

Company Registration No. 07984413 (England and Wales)

**KNUTSFORD MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020**

KNUTSFORD MULTI ACADEMY TRUST

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KNUTSFORD MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

R. Armstrong (Vice Chair)
P. Bland
M. Gates (resigned 1 February 2020)
P. Martin
W. Stratford
D. Waugh (resigned 3 June 2020)

Trustees

R. Armstrong (Vice Chair)
M. Ashcroft
M. Cladingbowl (Executive Principal and Accounting Officer)
A. Greenstein
R. McCluney
C. Millson (Chairperson)
C. Thomson (Appointed 6 November 2019)
V. Young

Senior management team

- Executive Principal
- Head of Knutsford Academy
- Head of the Studio School
- Director of Personnel
- Director of Finance
- Head of Egerton Primary School
- Head of Sir William Stanier

M. Cladingbowl
J. Whittaker
P. Kingdom
J. Robinson
N. Phillips
A. Hooper
J. Fraser

Company registration number

07984413 (England and Wales)

Registered office

Bexton Road
Knutsford
Cheshire
WA16 0EA

Academies operated

Knutsford Academy
Cheshire Studio School
Egerton Primary School
Sir William Stanier School

Location

Knutsford
Knutsford
Knutsford
Crewe

Principal

J. Whittaker
P. Kingdom
A. Hooper
J. Fraser

Independent auditor

Jackson Stephen LLP
5 Yew Tree Way
Golborne
Warrington
Cheshire
WA3 3JD
England

KNUTSFORD MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Barclays Bank plc
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

Solicitors

Stone King LLP
13 Queen Square
Bath
Somerset
BA1 2HJ

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

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

The Multi Academy Trust operates four academies. Two (one of which joined in April 2020) are for pupils aged 11 to 19, one is for pupils aged 14 to 19, all serving a catchment area in Cheshire East, Cheshire West and South Manchester. The fourth is a primary school for pupils aged 3 to 11 who live in the Knutsford area. The primary school runs a before and after-school club.

Structure, governance and management

Constitution

The Multi Academy Trust is a company limited by guarantee with no share capital (registration number 07984413) and is an exempt charity. The Charitable Company was incorporated on 9 March 2012 and opened as an academy on 1 April 2012, converting to a Multi-Academy Trust in January 2014. The Trust comprises four academies – Knutsford Academy, Cheshire Studio School (formerly Knutsford Studio School), Egerton Primary School and Sir William Stanier. Sir William Stanier joined the Trust on 1 April 2020. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Multi-Academy Trust. The Articles of Association require the members of the Charitable Company to appoint at least three governors to the Board and (unless otherwise determined by ordinary resolution) this shall not be subject to any maximum.

The trustees of Knutsford Multi Academy Trust are also the directors of the Charitable Company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up whilst a member, or within one year after ceasing to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before ceasing to be a member.

Trustees' indemnities

In accordance with normal commercial practice the Multi-Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academies' business. The insurance provides cover of up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

All members of the trustee board are appointed and/or elected in accordance with the Articles of Association of Knutsford Multi-Academy Trust. In summary:

- up to 10 Trustees may be appointed by the Members
- a minimum of 2 and up to 6 Parent Governors are appointed under Articles 53-56B in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body
- up to 3 Staff Governors, comprising up to 2 Teachers and up to 1 support staff
- the Executive Principal is treated for all purposes as being an ex officio Governor
- the Governors may appoint up to 3 co-opted trustees
- the Secretary of State may appoint additional trustees as he thinks fit

The term of office for all trustees (with the exception of the Executive Principal) is 4 years. Any trustee may be re-appointed or re-elected or resign before their term ceases.

During the period the Board and its committees held a total of 23 formal meetings: 7 Board of Trustee meetings, 3 Finance and Personnel committee meetings, 3 Knutsford Academy Local Governing Body (LGB) meetings, 3 Cheshire Studio School LGB meetings, 2 Joint Knutsford Academy and Cheshire Studio LGB meetings, 4 Egerton Primary LGB meetings and 1 meeting of Members. In addition, Trustees met to consider the strategic performance and direction of the Trust.

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary, induction provides training on charity, educational, legal and financial matters. All Trustees are provided with a Trustees' Handbook. As there are normally only one or two new Trustees a year, induction tends to be tailored specifically to the individual.

Organisational structure

The Trustees are collectively responsible for the overall direction of Knutsford Multi-Academy Trust and its strategic leadership and management. This involves ensuring that the Multi-Academy Trust meets all its statutory obligations. The Executive Principal, as Accounting Officer, ensures that it complies with financial regulations.

The Board delegates responsibility for all day-to-day leadership and management to the Executive Principal and other leaders of the Multi-Academy Trust.

The leadership team of the Multi-Academy Trust comprises the Executive Principal, the headteachers, the Director of Finance and Governance (interim Chief Operating Officer), Director of Personnel and Operations and Director of Contracts, Marketing and Business.

The Executive Principal and the Director of Finance are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to senior staff which is authorised by the Director of Finance.

The Executive Principal and other senior leaders are responsible for the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for agreeing the pay and remuneration of the Trust, and its academies, key personnel are underpinned where relevant by school teacher review body recommendations. Non-executive trustees are not in receipt of any regular payment for their contribution and attendance at meetings.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.80

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Engagement with employees

The Multi-Academy Trust operates a policy of promoting equal opportunities in line with Equality Act's defined and agreed protected characteristics. This policy is reviewed regularly in line with statutory guidance for academies and Free Schools. No specific consultations were carried out in 2019/20.

Related parties and other connected charities and organisations

Knutsford Multi-Academy Trust has strong collaborative links with local primary schools including:

- Bexton Primary School
- Manor Park Primary School
- Mobberley Primary School

It has links with a variety of other local trusts, including Congleton Academies Trust, Hamblin Education Trust and the True Learning Partnership.

The Trust has links with Liverpool John Moores University with whom it has established a relationship for the delivery of initial teacher training (ITT). Teacher training became operational from September 2014.

The Multi-Academy Trust is a member of the Studio Schools Trust as a consequence of the opening of a Studio School in September 2014. This has led to the Multi-Academy Trust establishing partnerships with a wide range of businesses such as Barclays Bank, Manchester Airport, The Forum of Private Business, Harvey Nichols, Prozone and EON Reality.

Objectives and activities

Objects and aims

The main objectives of the Multi-Academy Trust during the year ended 31 August 2020 have been:

- to continue to work with Egerton Primary School to integrate them into the trust
- offer a curriculum of substance and quality to all students in the Trust enabling all students to fulfil their potential
- to continue to address any differential performance among pupil groups through effective use of pupil premium and other relevant funding streams
- to sustain strong financial performance within available resources
- to develop the Cheshire Studio School
- to further the rationalisation education in Knutsford Academy onto one site
- to seek to grow the trust further in a sustainable way

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives, strategies and activities

Our Aims

During 2019-2020 the Trust reviewed the aims, which underpin its work, re-endorsing a statement as outlined below:

The Multi-Academy Trust sees its fundamental aim as being to promote the academic success and personal development of all its students and enable them to meet the future with confidence and enthusiasm.

Its core purpose is, therefore, to ensure all students:

- achieve excellent examination results
- develop skills and attitudes that equip them to gain employment and be successful in their chosen career
- develop the wider skills and attitudes which equip them for life

It does this through setting high expectations for all students and its staff, and working together to achieve academic excellence, fostering a strong community, and aiming to provide world-class opportunities for all.

The Multi-Academy Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively the following characteristics: race, gender, gender reassignment, sexual orientation, disability, class, age, pregnancy and maternity, marriage and civil partnership and religious beliefs. We strive to remove conditions which place people at a disadvantage. Our Equal Opportunities Policy is reviewed by Trustees on a regular basis.

The Multi-Academy Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Multi-Academy Trust continues. The Trust provides training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The Multi-Academy Trust seeks to achieve the objectives set down in the Disability Discrimination Act 1995 amended by the Special Education Needs and Disability Acts 2001 and 2005.

Public benefit

The Governors have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

The Multi-Academy Trust has had considerable success during 2019-20 in meeting its objectives of which key items are detailed below:

- Further integration of Egerton into the trust was achieved through the alignment of policies and processes, and continued support provided to the school from central trust staff.
- High educational standards were maintained in all schools despite the disruptions arising from Covid-19. The Trust and schools worked diligently to ensure all relevant DfE guidance was implemented, staff, students and wider school communities were kept safe, and continuity of educational provision was achieved through the implementation of a range of remote learning strategies.
- The trust's financial position remained secure, with surpluses posted at all Knutsford schools and substantial reserves in place across the trust at the end of the academic year.
- The trust continues to pursue sustainable growth through the transfer into the trust of Sir William Stanier Community School in April 2020, a process which was successfully managed despite Covid-19.
- In addition to this transfer, the trust spent the Summer term working to realise a significant growth opportunity through a potential merger with a like-minded local multi-academy trust, Congleton Multi-Academy Trust, and committed substantial resources to educational and non-educational due diligence processes to ensure this strategic combination was in the best long term interests of the trust.

Key performance indicators

Trustees receive agreed and regular management information to review performance of schools in the trust. In 2019/20, this information drew specifically on published external performance data as well as internal data. Alongside this, all schools in the Trust were confirmed as 'good' by Ofsted in their recent inspections.

External and internal benchmarking and performance data used by Trustees include:

- EYFS outcomes
- Key stage 1 and Key stage 2 assessments
- GCSE and A level (or equivalent) results
- Attendance rates
- Absence rates
- Exclusion data (fixed and permanent)
- Pupil progress data
- Participation rates
- Staff absence
- Recruitment and retention
- Financial benchmarking data
- Financial expenditure monitoring

	Year Ending 31 August 2020	Year Ending 31 August 2019
Number of students	2,025	1,337
Teachers	108	84
Total restricted general income per pupil	£4,429	£5,732
Staff Costs as a % of Total Expenditure (excluding depreciation)	83.0%	79.7%
Expenditure Per Pupil (excluding depreciation)	£4,758	£5,312
Pupil to teacher ratio	19:1	16:1

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

On 1 September 2020 the trust merged with Congleton Multi-Academy Trust to form The Learning Alliance. On this date all the assets and liabilities were transferred to the Learning Alliance and the trust subsequently ceased to trade. Therefore the statutory financial statements have not been prepared on a going concern basis.

Financial review

Financial Objectives

The Multi-Academy Trust's financial objectives are:

- To maintain strong outcomes, and the breadth and quality of the curriculum, in the context of a real-terms reduction in income in recent years
- To continue to set balanced budgets
- To explore options for growth of the Trust
- To manage the changes to joint-use agreement for Knutsford Academy and achieve facility improvement.

The Multi-Academy Trust's core funding has been in the form of General Annual Grant (GAG) from the Education and Skills Funding Agency (ESFA).

The grants received from the ESFA during the year to 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

During the year ended 31 August 2020, total expenditure of £10,074,388 was covered by recurrent grant funding from the ESFA and LA together with other incoming resources and brought forward reserves. The excess income over expenditure totalled £14,831,785 before pension scheme revaluation but this is distorted by the transfer in of Sir William Stanier from the local authority.

At 31 August 2020 the net book value of fixed assets was £35,582,878 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Multi-Academy Trust.

The Local Government Pension Scheme (LGPS) deficit totalled £6,977,000 at 31 August 2020.

Financial Position

The Multi-Academy Trust held fund balances at 31 August 2020 of £29,382,437 including cash balances of £1,367,301.

Reserves policy

The Trustees review the reserve levels of the Multi-Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The policy of the Trustees is to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the Multi-Academy Trust whilst ensuring that excessive funds are not accumulated. The Trustees have determined that the appropriate target will be approximately one month's charitable costs. These reserves will provide a cushion to deal with unexpected emergencies such as urgent maintenance. This level of reserves was achieved in 2019-20. The appropriate level will be reviewed again in 2020-21.

Details of the amount of total funds as of 31 August 2020 and the amount of any restricted fund not available for general purposes of the academy trust at the period end, are given in the following financial statements. The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at the period end have been reviewed.

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Investment policy

All funds surplus to immediate requirements are invested to optimal effect. This is usually through the mechanism of a 'swing account' whereby monies from the current operating bank account are moved to an interest earning account on a daily basis.

Principal risks and uncertainties

The major risks to which the Multi-Academy Trust is exposed, as identified by Trustees, have been reviewed and systems or procedures have been established to manage those risks. The internal control systems and the exposure to risks are considered on a regular basis by the leadership team and the Trustees.

The Multi-Academy Trust has financial systems in place; the systems and procedures are subject to on-going review. A full system of internal control has been established and Trustees continually review financial procedures and controls as necessary.

Trustees consider and monitor the potential risks arising from the Multi-Academy Trust's operations. They assess the materiality and likelihood of risks occurring and determine the actions that are needed to reduce and mitigate these risks. A formal risk register has been established and is reviewed at least annually by the Finance & Personnel Committee.

Notwithstanding the establishment of the Risk Register, the Board is clear that the principal risk to the Multi-Academy Trust is any potential future change to government funding. There is no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016, this section includes information on fundraising practices. Our work reflects section 13 of the Act:

- our approach to fundraising reflects our charitable status
- we do not work with any professional fundraisers
- all fundraising conforms to recognised standards
- monitoring of fundraising is carried out by Trustees
- no fundraising complaints have been received
- we deploy an agreed strategy of income generation comprising lettings, sponsorship and professional service provision
- due consideration is given to protecting the public, including vulnerable people, from intrusive or persistent fundraising.

Plans for future periods

On 1 September 2020 the trust merged with Congleton Multi-Academy Trust to form The Learning Alliance. This combination will ensure the greatest educational opportunities for the children within trust schools, by expanding the trust's staffing capability, access to educational support, and financial resilience.

KNUTSFORD MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17 December 2020 and signed on its behalf by:



M. Cladingbowl
Executive Principal and Accounting Officer



C. Millson
Chairperson

KNUTSFORD MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Knutsford Multi Academy Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
R. Armstrong (Vice Chair)	6	7
M. Ashcroft	4	7
M. Cladingbowl (Executive Principal and Accounting Officer)	7	7
A. Greenstein	4	7
R. McCluney	6	7
C. Millson (Chairperson)	7	7
C. Thomson (Appointed 6 November 2019)	5	7
V. Young	7	7

Trustees have discharged their responsibility to provide strategic direction, hold schools and their LGBs to account for their performance and ensure financial health and sustainability. The board has carried out its duties well. It has ensured that the trust grows, that outcomes remains strong and strengthened financial health. This was done in the context of external financial pressures.

The board uses an extensive range of internal and external data, which is usually benchmarked and drawn from official statistics. Internal data is subject to verification testing.

In addition to this, timing of Board meetings and LGB meetings are structured evenly across each term. Schedules of work, based on the trustees' scheme of delegation are used by the LGBs to ensure all responsibilities are discharged.

Review of value for money

As accounting officer the Principal has responsibility for ensuring that the Multi 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 Multi Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Multi Academy Trust has delivered improved value for money during the year.

KNUTSFORD MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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 Multi Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Knutsford Multi Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function, the finance and personnel committee terms of reference encompass the requirements of an audit committee. Following the academy joining The Learning Alliance, it follows their internal audit function and audit committee requirements.

Review of effectiveness

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

- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self-assessment process;
- the work of the executive staff within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

KNUTSFORD MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The accounting officer has been advised of recommended minor improvements arising from their review of the system of internal control and a plan to ensure further improvement of the system is in place.

Approved by order of the Board of Trustees on 17 December 2020 and signed on its behalf by:



M. Cladingbowl

Executive Principal and Accounting Officer



C. Millson

Chairperson

KNUTSFORD MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Knutsford Multi Academy Trust, I have considered my responsibility to notify the Multi Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Multi Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Multi Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Multi Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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.



M. Cladingbowl
Accounting Officer

17 December 2020

KNUTSFORD MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Knutsford Multi Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 17 December 2020 and signed on its behalf by:



M. Cladingbowl
Executive Principal and Accounting Officer



C. Millson
Chairperson

KNUTSFORD MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNUTSFORD MULTI ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

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

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Multi 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

As disclosed in note 1.2 the financial statements have been prepared on the break up basis following the transfer out of trade and assets of the company. The governors have therefore not used the going concern basis of accounting.

We have nothing to report in respect to this conclusion, as required by the ISAs (UK).

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

KNUTSFORD MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Multi 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 Multi 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.

KNUTSFORD MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Jackson Stephen LLP

Peter Atkinson F.C.A. (Senior Statutory Auditor)
for and on behalf of Jackson Stephen LLP

20 January 2021

Chartered Accountants
Statutory Auditor

5 Yew Tree Way
Golborne
Warrington
Cheshire
England
WA3 3JD

KNUTSFORD MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 4 November 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Knutsford Multi Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Knutsford Multi 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 Knutsford Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Knutsford Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Knutsford Multi Academy Trust's funding agreement with the Secretary of State for Education dated 6 January 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Multi Academy Trust's income and expenditure. The work undertaken to draw our conclusion included:

- A review of the systems in place that govern sales, purchases and payroll as outlined in the Financial Procedure Manual
- Substantive testing of the income and expenditure of the academy
- Analytical review
- Obtaining evidence relevant to the regularity and propriety of the academy's income and expenditure

KNUTSFORD MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Jackson Stepler LLP

Reporting Accountant

Jackson Stephen LLP

Dated: 20 January 2021

KNUTSFORD MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	3	18,620	-	50,059	68,679	131,204
Donations - transfer from local authority on conversion	26	37,620	(3,587,000)	19,026,716	15,477,336	1,592,014
Charitable activities:						
- Funding for educational operations	4	-	8,968,999	-	8,968,999	6,601,668
Other trading activities	5	386,121	-	-	386,121	451,688
Investments	6	5,038	-	-	5,038	5,914
Total		<u>447,399</u>	<u>5,381,999</u>	<u>19,076,775</u>	<u>24,906,173</u>	<u>8,782,488</u>
Expenditure on:						
Raising funds	7	199,129	-	-	199,129	293,338
Charitable activities:						
- Educational operations	9	57,797	9,378,601	438,861	9,875,259	7,248,691
Total	7	<u>256,926</u>	<u>9,378,601</u>	<u>438,861</u>	<u>10,074,388</u>	<u>7,542,029</u>
Net income/(expenditure)		190,473	(3,996,602)	18,637,914	14,831,785	1,240,459
Transfers between funds	18	-	(72,441)	72,441	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	422,000	-	422,000	(1,167,000)
Net movement in funds		190,473	(3,647,043)	18,710,355	15,253,785	73,459
Reconciliation of funds						
Total funds brought forward		558,388	(3,302,259)	16,872,523	14,128,652	14,055,193
Total funds carried forward		<u>748,861</u>	<u>(6,949,302)</u>	<u>35,582,878</u>	<u>29,382,437</u>	<u>14,128,652</u>

KNUTSFORD MULTI ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2019 £
Income and endowments from:					
Donations and capital grants	3	19,762	-	111,442	131,204
Donations - transfer from local authority on conversion		51,014	(179,000)	1,720,000	1,592,014
Charitable activities:					
- Funding for educational operations	4	-	6,601,668	-	6,601,668
Other trading activities	5	451,688	-	-	451,688
Investments	6	5,914	-	-	5,914
Total		<u>528,378</u>	<u>6,422,668</u>	<u>1,831,442</u>	<u>8,782,488</u>
Expenditure on:					
Raising funds	7	293,338	-	-	293,338
Charitable activities:					
- Educational operations	9	47,916	6,761,425	439,350	7,248,691
Total	7	<u>341,254</u>	<u>6,761,425</u>	<u>439,350</u>	<u>7,542,029</u>
Net income/(expenditure)		187,124	(338,757)	1,392,092	1,240,459
Transfers between funds	18	-	58,597	(58,597)	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	20	-	(1,167,000)	-	(1,167,000)
Net movement in funds		187,124	(1,447,160)	1,333,495	73,459
Reconciliation of funds					
Total funds brought forward		371,264	(1,855,099)	15,539,028	14,055,193
Total funds carried forward		<u>558,388</u>	<u>(3,302,259)</u>	<u>16,872,523</u>	<u>14,128,652</u>

KNUTSFORD MULTI ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	13		35,582,878		16,872,523
Current assets					
Stocks	14	1,321		1,321	
Debtors	15	399,522		92,707	
Cash at bank and in hand		1,367,301		1,213,181	
		<u>1,768,144</u>		<u>1,307,209</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(991,585)		(596,080)	
Net current assets			776,559		711,129
Net assets excluding pension liability			<u>36,359,437</u>		<u>17,583,652</u>
Defined benefit pension scheme liability	20		(6,977,000)		(3,455,000)
Total net assets			<u>29,382,437</u>		<u>14,128,652</u>
Funds of the Multi Academy Trust:					
Restricted funds	18				
- Fixed asset funds			35,582,878		16,872,523
- Restricted income funds			27,698		152,741
- Pension reserve			(6,977,000)		(3,455,000)
Total restricted funds			<u>28,633,576</u>		<u>13,570,264</u>
Unrestricted income funds	18		748,861		558,388
Total funds			<u>29,382,437</u>		<u>14,128,652</u>

The accounts on pages 21 to 43 were approved by the Trustees and authorised for issue on 17 December 2020 and are signed on their behalf by:



M. Cladingbowl
Executive Principal and Accounting Officer



C. Millson
Chairperson

Company Number 07984413

KNUTSFORD MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21	183,903		57,092	
Cash funds transferred on conversion		37,620		51,014	
		<u>221,523</u>		<u>108,106</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		5,038		5,914	
Capital grants from DfE Group		50,059		111,442	
Purchase of tangible fixed assets		<u>(122,500)</u>		<u>(52,845)</u>	
Net cash (used in)/provided by investing activities			<u>(67,403)</u>		<u>64,511</u>
Net increase in cash and cash equivalents in the reporting period			154,120		172,617
Cash and cash equivalents at beginning of the year			1,213,181		1,040,564
Cash and cash equivalents at end of the year			<u><u>1,367,301</u></u>		<u><u>1,213,181</u></u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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 Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, 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. On 1 September 2020 the academies within this Multi Academy Trust were transferred out of the trust to another multi academy trust, as a going concern, along with their assets and liabilities, at which point, the company ceased to trade.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sir William Stanier School to the Multi Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 26.

1.4 Income

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

Grants

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

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

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

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Donations

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

Other income

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

1.5 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 Multi 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 Multi Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi Academy Trust apportioned to charitable activities.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 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 Multi Academy Trust's depreciation policy.

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:

Buildings	2% per annum straight line basis
Land	Not depreciated
Computer equipment	20% per annum straight line basis
Fixtures, fittings & equipment	10% per annum straight line basis

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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

1.7 Liabilities

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

1.8 Leased assets

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

1.9 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.11 Taxation

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

1.12 Pensions benefits

Retirement benefits to employees of the Multi 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 Multi Academy Trust.

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Multi 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.

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

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

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Multi 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 or 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.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Multi 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.

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation charge is calculated based on estimates and assumptions on asset useful economic lives and expected residual value.

Critical areas of judgement

All areas requiring judgement are considered on a case by case basis by the governors. None are considered critical, however they are monitored on an at least annual basis to ensure that this is still the case.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	50,059	50,059	111,442
Other donations	18,620	-	18,620	19,762
	<u>18,620</u>	<u>50,059</u>	<u>68,679</u>	<u>131,204</u>

4 Funding for the Multi Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	7,901,206	7,901,206	6,174,205
Other DfE group grants	-	923,698	923,698	335,186
	<u>-</u>	<u>8,824,904</u>	<u>8,824,904</u>	<u>6,509,391</u>
Other government grants				
Local authority grants	-	141,294	141,294	92,277
Knutsford Studio School capital build grant	-	2,801	2,801	-
	<u>-</u>	<u>144,095</u>	<u>144,095</u>	<u>92,277</u>
Total funding	<u>-</u>	<u>8,968,999</u>	<u>8,968,999</u>	<u>6,601,668</u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	8,115	-	8,115	17,335
Training, technical and courses	89,150	-	89,150	55,885
Trips, school fund and other	93,921	-	93,921	215,831
Other income	194,935	-	194,935	162,637
	<u>386,121</u>	<u>-</u>	<u>386,121</u>	<u>451,688</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Other investment income	5,038	-	5,038	5,914
	<u>5,038</u>	<u>-</u>	<u>5,038</u>	<u>5,914</u>

7 Expenditure

	Staff costs £	Non-pay expenditure		Total 2020 £	Total 2019 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	-	-	199,129	199,129	293,338
Academy's educational operations					
- Direct costs	6,350,126	-	261,227	6,611,353	4,949,809
- Allocated support costs	1,649,896	992,024	621,986	3,263,906	2,298,882
	<u>8,000,022</u>	<u>992,024</u>	<u>1,082,342</u>	<u>10,074,388</u>	<u>7,542,029</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	11,995	9,950
- Other services	1,935	5,785
Operating lease rentals	37,384	12,744
Depreciation of tangible fixed assets	438,861	439,350
Net interest on defined benefit pension liability	88,000	61,000
	<u>578,175</u>	<u>608,829</u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services; and
- others as arising.

The Multi Academy Trust charges for these services on the following basis:

- flat percentage of income

The amounts charged during the year were as follows:

	2020	2019
	£	£
Knutsford Academy	211,302	-
Cheshire Studio School	21,400	-
Egerton Primary School	10,000	-
Sir William Stanier School	54,935	-
	<u>297,637</u>	<u>-</u>

9 Charitable activities

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Direct costs				
Educational operations	57,797	6,553,556	6,611,353	4,949,809
Support costs				
Educational operations	-	3,263,906	3,263,906	2,298,882
	<u>57,797</u>	<u>9,817,462</u>	<u>9,875,259</u>	<u>7,248,691</u>

	2020	2019
	£	£
Analysis of support costs		
Support staff costs	1,649,896	993,807
Depreciation	438,861	439,350
Technology costs	209,811	107,154
Premises costs	553,163	388,782
Other support costs	331,808	290,585
Governance costs	80,367	79,204
	<u>3,263,906</u>	<u>2,298,882</u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

	2020	2019
	£	£
Wages and salaries	5,684,292	4,309,357
Social security costs	548,976	418,202
Pension costs	1,617,678	876,989
	<u>7,850,946</u>	<u>5,604,548</u>
Staff costs - employees	7,850,946	5,604,548
Agency staff costs	149,076	58,925
	<u>8,000,022</u>	<u>5,663,473</u>
Staff development and other staff costs	19,981	14,512
	<u>8,020,003</u>	<u>5,677,985</u>

Staff numbers

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

	2020	2019
	Number	Number
Teachers	108	84
Administration and support	95	51
	<u>203</u>	<u>135</u>

Higher paid staff

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

	2020	2019
	Number	Number
£60,001 - £70,000	2	1
£70,001 - £80,000	2	2
£120,001 - £130,000	1	1
	<u>5</u>	<u>4</u>

Key management personnel

The key management personnel of the Multi Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and social security costs) received by key management personnel for their services to the Multi Academy Trust was £642,821 (2019: £553,459).

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

11 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 (2019: £nil) were reimbursed to Trustees.

The value of Trustees' remuneration (including employer pension contributions, but excluding social security costs) was as follows:

M Cladingbowl (principal and governor):

- Remuneration £125,000 - £130,000 (2019: £120,000 - £125,000)
- Employer's pension contributions £25,000 - £30,000 (2019: £20,000 - £25,000)

Other related party transactions involving the Trustees are set out within the related party transactions note, note 24.

12 Insurance for Trustees and officers

The Multi 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 Multi Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 September 2019	17,775,284	397,230	1,262,949	19,435,463
Transfer on conversion	18,983,000	4,537	39,179	19,026,716
Additions	-	92,610	29,890	122,500
At 31 August 2020	36,758,284	494,377	1,332,018	38,584,679
Depreciation				
At 1 September 2019	1,330,542	384,627	847,771	2,562,940
Charge for the year	304,472	10,489	123,900	438,861
At 31 August 2020	1,635,014	395,116	971,671	3,001,801
Net book value				
At 31 August 2020	35,123,270	99,261	360,347	35,582,878
At 31 August 2019	16,444,742	12,603	415,178	16,872,523

Included within land and buildings is an amount of £8,722,860 attributable to land which is not depreciated.

Land and buildings include £18,983,000 being the estimated value of the land and buildings acquired from Sir William Stanier Community School at the time of transfer into the MAT.

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Stocks

2020
£

2019
£

Uniforms	1,321	1,321
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15 Debtors

2020
£

2019
£

Trade debtors	80,372	-
Other debtors	97,909	40,892
Prepayments and accrued income	221,241	51,815
	<u>399,522</u>	<u>92,707</u>

16 Creditors: amounts falling due within one year

2020
£

2019
£

Trade creditors	173,168	394
Other taxation and social security	373,540	136,515
Other creditors	65,045	108,030
Accruals and deferred income	379,832	351,141
	<u>991,585</u>	<u>596,080</u>

17 Deferred income

2020
£

2019
£

Deferred income is included within: Creditors due within one year	132,348	158,797
--	---------	---------

Deferred income at 1 September 2019	158,797	121,846
Released from previous years	(158,797)	(121,846)
Resources deferred in the year	132,348	158,797

Deferred income at 31 August 2020	<u>132,348</u>	<u>158,797</u>
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At the balance sheet date the academy trust was holding funds received in advance for pupil premium funding of £42,695 (2019: £43,032), rates relief of £nil (2019: £20,110), school fund income of £58,307 (2019: £70,639), Universal Infant Free School Meals income of £22,071 (2019: £22,051), wrap around care income of £9,275 (2019: £nil) and high needs top up funding of £nil (2019: £2,965).

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	152,741	7,901,206	(7,953,808)	(72,441)	27,698
Other DfE / ESFA grants	-	923,698	(923,698)	-	-
Other government grants	-	144,095	(144,095)	-	-
Pension reserve	(3,455,000)	(3,587,000)	(357,000)	422,000	(6,977,000)
	<u>(3,302,259)</u>	<u>5,381,999</u>	<u>(9,378,601)</u>	<u>349,559</u>	<u>(6,949,302)</u>
Restricted fixed asset funds					
Inherited on conversion	13,585,337	19,026,716	-	-	32,612,053
DfE group capital grants	3,097,425	50,059	(438,861)	72,441	2,781,064
Capital expenditure from GAG	189,761	-	-	-	189,761
	<u>16,872,523</u>	<u>19,076,775</u>	<u>(438,861)</u>	<u>72,441</u>	<u>35,582,878</u>
Total restricted funds	<u>13,570,264</u>	<u>24,458,774</u>	<u>(9,817,462)</u>	<u>422,000</u>	<u>28,633,576</u>
Unrestricted funds					
General funds	<u>558,388</u>	<u>447,399</u>	<u>(256,926)</u>	<u>-</u>	<u>748,861</u>
Total funds	<u>14,128,652</u>	<u>24,906,173</u>	<u>(10,074,388)</u>	<u>422,000</u>	<u>29,382,437</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Multi Academy Trust.

Other DfE/ESFA grants include Pupil Premium, Year 7 grant and Post 16 Bursary, all relating to funding to assist pupils within the Academies.

Other government grants relate to SEN and Pupil Premium funding for particular pupils.

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	135,901	6,174,205	(6,215,962)	58,597	152,741
Other DfE / ESFA grants	-	335,186	(335,186)	-	-
Other government grants	-	92,277	(92,277)	-	-
Pension reserve	(1,991,000)	(179,000)	(118,000)	(1,167,000)	(3,455,000)
	<u>(1,855,099)</u>	<u>6,422,668</u>	<u>(6,761,425)</u>	<u>(1,108,403)</u>	<u>(3,302,259)</u>
Restricted fixed asset funds					
Transfer on conversion	12,098,950	1,720,000	(233,613)	-	13,585,337
DfE group capital grants	3,184,494	111,442	(198,511)	-	3,097,425
Capital expenditure from GAG	255,584	-	(7,226)	(58,597)	189,761
	<u>15,539,028</u>	<u>1,831,442</u>	<u>(439,350)</u>	<u>(58,597)</u>	<u>16,872,523</u>
Total restricted funds	<u>13,683,929</u>	<u>8,254,110</u>	<u>(7,200,775)</u>	<u>(1,167,000)</u>	<u>13,570,264</u>
Unrestricted funds					
General funds	<u>371,264</u>	<u>528,378</u>	<u>(341,254)</u>	<u>-</u>	<u>558,388</u>
Total funds	<u>14,055,193</u>	<u>8,782,488</u>	<u>(7,542,029)</u>	<u>(1,167,000)</u>	<u>14,128,652</u>

Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Knutsford Academy	632,548	607,707
Cheshire Studio School	73,506	47,611
Egerton Primary School	95,861	55,811
Sir William Stanier School	(25,475)	-
Central services	119	-
	<u>776,559</u>	<u>711,129</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	35,582,878	16,872,523
Pension reserve	(6,977,000)	(3,455,000)
	<u>29,382,437</u>	<u>14,128,652</u>
Total funds		

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£	£	£	£	£	£
Knutsford Academy	3,863,249	927,316	55,849	679,322	5,525,736	5,458,735
Cheshire Studio School	402,026	101,369	487	109,594	613,476	570,811
Egerton Primary School	637,691	226,373	16,235	204,158	1,084,457	1,073,133
Sir William Stanier School	1,272,442	347,953	8,322	292,847	1,921,564	-
Central services	174,718	134,885	-	180,691	490,294	-
	<u>6,350,126</u>	<u>1,737,896</u>	<u>80,893</u>	<u>1,466,612</u>	<u>9,635,527</u>	<u>7,102,679</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	35,582,878	35,582,878
Current assets	1,740,446	27,698	-	1,768,144
Creditors falling due within one year	(991,585)	-	-	(991,585)
Defined benefit pension liability	-	(6,977,000)	-	(6,977,000)
Total net assets	<u>748,861</u>	<u>(6,949,302)</u>	<u>35,582,878</u>	<u>29,382,437</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	16,872,523	16,872,523
Current assets	1,154,468	152,741	-	1,307,209
Creditors falling due within one year	(596,080)	-	-	(596,080)
Defined benefit pension liability	-	(3,455,000)	-	(3,455,000)
Total net assets	<u>558,388</u>	<u>(3,302,259)</u>	<u>16,872,523</u>	<u>14,128,652</u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

The Multi 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 Cheshire West and Chester Council. Both are multi employer defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 August 2019.

Contributions amounting to £196,620 (2019: £161,684) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The TPS valuation for 2016 determined an employer rate of 23.68%, which was payable from September 2019. The next valuation of the will be based on April 2020 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2023.

The employer's pension costs paid to TPS in the period amounted to £997,981 (2019: £603,989).

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 Multi Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Multi Academy Trust has set out above the information available on the scheme.

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

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 14.1% for employers and 6.4% for employees.

As described in note 26 the LGPS obligation relates to the employees of the Multi Academy Trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Multi Academy Trust at the balance sheet date.

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

Total contributions made	2020 £	2019 £
Employer's contributions	348,000	273,000
Employees' contributions	77,000	52,000
Total contributions	<u>425,000</u>	<u>325,000</u>

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.0	2.6
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	<u>1.7</u>	<u>1.8</u>

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

	2020 Years	2019 Years
Retiring today		
- Males	21.2	22.3
- Females	23.6	24.5
Retiring in 20 years		
- Males	21.9	23.9
- Females	<u>25.0</u>	<u>26.5</u>

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

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

The Multi Academy Trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	1,784,700	2,222,000
Bonds	1,626,060	1,415,000
Cash	158,640	40,000
Property	396,600	364,000
Total market value of assets	<u>3,966,000</u>	<u>4,041,000</u>

The actual return on scheme assets was £(376,000) (2019: £280,000).

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	617,000	330,000
Interest income	(105,000)	(101,000)
Interest cost	193,000	162,000
Total operating charge	<u>705,000</u>	<u>391,000</u>

Changes in the present value of defined benefit obligations	2020 £
At 1 September 2019	7,175,000
Obligations acquired on conversion	3,908,000
Current service cost	617,000
Interest cost	193,000
Employee contributions	77,000
Actuarial (gain)/loss	(903,000)
Benefits paid	(124,000)
At 31 August 2020	<u>10,943,000</u>

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations (Continued)

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

	2020 £
At 1 September 2019	3,720,000
Assets acquired on conversion	321,000
Interest income	105,000
Actuarial loss/(gain)	(481,000)
Employer contributions	348,000
Employee contributions	77,000
Benefits paid	(124,000)
	3,966,000
At 31 August 2020	3,966,000

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

	2020 £	2019 £
Net income for the reporting period (as per the statement of financial activities)	14,831,785	1,240,459
Adjusted for:		
Net surplus on conversion to academy	(15,477,336)	(1,592,014)
Capital grants from DfE and other capital income	(50,059)	(111,442)
Investment income receivable	(5,038)	(5,914)
Defined benefit pension costs less contributions payable	269,000	57,000
Defined benefit pension scheme finance cost	88,000	61,000
Depreciation of tangible fixed assets	438,861	439,350
(Increase)/decrease in debtors	(306,815)	3,524
Increase/(decrease) in creditors	395,505	(34,871)
	183,903	57,092
Net cash provided by operating activities	183,903	57,092

22 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	1,213,181	154,120	1,367,301
	1,213,181	154,120	1,367,301

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

23 Commitments under operating leases

At 31 August 2020 the total of the Multi Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£	£
Amounts due within one year	21,402	480
Amounts due in two and five years	21,042	600
	<u>42,444</u>	<u>1,080</u>

24 Related party transactions

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

25 Members' liability

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

26 Conversion to an academy

On 1 April 2020 Sir William Stanier School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Knutsford Multi Academy Trust from the Heath Academy Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from Local Authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion
Sir William Stanier School	Crewe	1 April 2020

KNUTSFORD MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Conversion to an academy

(Continued)

	Unrestricted	Restricted funds:		Total
	funds	General	Fixed asset	2020
Net assets transferred:	£	£	£	£
Freehold land and buildings	-	-	18,983,000	18,983,000
Other tangible fixed assets	-	-	43,716	43,716
Cash	37,620	-	-	37,620
Pension scheme deficit	-	(3,587,000)	-	(3,587,000)
	<u>37,620</u>	<u>(3,587,000)</u>	<u>19,026,716</u>	<u>15,477,336</u>
	<u><u>37,620</u></u>	<u><u>(3,587,000)</u></u>	<u><u>19,026,716</u></u>	<u><u>15,477,336</u></u>

	Unrestricted	Restricted funds:		Total
	funds	General	Fixed asset	2020
Funds surplus/(deficit) transferred:	£	£	£	£
Fixed assets funds	-	-	19,026,716	19,026,716
LA budget funds	37,620	-	-	37,620
LGPS pension funds	-	(3,587,000)	-	(3,587,000)
	<u>37,620</u>	<u>(3,587,000)</u>	<u>19,026,716</u>	<u>15,477,336</u>
	<u><u>37,620</u></u>	<u><u>(3,587,000)</u></u>	<u><u>19,026,716</u></u>	<u><u>15,477,336</u></u>