 | | 174 | |
| Cash at bank and in hand | | 446 | | 132 | |
| | | <u>638</u> | | <u>306</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 12 | (486) | | (178) | |
| Net current assets | | | 152 | | 128 |
| Net assets excluding pension liability | | | 3,344 | | 3,048 |
| Defined benefit pension scheme liability | 15 | | (958) | | (1,195) |
| Net assets | | | <u>2,386</u> | | <u>1,853</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | 14 | | | | |
| - Fixed asset funds | | | 3,191 | | 2,920 |
| - Restricted income funds | | | 67 | | 39 |
| - Pension reserve | | | (958) | | (1,195) |
| Total restricted funds | | | <u>2,300</u> | | <u>1,764</u> |
| Unrestricted income funds | 14 | | 86 | | 89 |
| Total funds | | | <u>2,386</u> | | <u>1,853</u> |

The accounts were approved by the trustees and authorised for issue on 10/12/18 and are signed on their behalf by:



Mr Peter Hart
Chair of trustees

Company Number 08175642

MAKERFIELD ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

| | Notes | 2018 £000 | £000 | 2017 £000 | £000 |
|--|-------|--------------|------------|--------------|--------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by (used in) operating activities | 17 | | 307 | | (80) |
| Cash flows from investing activities | | | | | |
| Capital grants from DfE and ESFA | | 400 | | 197 | |
| Payments to acquire tangible fixed assets | | <u>(393)</u> | | <u>(244)</u> | |
| | | | 7 | | <u>(47)</u> |
| Change in cash and cash equivalents in the reporting period | | | 314 | | <u>(127)</u> |
| Cash and cash equivalents at 1 September 2017 | | | <u>132</u> | | <u>259</u> |
| Cash and cash equivalents at 31 August 2018 | | | <u>446</u> | | <u>132</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Makerfield 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is 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 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged directly to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

| | |
|---------------------------------|------------------------|
| Land and buildings | 50 years straight line |
| Asset in course of construction | Nil |
| Computer equipment | 3 years straight line |
| Fixtures, fittings & equipment | 7 years straight line |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 Leasing and hire purchase commitments

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

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 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 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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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.

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 the Education and Skills Funding Agency, Department for Education and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

1.11 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 15, 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 2018. 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.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Donations and capital grants

| | Unrestricted funds £000 | Restricted funds £000 | Total 2018 £000 | Total 2017 £000 |
|----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Capital grants | - | 400 | 400 | 197 |

The income from donations and capital grants amounts to £400,000 (2017: £197,000). The income is predominantly Condition Improvement Funding spanning two specific capital projects. The income is all restricted.

3 Funding for the academy trust's educational operations

| | Unrestricted funds £000 | Restricted funds £000 | Total 2018 £000 | Total 2017 £000 |
|--------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 4,635 | 4,635 | 4,756 |
| Other DfE group grants | - | 426 | 426 | 251 |
| | - | 5,061 | 5,061 | 5,007 |
| Other government grants | | | | |
| Local authority grants | - | 86 | 86 | 77 |
| Total funding | - | 5,147 | 5,147 | 5,084 |

The income from the academy trust's educational operations was £5,147,000 (2017: £5,084,000) of which £5,147,000 was restricted (2017: £5,084,000).

The academy trust received £86,000 from local authorities. £77,000 in relation to high needs top up funding and £9,000 in relation to pupil premium.

There were no unfulfilled conditions or other contingencies in respect of government grant funding.

4 Other trading activities

| | Unrestricted funds £000 | Restricted funds £000 | Total 2018 £000 | Total 2017 £000 |
|--------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Hire of facilities | 9 | - | 9 | 13 |
| Educational trips | 102 | - | 102 | 29 |
| Other sales | 163 | 1 | 164 | 191 |
| | 274 | 1 | 275 | 233 |

The income from other trading activities amounts to £275,000 (2017: £233,000). £274,000 is restricted with £1,000 being unrestricted.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Expenditure

| | Staff costs £000 | Non Pay Expenditure Premises £000 | Other £000 | Total 2018 £000 | Total 2017 £000 |
|----------------------------------|---------------------|---|---------------|-----------------------|-----------------------|
| Expenditure on raising funds | | | | | |
| - Direct costs | - | - | 246 | 246 | 112 |
| Academy's educational operations | | | | | |
| - Direct costs | 3,663 | 109 | 473 | 4,245 | 4,140 |
| - Allocated support costs | 638 | 303 | 269 | 1,210 | 1,191 |
| | <u>4,301</u> | <u>412</u> | <u>988</u> | <u>5,701</u> | <u>5,443</u> |

Total expenditure is £5,701,000 (2017: £5,443,000). Of this, £5,455,000 (2017: £5,331,000) is attributable to the academy's educational operations and £246,000 (2017: £112,000) attributable to other costs of raising funds.

Net income/(expenditure) for the year includes:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Fees payable to auditor for: | | |
| - Audit | 9 | 6 |
| - Other services | - | 4 |
| Operating lease rentals | 31 | 30 |
| Depreciation of tangible fixed assets | 121 | 118 |
| Net interest on defined benefit pension liability | 32 | 38 |
| | <u>193</u> | <u>196</u> |

6 Charitable activities

| | 2018 £000 | 2017 £000 |
|--|----------------------|----------------------|
| All from restricted funds: | | |
| Direct costs - educational operations | 4,245 | 4,140 |
| Support costs - educational operations | 1,210 | 1,191 |
| | <u>5,455</u> | <u>5,331</u> |
| Analysis of costs | 2018 £000 | 2017 £000 |
| Direct costs | | |
| Teaching and educational support staff costs | 3,657 | 3,581 |
| Staff development | 6 | 11 |
| Depreciation and amortisation | 109 | 106 |
| Technology costs | 42 | 46 |
| Educational supplies and services | 321 | 282 |
| Examination fees | 79 | 81 |
| Educational consultancy | 16 | 16 |
| Other direct costs | 15 | 17 |
| | <u>4,245</u> | <u>4,140</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Charitable activities

| Support costs | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Support staff costs | 638 | 637 |
| Depreciation and amortisation | 12 | 12 |
| Recruitment and support | 33 | 26 |
| Maintenance of premises and equipment | 132 | 121 |
| Cleaning | 6 | 7 |
| Energy costs | 65 | 68 |
| Rent and rates | 33 | 30 |
| Insurance | 49 | 52 |
| Security and transport | 6 | 8 |
| Catering | 31 | 43 |
| Interest on defined pension benefit scheme | 32 | 38 |
| Other support costs | 144 | 110 |
| Governance costs | 29 | 39 |
| | <u>1,210</u> | <u>1,191</u> |

7 Staff

Staff costs

Staff costs during the year were:

| | 2018 £000 | 2017 £000 |
|---|--------------|--------------|
| Wages and salaries | 3,106 | 3,111 |
| Social security costs | 307 | 280 |
| Pension costs | 649 | 615 |
| | <u>4,062</u> | <u>4,006</u> |
| Staff costs | 4,062 | 4,006 |
| Agency staff costs | 233 | 212 |
| Staff development and other staff costs | 6 | 11 |
| | <u>4,301</u> | <u>4,229</u> |

Supply staff costs included within the payroll totalled £19,678 (2017 - £29,000).

Staff numbers

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

| | 2018 Number | 2017 Number |
|----------------------------|----------------|----------------|
| Teachers | 61 | 65 |
| Administration and support | 51 | 43 |
| Management | 8 | 8 |
| | <u>120</u> | <u>116</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Staff

Higher paid staff

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

| | 2018 Number | 2017 Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000 | 2 | 2 |
| £90,001 - £100,000 | 1 | 1 |

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 £626,643 (2017 - £646,368).

8 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, travel and subsistence payments totalling £nil (2017: £ nil) were reimbursed to any governors trustees.

The value of trustees' remuneration was as follows:

| | | |
|--|--------------------|--------------------------|
| A Birchall (principal) | £95,000 - £100,000 | (2017: £95,000-£100,000) |
| L Hutton (staff trustee) | £20,000 - £25,000 | (2017: £25,000-£30,000) |
| M Mehnert (staff trustee) resigned on 1 April 2017 | £0 | (2017: £5,000-£10,000) |

The value of trustees' retirement benefits was as follows:

| | | |
|--|-------------------|-------------------------|
| A Birchall (principal) | £15,000 - £20,000 | (2017: £10,000-£15,000) |
| L Hutton (staff trustee) | £0 - £5,000 | (2017: £0-£5,000) |
| M Mehnert (staff trustee) resigned on 1 April 2017 | £0 | (2017: £0-£5,000) |

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

9 Trustees and officers insurance

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 2018

10 Tangible fixed assets

| | Land and buildings | Asset in course of construction | Computer equipment | Fixtures, fittings & equipment | Total |
|-----------------------|--------------------|---------------------------------|--------------------|--------------------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | |
| At 1 September 2017 | 3,207 | - | 738 | 136 | 4,081 |
| Additions | 63 | 265 | 43 | 22 | 393 |
| At 31 August 2018 | <u>3,270</u> | <u>265</u> | <u>781</u> | <u>158</u> | <u>4,474</u> |
| Depreciation | | | | | |
| At 1 September 2017 | 360 | - | 703 | 98 | 1,161 |
| Charge for the year | 74 | - | 34 | 13 | 121 |
| At 31 August 2018 | <u>434</u> | <u>-</u> | <u>737</u> | <u>111</u> | <u>1,282</u> |
| Net book value | | | | | |
| At 31 August 2018 | <u>2,836</u> | <u>265</u> | <u>44</u> | <u>47</u> | <u>3,192</u> |
| At 31 August 2017 | <u>2,847</u> | <u>-</u> | <u>35</u> | <u>38</u> | <u>2,920</u> |

The net book value of freehold land and buildings consists of £1,859,996 in respect of buildings and £975,000 in respect of land.

11 Debtors

| | 2018 £000 | 2017 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 9 | 8 |
| VAT recoverable | 40 | 66 |
| Prepayments and accrued income | 143 | 100 |
| | <u>192</u> | <u>174</u> |

12 Creditors: amounts falling due within one year

| | 2018 £000 | 2017 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | - | 7 |
| Other taxation and social security | 75 | 70 |
| Other creditors | 101 | 51 |
| Accruals and deferred income | 310 | 50 |
| | <u>486</u> | <u>178</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

| 13 Deferred income | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Deferred income is included within: | | |
| Creditors due within one year | 37 | 26 |
| Deferred income at 1 September 2017 | 26 | 22 |
| Released from previous years | (26) | (22) |
| Amounts deferred in the year | 37 | 26 |
| Deferred income at 31 August 2018 | 37 | 26 |

At the balance sheet date the academy trust was holding funds received in advance amounting to £14,000 - school trips (2017: £14,000 SEN) and £12,000 (2016: £12,000) in respect of rates relief at year end 31 August 2018.

| 14 Funds | Balance at 1 September 2017 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2018 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 4,635 | (4,757) | 122 | - |
| Other DfE / ESFA grants | 39 | 426 | (315) | (83) | 67 |
| Other government grants | - | 86 | (86) | - | - |
| Other restricted funds | - | 1 | (1) | - | - |
| Pension reserve | (1,195) | - | (175) | 412 | (958) |
| | <u>(1,156)</u> | <u>5,148</u> | <u>(5,334)</u> | <u>451</u> | <u>(891)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,628 | - | (74) | 2 | 2,556 |
| DfE group capital grants | 229 | 400 | (15) | (52) | 562 |
| Capital expenditure from GAG | 63 | - | (32) | 42 | 73 |
| | <u>2,920</u> | <u>400</u> | <u>(121)</u> | <u>(8)</u> | <u>3,191</u> |
| Total restricted funds | <u>1,764</u> | <u>5,548</u> | <u>(5,455)</u> | <u>443</u> | <u>2,300</u> |
| Unrestricted funds | | | | | |
| General funds | 89 | 274 | (246) | (31) | 86 |
| Total funds | <u>1,853</u> | <u>5,822</u> | <u>(5,701)</u> | <u>412</u> | <u>2,386</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Funds

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 restricted fixed asset funds to restricted general funds was adjusting a slight imbalance on the restricted fixed asset funds account.

Transfer from the unrestricted funds to restricted general funds are to fund assets for which no capital grant was received and are not funded by GAG.

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 2018.

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

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2017 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 4,756 | (4,782) | 26 | - |
| Other DfE / ESFA grants | - | 251 | (212) | - | 39 |
| Other government grants | - | 77 | (77) | - | - |
| Pension reserve | (1,751) | - | (142) | 698 | (1,195) |
| | <u>(1,751)</u> | <u>5,084</u> | <u>(5,213)</u> | <u>724</u> | <u>(1,156)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,700 | - | (72) | - | 2,628 |
| DfE group capital grants | 60 | 197 | (28) | - | 229 |
| Capital expenditure from GAG | 34 | - | (18) | 47 | 63 |
| | <u>2,794</u> | <u>197</u> | <u>(118)</u> | <u>47</u> | <u>2,920</u> |
| Total restricted funds | <u>1,043</u> | <u>5,281</u> | <u>(5,331)</u> | <u>771</u> | <u>1,764</u> |
| Unrestricted funds | | | | | |
| General funds | 41 | 233 | (112) | (73) | 89 |
| Total funds | <u>1,084</u> | <u>5,514</u> | <u>(5,443)</u> | <u>698</u> | <u>1,853</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Funds

A current year 12 months and prior year 12 months combined position is as follows:

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2018 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 9,391 | (9,539) | 148 | - |
| Other DfE / ESFA grants | - | 677 | (527) | (83) | 67 |
| Other government grants | - | 163 | (163) | - | - |
| Other restricted funds | - | 1 | (1) | - | - |
| Pension reserve | (1,751) | - | (317) | 1,110 | (958) |
| | <u>(1,751)</u> | <u>10,232</u> | <u>(10,547)</u> | <u>1,175</u> | <u>(891)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,700 | - | (146) | 2 | 2,556 |
| DfE group capital grants | 60 | 597 | (43) | (52) | 562 |
| Capital expenditure from GAG | 34 | - | (50) | 89 | 73 |
| | <u>2,794</u> | <u>597</u> | <u>(239)</u> | <u>39</u> | <u>3,191</u> |
| Total restricted funds | <u>1,043</u> | <u>10,829</u> | <u>(10,786)</u> | <u>1,214</u> | <u>2,300</u> |
| Unrestricted funds | | | | | |
| General funds | <u>41</u> | <u>507</u> | <u>(358)</u> | <u>(104)</u> | <u>86</u> |
| Total funds | <u>1,084</u> | <u>11,336</u> | <u>(11,144)</u> | <u>1,110</u> | <u>2,386</u> |

15 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 Tameside Metropolitan Borough Council. Both are 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 £50,771 (2017: £50,825) were payable to the schemes at 31 August 2018 and are included within creditors.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Pensions and similar obligations

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £386,000 (2017: £401,000).

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 18.1% for employers and between 5.5 and 5.9% for employees. The estimated value of employer contributions for the forthcoming year is £123,000.

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Pensions and similar obligations

| | | |
|--|-----------------|-----------------|
| Total contributions made | 2018 | 2017 |
| | £000 | £000 |
| Employer's contributions | 123 | 111 |
| Employees' contributions | 37 | 34 |
| | <u> </u> | <u> </u> |
| Total contributions | 160 | 145 |
| | <u> </u> | <u> </u> |
| Principal actuarial assumptions | 2018 | 2017 |
| | % | % |
| Rate of increases in salaries | 2.3 | 3.2 |
| Rate of increase for pensions in payment | 3.1 | 2.4 |
| Discount rate | 2.8 | 2.5 |
| | <u> </u> | <u> </u> |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at 31 August 2018 | Approximate % increase to employer liability | Approximate monetary amount £000 |
|--|---|---|
| 0.5% decrease in real discount rate | 13% | 459 |
| 0.5% increase in the salary increase rate | 3% | 102 |
| 0.5% increase in the pension increase rate | 10% | 330 |

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

| | 2018 | 2017 |
|----------------------|-----------------|-----------------|
| | Years | Years |
| Retiring today | | |
| - Males | 21.5 | 21.5 |
| - Females | 24.1 | 24.1 |
| Retiring in 20 years | | |
| - Males | 23.7 | 23.7 |
| - Females | 26.2 | 26.2 |
| | <u> </u> | <u> </u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Pensions and similar obligations

| The academy trust's share of the assets in the scheme | 2018 Fair value £000 | 2017 Fair value £000 |
|--|----------------------------|----------------------------|
| Equities | 1,604 | 1,537 |
| Bonds | 377 | 337 |
| Cash | 165 | 126 |
| Property | 213 | 106 |
| | <hr/> | <hr/> |
| Total market value of assets | 2,359 | 2,106 |
| | <hr/> | <hr/> |
| Actual return on scheme assets - gain/(loss) | 119 | 140 |
| | <hr/> | <hr/> |
| Amounts recognised in the statement of financial activities | 2018 | 2017 |
| | £000 | £000 |
| Current service cost (net of employee contributions) | 266 | 215 |
| Net interest cost | 32 | 38 |
| | <hr/> | <hr/> |
| Changes in the present value of defined benefit obligations | 2018 | 2017 |
| | £000 | £000 |
| Obligations at 1 September 2017 | 3,301 | 3,600 |
| Current service cost | 266 | 215 |
| Interest cost | 86 | 78 |
| Employee contributions | 37 | 34 |
| Actuarial gain | (347) | (598) |
| Benefits paid | (26) | (28) |
| | <hr/> | <hr/> |
| At 31 August 2018 | 3,317 | 3,301 |
| | <hr/> | <hr/> |
| Changes in the fair value of the academy trust's share of scheme assets | 2018 | 2017 |
| | £000 | £000 |
| Assets at 1 September 2017 | 2,106 | 1,849 |
| Interest income | 54 | 40 |
| Return on plan assets (excluding amounts included in net interest): Actuarial gain | 65 | 100 |
| Employer contributions | 123 | 111 |
| Employee contributions | 37 | 34 |
| Benefits paid | (26) | (28) |
| | <hr/> | <hr/> |
| At 31 August 2018 | 2,359 | 2,106 |
| | <hr/> | <hr/> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Pensions and similar obligations

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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 2018 are represented by: | | | | |
| Tangible fixed assets | - | - | 3,192 | 3,192 |
| Current assets | 110 | 529 | (1) | 638 |
| Creditors falling due within one year | (24) | (462) | - | (486) |
| Defined benefit pension liability | - | (958) | - | (958) |
| Total net assets | 86 | (891) | 3,191 | 2,386 |
| | | | | |
| | Unrestricted Funds £000 | Restricted funds: General £000 | Fixed asset £000 | Total Funds £000 |
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 2,920 | 2,920 |
| Current assets | 267 | 39 | - | 306 |
| Creditors falling due within one year | (178) | - | - | (178) |
| Defined benefit pension liability | - | (1,195) | - | (1,195) |
| Total net assets | 89 | (1,156) | 2,920 | 1,853 |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Reconciliation of net income to net cash flow from operating activities

| | 2018 £000 | 2017 £000 |
|--|--------------|--------------|
| Net income for the reporting period (as per the Statement of Financial Activities) | 121 | 71 |
| Adjusted for: | | |
| Capital grants from DfE/ESFA and other capital income | (400) | (197) |
| Defined benefit pension costs less contributions payable | 143 | 104 |
| Defined benefit pension net finance cost | 32 | 38 |
| Depreciation of tangible fixed assets | 121 | 118 |
| (Increase) in debtors | (18) | (96) |
| Increase/(decrease) in creditors | 308 | (118) |
| Net cash provided by/(used in) operating activities | <u>307</u> | <u>(80)</u> |

18 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2018 £000 | 2017 £000 |
|-----------------------------------|--------------|--------------|
| Amounts due within one year | 29 | 30 |
| Amounts due in two and five years | 24 | 44 |
| | <u>53</u> | <u>74</u> |

MAKERFIELD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Related party transactions

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

Western Skills Centre Limited - a company that A Birchall is a director and has an interest.

The academy trust purchased services from Western Skills Centre Limited totalling £5,600 (2017: £15,812) during the period. There were no amounts outstanding at year end (2017: £nil). The academy trust made the purchase at arms' length and in accordance with its financial regulations, which A Birchall neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017. The element above £2,500 has been provided "at no more than cost" and Western Skills Centre has provided a statement of assurance confirming this.

P Rigby, a trustee has a daughter-in-law that is employed by the academy trust. P Rigby's daughter-in-law's appointment was made in open competition and P Rigby was not involved in the decision making process regarding the appointment. His daughter-in-law is paid in accordance with the normal pay scales for her post and she receives no special treatment as a result of her relationship with a trustee.

Trustees who are also members of staff of the academy have been paid in accordance with national agreed levels as members of staff. There have been no other transactions with related parties that require reporting under FRS102.

Key management remuneration for the year was £655,718 (2017 - £646,368). Key management is deemed to comprise the senior leadership team.

20 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.