

St Michael's Church of England Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2021

St Michael's Church of England Academy Trust

Annual Report and Financial Statements

Year Ended 31st August 2021

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St Michael's Church of England Academy Trust

Reference and Administrative Details

Year Ended 31st August 2021

Members

D Bennett
S Whittaker
C Metcalfe

Governors

J Jenks (Head Teacher and Accounting Officer)
C Metcalfe (Chair of Governors) (Foundation DBE)
D Bennett (Foundation DBE)
J Kirkpatrick (Staff Governor)
J Baxendale (Staff Governor) (Appointed 30th October 2020)
C Greenway (Foundation Governor)
D Carey (Parent Governor)
N Kelley (Ex Officio) (St Laurence Foundation Governor)
G Brown (Foundation Governor)
C Wallace (Parent Governor)
M Pritchard (Foundation Governor)
S Melling (Foundation Governor)
S Wilson (Foundation Governor) (Appointed 1st May 2021)
M Duggleby (Foundation Governor)
D Milnes (Foundation Governor)
M Pilkington (Parent Governor)

Recently Retired

S Brown (end of term of office 31st August 2021)
D Arnold (end of term of office 30th April 2021)
C Clarke (Staff Governor) (resigned 31st August 2021)
R Bentley (Community) (resigned 10th November 2020)
D Carey (Parent Governor) (resigned 12th October 2021)
E Straszak (Foundation Governor) (resigned 20th September 2021)
M Pilkington (Parent Governor) (resigned 12th October 2021)

Secretary

K Gill

St Michael's Church of England Academy Trust

Reference and Administrative Details

Year Ended 31st August 2021

Senior Leadership Team

Head Teacher	J Jenks
Deputy Head Teacher	J Chadwick
Deputy Head Teacher	C Hooley
Senior Assistant Head Teacher	A Kellett
Assistant Head Teacher	J Allcock
Assistant Head Teacher	K Tierney
Chief Finance Officer & Business Director	K Gill
Clerk to Governors	L Richardson (Resigned 14 th February 2021) C Jenner (Appointed 18 th January 2021)

Principal and Registered Office	Astley Road Chorley PR7 1RS
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Company Registration Number	07654237 (England and Wales)
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Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
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St Michael's Church of England Academy Trust

Trustees' Report

Year Ended 31st August 2021

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

The trust operates an academy for pupils aged 11-16 serving a catchment area in Chorley, Lancashire. The school size is above average with approximately 1,125 pupils on roll.

Structure, Governance and Management

1.1 Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The trustees of St Michael's Church of England Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as St Michael's Church of England Academy Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability

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

1.3 Trustees' Indemnities

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

1.4 Method of Recruitment and Appointment or Election of Trustees

The number of governors shall not be less than three. The academy trust shall have the following governors:

- Up to 1 governor appointed by the members.
- Up to 2 Diocesan governors who may be appointed by the Diocesan Board of Education.
- Up to 3 staff governors. The governing body shall make all necessary arrangements for and determine all matters relating to the election of staff governors.
- Up to 1 LA governor. The LA may appoint the LA governor.
- 3 parent governors. The parent governors shall be elected by parents of registered pupils at the academy. A parent governor must be a parent of a pupil at the academy at the time when he/ she is elected. The governing body shall make all arrangements for an election of parent governors.
- The Headteacher shall be treated as an ex officio governor.
- The Incumbent
- Up to 1 community governor. The community governor may be appointed by the governing body provided that the person who is appointed as a community governor is:

- a. A person who lives or works in the community served by the academy; or
- b. A person who, in the opinion of the governing body, is committed to the government and success of the academy
- c. Not an employee of the academy trust if the number of governors who are employed by the academy trust (including the Headteacher) would thereby exceed one third of the total number of governors.

- Up to 8 parish governors. The Parish Councils shall make all necessary arrangements for, and determine all matters relating to, the appointment of parish governors.

St Michael's Church of England Academy Trust

Trustees' Report

Year Ended 31st August 2021

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

New governors receive induction training and support from the Clerk to the governing body.

1.6 Organisational Structure

The governing body roles and responsibilities were defined in May 2011. The governors are organised into a number of committees who form policies to be agreed at the main full governing body meetings. The committees comprise of:

- Learning Committee
- Ethos, Staff and Wellbeing Committee
- Finance, Premises and Health and Safety Committee
- Chairs Committee
- Pay Review Committee
- Admissions Committee

The governors are responsible for setting general policy, including vision, aims and ethos of the academy and the monitoring of academic standards, adopting an annual school improvement plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. During the period under review, the governors held three full governors' meetings and 14 committee meetings.

All governors are kept up to date by regular email and the governor portal on School Synergy. All governors have access to policies, procedures, minutes, accounts, budgets and plans to enable them to discharge their governing body duties.

The governing body approves the statutory accounts. The level of authorisation of budget spend is detailed in the Financial Handbook.

The day to day management of the academy is delegated by the governing body to the Headteacher who is the Accounting Officer. The Headteacher is supported by the Chief Finance Officer & Business Director.

Extra-ordinary arrangements in place during COVID19 Pandemic period 24 April 2019 to Aug 2021

During this period, governors made the following changes to the processes for governance:

- All Full Governing Body meetings and committee meetings were replaced with Chairs Committees
- All normal powers of Full Governing Body meetings were delegated to Chairs Committee
- Any statutory powers, including policy adoption, admissions, safeguarding etc, that could not be postponed were delegated to the Chairs Committee.
- All governors and observers received all minimum documentation for the equivalent Full Governing Body meetings electronically so that they could be consulted on the contents of the meeting and may provide a view prior to the meeting to the Clerk, thus providing some level of governor involvement.
- All meetings will take place via video conference unless necessity dictates otherwise.
- Paperwork and notice of meetings may be reduced to enable the governing body to respond in a timely manner, existing meeting dates will be used where possible.

Authorisation was also requested from the trustees of the academy.

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

The school has a pay policy, which is prepared in agreement with the Governing body. The policy is reviewed on an annual basis, with any changes approved by the Pay Committee. The Headteacher's performance is managed by a separate committee of Governors in liaison with the School Adviser. All members of SLT are managed by the Headteacher. The Teaching pay structure falls in line with STPCD handbook each year. All Teacher pay increments are subject to levels of performance agreed in advance, which are reviewed within the annual appraisal framework. All

St Michael's Church of England Academy Trust

Trustees' Report

Year Ended 31st August 2021

support staff are paid on National Joint Council for Local Government Services pay scales and subject to the rules and regulations of the agreements. All pay increases are agreed by the pay committee of the Governing body.

1.8 Related Parties and Other Connected Charities and Organisations

As a convertor academy there are no sponsors. As a Church of England Academy, St Michael's works in close collaboration with the Blackburn Diocesan Board of Education. The academy works closely with parents and carers to further the principal activities of the academy. The academy works with many school networks, both locally, nationally and internationally to further the principal activities of the academy.

Objectives and Activities

2.1 Objects and Aims

The principal object and activity of the charitable company is to maintain and develop a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education.

St Michael's C of E High School aims to ensure that every pupil has the opportunity to grow in body, mind and spirit; to flourish as a child of God and experience the joy and hope of 'life in all its fullness'. Anglican in foundation and practice the school has always been broadly Christian in character rather than narrowly denominational. Our concept of Christ as a corner-stone of our corporate life must inform the whole process of educational activity. We believe that each individual is unique and valuable in the sight of God and entitled to respect and dignity and access to the whole range of opportunities offered by the school. We hope that the school enables them to become healthy and whole in the light of the Gospel and the most effective, responsible, mature adults they can be.

The motto of the school is "Therefore, choose..." which expresses a key aim of our curriculum: to equip every young person with the knowledge, skills, understanding, values and attitudes to live as humane, responsible adults capable of making informed choices. The spiritual dimension to our activity must find expression, not only in high quality worship and Religious Education, but also in the whole curriculum where every opportunity must be taken to develop a sense of awe and wonder at God's world and the human response to it. The Governors and Staff seek continuous improvement in all aspects of the opportunities they offer the children and strive for the best possible relationships with parents, carers, the local community, local parishes feeder primary schools, the Diocese, the LA and the DfE.

Aims of the school/long term strategic objectives:

- To provide a distinctly Christian education which is relevant to young people in the 21st century:

We interpret this to mean that all those who are part of St Michael's should experience life in a Christian community where God is at the heart of all we do, and where the focus is on providing opportunities for growth in body, mind and spirit so that all who learn and work here may flourish and experience the joy and hope of 'life in all its fullness' (John 10:10)

- To provide an outstanding education for our young people:

We interpret this to mean that we provide opportunities for each pupil to 'be the best they can be' and to flourish in a learning environment where the pursuit of excellence based on the highest expectations and aspirations from and for all, is the norm.

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Trustees' Report

Year Ended 31st August 2021

2.2 Objectives, Strategies and Activities

Medium term objectives:

Within the context of our long-term planning we have objectives for the next 3 years which inform our shorter term planning and contribute to our strategic objectives. These are:

Christian Dimension

To provide an outstanding education in a distinctively Christian context, which is relevant to young people in the 21st century; so all those who are a part of 'Team St Michael's' can grow in body, mind and spirit, becoming the person that God wants them to be and experience the joy and hope of 'life in all its fullness'.

Quality of Education

- Curriculum Design- to maximise opportunities to enable all pupils to follow a coherently planned, ambitious and enriching curriculum that provides the pupils with the knowledge and cultural capital to succeed in life,
- Attainment and Progress - To maximise pupil progress and attainment through outstanding learning, teaching and assessment supported by the use of robust and regular tracking.
- Learning, Teaching and Assessment – To have a collaborative, research-based approach to learning and teaching that creates a zest for learning and secures the highest levels of engagement, enjoyment, attainment and progress across school.

Behaviour and Attitudes

- To have the highest expectations and aspirations for pupil behaviour, knowing that this is the rock on which great learning is built. Pupils 'therefore choose' excellent behaviour, treating others with dignity and respect.

Personal Development

- To provide outstanding pastoral support and care and a myriad of enriching opportunities that enable our young people to develop resilience, positive character attributes, to flourish and experience the hope and joy of life in all its fullness.

Leadership and Management

- To develop Leadership and Management at all levels with a shared ambition, the highest expectations and aspirations with clear evidence-based accountability.
- Learning Environment (premises) - To maintain and improve the quality of the school buildings and facilities in line with the Trust Deed and with due regard to the aims of Good Estate Management for Schools.
- Finance - To ensure effective financial planning, management and control that makes full and prudent use of all available resources and complies with the expectations of the Handbook.
- ICT – To maintain and improve the quality of ICT provision throughout school.

Short term objectives:

Following a period of evaluation of last year's school improvement plan, the analysis of the available data and consultation with staff and governors, we have decided to focus on the four following specific aims for next year:

- To continue to develop the Christian distinctiveness of the school by developing character education (think, apply, reflect) and enhancing opportunities for growth in body, mind and spirit.
- To ensure that all teaching is at least consistently good, that there is an increase in the proportion of outstanding teaching and close gaps in the quality of teaching within and between departments
- To research and embed strategies to make learning memorable and challenging for all.
- To review and refine approaches to behaviour for learning and embed 'choose excellent behaviour'

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Although each target within the school improvement plan will have its own success criteria, they should all contribute to improved pupil outcomes.

2.3 Public Benefit

We have referred to guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

Strategic report

3. Achievements and Performance

3.1 Key Performance Indicators

St Michael's is a Church of England High School which converted to an academy in June 2011. The school size is above average with approximately 1,137 pupils on roll. The school is regularly oversubscribed and has a wide catchment area with pupils being drawn from over 50 primary schools.

The intake is mainly white British, with above average ability (mean average CAT score for each year group ranges from 102.82 to 107.13), very little mobility and facing far fewer socioeconomic challenges than the average school. The number of children eligible for the Pupil Premium grant is 91 (8%). There are 10 pupils (<1%) who are looked after. The number of pupils with statements of special educational needs or EHC plans is 9 (<1%). The school's Christian character impacts significantly and positively on its ethos.

The school was last inspected by Ofsted in July 2009 and was judged outstanding overall and for the majority of aspects, with teaching, governance and community cohesion judged good. Improving the consistency in marking was the only key issue identified for improvement.

There has been no update to the IDSR and results in 2020 and 2021 were based on Centre Assessed Grades.

Results from previous years are outlined below:

2019

5 A*-C or grade 9 to 4 equivalent (including English and Mathematics) = 88%

5 A*-A or grade 7+ = 29%

% of pupils achieving 9 - 4 in English and Mathematics = 92%

% of pupils achieving 9 - 5 in English and Mathematics = 75%

% Achieving English Baccalaureate = 43%

Ebacc APS = 5.31

Progress 8 = 0.38

Attainment 8 = 58.3

Progress 8 aims to capture the progress a pupil makes from the end of primary school to the end of secondary school. It is a type of value added measure, which means that pupils' results are compared to the actual achievements of other pupils with the same prior attainment. A score of 0.38 means that pupils score 38% of a full grade higher in each subject.

2018

5 A*-C or grade 9 to 4 equivalent (including English and Mathematics) = 87%

5 A*-A or grade 7+ = 35%

% of pupils achieving 9 - 4 in English and Mathematics = 91%

% of pupils achieving 9 - 5 in English and Mathematics = 74%

% Achieving English Baccalaureate = 28%

Ebacc APS = 4.99

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Progress 8 = 0.56

Attainment 8 = 58.9

St Michael's C of E High School is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

In its last OFSTED inspection in July 2009, OFSTED assessed the school as "outstanding". This judgement allowed us to convert to an academy in July 2011.

The results of the July 2009 OFSTED Inspection are summarised below:

Overall effectiveness:	1
Achievements and standards:	1
Personal development and wellbeing:	1
The quality of provision:	2
Leadership and management:	1

Key to judgements: grade 1 is outstanding, grade 2 good, grade 3 satisfactory, and grade 4 inadequate.

The school was graded as 'excellent' in the SIAMS (Statutory Inspection of Anglican and Methodist Schools) in November 2018. In 2018-19, the school also became the 13th School in the country to be awarded Holocaust Beacon School status.

The academy is also monitored through the completion and submission to the ESFA of

- The academy budget forecast return
- The annual audited financial statements and management letter

3.2 Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

4. Financial Review

4.1 Operating and Financial Review

The academy's principal financial management policies are:

- Applying at all times, best value principles in the procurement of goods and services;
- Monitoring and evaluating the value for money of all staff;
- To prevent all areas of wastage.

These objectives were achieved in the year ended 31 August 2021.

The academy's total incoming resources during the year were £6,731,000. The majority of the academy's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the academy's educational operations in the year was £6,265,000.

Total outgoing resources for the year were £6,550,000, the majority of which related to the direct provision of educational operations.

At 31 August 2021 all assets shown in the accounts were used exclusively for providing education and associated support services to pupils of the school.

St Michael's Church of England Academy Trust

Trustees' Report

Year Ended 31st August 2021

On conversion in 2011 the school inherited a deficit of £660,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £1,830,000 by 31 August 2021, mainly due to changes in the actuarial assumptions regarding future returns on investments and the present value of future liabilities. The academy does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future.

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.

4.2 Reserves Policy

At 31 August 2021 the academy held total reserves of £535,000, including unrestricted funds of £406,000 and restricted funds of £129,000.

Restricted funds include fixed asset fund of £1,700,000, less the LGPS pension scheme deficit of £1,830,000. The remaining balance represents the restricted general fund which amounted to £259,000 and related to funding received in the year which is due to be spent in 2021/22 in accordance with the terms of funding.

Total restricted general funds and unrestricted funds amounted to £535,000 at 31 August 2021.

The governors review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

Capital projects if not funded from the Capital Maintenance Fund need to be sourced from the build-up of these free resources. The governors have previously reviewed the reserves balance and believed the appropriate level of reserves held should be £400,000. This was to ensure increased salary costs, including pension contributions and national insurance charges, will be covered. This figure will be subject to further review in 2021/22. The academy held available reserves of £535,000 at 31 August 2021.

4.3 Investment Policy

All investments are agreed by the governing body, which has regard to the Charity Commission guidance in relation to charity investment policy. The academy does not currently hold any investments other than cash, which is held for its normal operations. The governing body has adopted a low risk strategy to its cash holdings.

4.4 Principal Risks and Uncertainties

The governors have assessed the major risks to which the academy is exposed, in particular those relating to operational areas of the site/facilities, teaching and finances. Sufficient systems and procedures have been established to manage such risks.

The academy has undertaken work during the period to develop and embed the system of internal control, including financial, operational and risk management, which is designed to protect the academy's assets and reputation.

Based on its mission, the finance committee undertakes a comprehensive review of the risks to which the academy is exposed. They identify systems and procedures, including specific, preventable actions which mitigate any potential impact on the academy. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the finance committee will also consider any risks which may arise as a result of a new area of work being undertaken by the academy.

A risk register is maintained at the academy level which is reviewed at least annually by the Finance Committee and more regularly when necessary. The risk register identifies key risks, the likelihood of these risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised

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using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the academy.

The academy has considerable reliance on continued Government funding through the ESFA. There can be no assurance that the Government policy or practice will remain the same or that public funding will continue at the same levels or in the same terms. The move to a National Funding Formula leads to uncertainty surrounding the level of funding the school will receive in the future. This risk is mitigated in a number of ways:

- By ensuring that the academy is rigorous in delivering high quality education for all learners;
- Maintaining pupil numbers;
- Successful application of funding for building projects e.g. CIF

4.5 Fundraising

Prior to becoming an Academy, St Michael's CE High School was voluntarily aided by St Michael's Trust. Local Parish churches founded the school and contributed to the upkeep of the buildings. In addition to that, parents were asked to make voluntary contributions to school funds. This continued after we became an academy. Once a year, the governors ask the foundation parish churches for a contribution towards the school, which they are not obliged to pay, but any contributions received are paid to St Michael's Trust. Parents are also asked if they would like to make a voluntary monthly contribution to the Trust for the duration of their child's attendance or a one off payment. A member of school staff sits on the Trust's board.

The Academy does not work with any professional fundraisers or commercial participators and has received no complaints in relation to its fundraising activities.

5. Plans for Future Periods

The academy intends to action fully the areas for development as detailed in the academy's School Improvement Plan.

6. 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 8th December 2021 and signed on the board's behalf by:

C Metcalfe
Chair of Governors

St Michael's Church of England Academy Trust

Governance Statement

Year Ended 31st August 2021

7.1 Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that St Michael's Church of England 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. As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Michael's Church of England 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.

7.2 Governance

St Michael's Church of England governing body structure and membership is outlined below. The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. There are seven sub-committees of the governing body; four of which meet on a termly basis and an informal committee of Chairs of Committees. The sub-committees are as follows:

- Learning Committee
- Ethos, Staff and Wellbeing Committee
- Finance, Premises and Health and Safety Committee
- Chairs Committee
- Pay Review Committee
- Admissions

During the period from September 2020 to August 2021 there were 3 Full Governing Board Meeting. Attendance during the period at meetings was as follows:

FULL GOVERNORS – 2/12/2020, 24/3/21, 30/6/21 – Held remotely	NUMBER OF MEETINGS ATTENDED	OUT OF A POSSIBLE
NAME OF GOVERNOR		
Mr C Metcalfe (Chair)	3	3
Mr D Bennett (Vice Chair)	3	3
Mrs J Jenks (Headteacher and Accounting Officer)	3	3
Rev D Arnold (Foundation St Paul)	1	2
Mrs J Baxendale (Staff Governor)	3	3
Mrs G Brown (Foundation St George)	2	3
Mr S Brown (LA Governor)	3	3
Mr D Carey (Parent Governor)	0	3
Mrs C Clarke (Staff Governor)	3	3
Mr A Crompton (Foundation Heapey St Barnabas)	3	3
Dr M Duggleby (Foundation Withnell St Paul)	3	3
Mrs C Greenway (Foundation St James)	3	3
Mrs M Harrison (Foundation Coppull Parish)	0	3
Fr Neil Kelley (Foundation Rector of Chorley)	1	3
Mr J Kirkpatrick (Staff Governor)	2	3
Mrs S Melling (Foundation Euxton CE)	1	3
Mr D Milnes (Foundation Brindle St James)	2	3
Dr M Pilkington (Parent Governor)	3	3
Mr M Pritchard (Foundation Charnock Richard)	3	3
Mrs J Scott (Foundation Coppull St John)	0	3
Rev E Straszak (Foundation All Saints)	2	3
Mr C Wallace (Parent Governor)	2	3
Mrs S Wilson (Foundation St Peter)	2	3

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Governance Statement

Year Ended 31st August 2021

Finance Committee (online): 18/11/20, 3/3/21, 16/6/21

NAME OF GOVERNOR	NUMBER OF MEETINGS ATTENDED	OUT OF A POSSIBLE
Dr R Bentley (Chair)	0	1
Mr D Milnes (Chair)	3	3
Mrs J Jenks	3	3
Mrs J Baxendale	2	2
Mr S Brown	3	3
Mr D Carey	2	3
Mr A Crompton	1	3
Dr M Duggleby	3	3
Mr C Metcalfe	3	3
Dr M Pilkington	3	3

Learning Committee (online): 16/9/20, 13/1/21, 28/4/21

* Members of the committee. All governors are invited to meetings.

NAME OF GOVERNOR	NUMBER OF MEETINGS ATTENDED	OUT OF A POSSIBLE
Mr D Bennett (Chair) *	3	3
Mrs J Jenks *	3	3
Rev D Arnold	0	3
Mrs J Baxendale	0	3
Mrs G Brown	1	3
Mr S Brown	2	3
Mr D Carey	1	3
Mrs C Clarke	1	3
Mr A Crompton	0	3
Dr M Duggleby	2	3
Mrs C Greenway *	3	3
Mrs M Harrison	0	3
Fr Neil Kelley	0	3
Mr J Kirkpatrick	1	3
Mrs S Melling	1	3
Mr D Milnes	2	3
Mr C Metcalfe *	3	3
Dr M Pilkington	2	3
Mr M Pritchard	0	3
Mrs J Scott *	0	3
Rev E Straszak	2	3
Mr C Wallace	1	3
Mrs S Wilson *	2	3

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Governance Statement

Year Ended 31st August 2021

4. Ethos, Staffing and Wellbeing Committee (online): 30/9/20, 20/1/21, 5/5/21

NAME OF GOVERNOR	NUMBER OF MEETINGS ATTENDED	OUT OF A POSSIBLE
Rev D Arnold (Chair)	3	3
Mrs J Jenks	3	3
Mr C Metcalfe	3	3
Mrs G Brown	3	3
Mrs C Greenway	3	3
Mrs M Harrison	0	3
Mr J Kirkpatrick	1	3
Mrs S Melling	0	3
Mr M Pritchard	0	3
Rev E Straszak	2	3

Chairs Committee (online): 22/1/20, 10/6/20 (online)

NAME OF GOVERNOR	NUMBER OF MEETINGS ATTENDED	OUT OF A POSSIBLE
Mr C Metcalfe (Chair)	3	2
Mrs J Jenks	3	2
Fr D Arnold	1	2
Mr D Bennett	3	3
Mrs C Greenway	1	1
Mr D Milnes	1	2

The admissions sub-committee meets once a year in December to rank applications for places in the school and can comprise any available governors. The Pay Review committee meets once a year to review the pay of staff following the appraisal process. The Redundancy committee convenes only when required.

The fourteen foundation parishes of the school provide nine foundation governors on the governing body - five of which remain permanently on the governing body (the central Chorley parishes of St George, St Laurence, St Peter, St James and All Saints), whilst the remaining four places are served on a two year rotation from the nine outlying parishes. Rotation will change after 31 August 2021. Governors not currently on rotation may still serve on committees. Currently not on rotation as of 1 September 2020 were as follows:

- Coppull St John
- Coppull Parish
- Heapey St Barnabas
- Whittle St John
- Adlington St Paul

The governors are shown a range of financial data throughout the year, including up to date management accounts and a balance sheet, a five year forecast and are asked to challenge and approve budgets for the forthcoming financial year. At each termly meeting, the Headteacher and the Chief Finance Officer & Business Director deliver reports on performance and future plans regarding income and expenditure. The board will question plans and performance reports to ensure that finances are managed effectively. The end of year accounts broadly reflect the information and the plans provided during the year, so the board are happy that what they receive is representative of the financial performance of the school.

Governance review

The sub-committees of the governing body conduct a self-assessment on an annual basis where the terms of reference, membership structure and effectiveness are reviewed. A report on the committee meeting along with

St Michael's Church of England Academy Trust

Governance Statement

Year Ended 31st August 2021

recommendations to the governing body is submitted at the subsequent meeting of the full governing body in the same term. Sub-committee meetings are timetabled to take place prior to any meeting of the full governing body.

Finance Committee

The Finance Committee has effectively discharged its responsibilities during the period. It has overseen and monitored the financial accounting and administration of the school budget adhering to appropriate financial regulations with regard to Companies Act and Charity Commission arrangements.

The finance committee is a sub-committee of the main governing body. Its purpose is to:

- Consider the academy's indicative funding, notified annually by the DfE, and to assess its implications for the academy, in consultation with the Headteacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body;
- Consider and recommend acceptance/non-acceptance of the academy's budget for each financial year;
- Contribute to the formulation of the academy's development plan through the consideration of financial priorities and proposals, in consultation with the Headteacher, with the stated and agreed aims and objectives of the academy;
- Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan;
- Liaise with and receive reports from the Ethos and Staffing committee, the Safeguarding, Site and Safety committee, the Pay Review and the Curriculum committee, as appropriate and to make recommendations to those committees about the financial aspects of matters being considered by them;
- Monitor and review expenditure on a regular basis and ensure compliance with the overall financial plan for the academy, and with the financial regulations of the DfE, drawing any matters of concern to the attention of the governing body;
- Monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and, where appropriate to make recommendations for improvement;
- Prepare the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with Companies Act and Charity Commission requirements;
- Receive auditors' reports and to recommend to the full governing body action as appropriate in response to audit findings;
- Recommend to the full governing body the appointment or reappointment of the auditors of the academy;
- Will also serve as the audit committee.

During the period from September 2019 to 23 April 2020, the Finance committee met twice. From 24 April onwards, when the extra-ordinary arrangements were adopted, the Chairs Committee, sitting as the Finance committee met twice. Attendance during the period at meetings of the Finance committee (inc delegated powers) was as follows:

7.3 Review of Value for Money

As Accounting Officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

1. Continuing outstanding pupil attainment

The young people at St. Michael's are obviously at the heart of everything our dedicated staff do. This is fully supported by our governing body and is perfectly highlighted by their continued outstanding performance in the most

St Michael's Church of England Academy Trust

Governance Statement

Year Ended 31st August 2021

recent GCSE results in 2018. 88% of our pupils achieved at least 5 GCSE passes at A* - C / 9 - 4 including English and Mathematics. These results have been significantly higher than the national average in each of the last 5 years.

The results in 2020 and 2021 were GCSE centre assessed grades as a result of the national response to Covid19, and these continued our high standards. More than 4000 grades were awarded and each of these was confirmed following the DfE quality assurance sample. Just under 30 grades were appealed and the original grade awarded was upheld by the awarding bodies in each case. Progress and attainment data from 2019 will be used to assess the school's performance.

2. Financial efficiency

The academy continually strives to obtain value for money from all suppliers and to ensure the efficient, effective and economic use of all the assets available to the academy.

All major purchases, in accordance with our purchasing policy, are open to tender to at least three contractors. Contractors are only invited to provide quotations, or tenders, if they are already approved by the school, after providing proven service. We also invite contractors if they are recommended by other schools. Once a contractor is chosen, we request further testimonials from other schools, therefore ensuring the contractor does provide us with value for money.

This year we were able to enhance and extend the catering facilities available to our pupils by using external funding sources, rather than using public money. With 1,125 pupils on site, it was seen as a priority to improve our offer. We were granted funds from St Michael's Trust utilised a promise of investment from our catering partner, Mellors Catering. This was a value for money way of improving our dining facilities.

3. Financial control and governance

The Headteacher and the Chief Finance Officer & Business Director, review management accounts, considering expenditure against each budget cost centre, at least monthly and investigate any significant variances.

The governing body approves the annual budget of the academy trust and reviews our admission numbers to ensure future financial stability. The governors receive and approve the statutory financial statements and the external auditor's management report and will advise the academy takes action on any recommendations made by the auditors following the annual audit.

The finance committee meet termly to review the management accounts reports, to approve any additional large expenditure items and ensure compliance with the academy's tender arrangements.

7.4 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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust'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 St Michael's Church of England Academy Trust for the year ended 31st August 2021 and up to the date of approval of the annual report and financial statements.

7.5 Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31st August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

St Michael's Church of England Academy Trust

Governance Statement

Year Ended 31st August 2021

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

The governing body has considered the need for specific internal audit, and as such, have appointed a firm of internal auditors to perform independent assurance to the Trustees. This is independent of the auditors who the governors have appointed to complete the annual accounts and external audit.

The Internal Reviewer reported to the governing body during the year on the operation of systems of control and on the discharge of the governing body's financial responsibilities. No material control issues were identified as a result of this work.

7.7 Review of Effectiveness

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

- The work of the external auditor;
- The financial management and governance self-assessment process;
- The work of the Chief Finance Officer & Business Director within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee 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 8th December 2021 and signed on its behalf by:

J Jenks
Head Teacher and Accounting Officer

C Metcalfe
Chair of Governors

St Michael's Church of England Academy Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2021

As Accounting Officer of St Michael's Church of England 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 2020.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

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

J Jenks
Accounting Officer

Date: 8th December 2021

St Michael's Church of England Academy Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2021

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, 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 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education & Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 8th December 2021 and signed on its behalf by:

C Metcalfe
Chair of Governors

St Michael's Church of England Academy Trust

Independent Auditor's Report to the Members of St Michael's Church of England Academy Trust

Year Ended 31st August 2021

Opinion

We have audited the financial statements of St Michael's Church of England Academy Trust (the 'Academy Trust') for the year ended 31st August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flows and the notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31st August 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

Basis for opinion

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

(Continued)

St Michael's Church of England Academy Trust

Independent Auditor's Report to the Members of St Michael's Church of England Academy Trust

Year Ended 31st August 2021

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

We have nothing to report in this regard.

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

St Michael's Church of England Academy Trust

Independent Auditor's Report to the Members of St Michael's Church of England Academy Trust

Year Ended 31st August 2021

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 13th December 2021

St Michael's Church of England Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to St Michael's Church of England Academy Trust and the Education & Skills Funding Agency

Year Ended 31st August 2021

In accordance with the terms of our engagement letter dated 31st August 2021 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Michael's Church of England Academy Trust during the year from the 1st September 2020 to the 31st August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to St Michael's Church of England Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to St Michael's Church of England 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 St Michael's Church of England Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Michael's Church of England Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of St Michael's Church of England Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2020 to the 31st August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 4 of the Guide For External Auditors section of the Academies Accounts Direction 2020 to 2021 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express and opinion on regularity.

(Continued)

St Michael's Church of England Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to St Michael's Church of England Academy Trust and the Education & Skills Funding Agency

Year Ended 31st August 2021

Conclusion

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

Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 13th December 2021

St Michael's Church of England Academy Trust

Statement of Financial Activities incorporating Income & Expenditure Account

Year Ended 31st August 2021

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000	Total 2020 £000
Income and endowments from:						
Donations and capital grants	2	-	113	333	446	241
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	6,265	-	6,265	5,879
Other trading activities	4	20	-	-	20	228
Investments	5	-	-	-	-	7
Total		20	6,378	333	6,731	6,355
Expenditure on:						
Charitable activities:						
Academy trust's educational operations	6,7	20	6,346	128	6,494	6,409
Total		20	6,346	128	6,494	6,409
Net income/(expenditure)		-	32	205	237	(54)
Transfers between funds	14	-	(97)	97	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	14, 25	-	41	-	41	(202)
Net movement in funds		-	(24)	302	278	(256)
Reconciliation of funds:						
Total funds brought forward	14	406	(1,547)	1,398	257	513
Total funds carried forward	14	406	(1,571)	1700	535	257

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

St Michael's Church of England Academy Trust

Balance Sheet

Year Ended 31st August 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	11		1,643		1,398
Current assets					
Debtors	12	178		144	
Cash at bank and in hand		715		716	
		<u>893</u>		<u>860</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(171)</u>		<u>(290)</u>	
Net current assets			<u>722</u>		<u>570</u>
Total assets less current liabilities			2,365		1,968
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>2,365</u>		<u>1,968</u>
Defined benefit pension scheme liability	25		(1,830)		(1,711)
Net assets including pension liability			<u>535</u>		<u>257</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	14	1,700		1,398	
Restricted income fund	14	259		164	
Pension reserve	14	<u>(1,830)</u>		<u>(1,711)</u>	
Total restricted funds			129		(149)
Unrestricted income funds	14		406		406
Total funds			<u>535</u>		<u>257</u>

The financial statements on pages 25 to 49 were approved by the trustees, and authorised for issue on the 8th December 2021 and are signed on their behalf by:

C Metcalfe
Chair of Governors

Company Limited by Guarantee
Registration Number: 07654237

St Michael's Church of England Academy Trust

Statement of Cash Flows

Year Ended 31st August 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	39	101
Cash flows from investing activities	20	(40)	(85)
Cash flows from financing activities	19	-	-
Change in cash and cash equivalents in the reporting period		<u>(1)</u>	<u>16</u>
Cash and cash equivalents at 1st September 2020		716	700
Cash and cash equivalents at 31st August 2021	21/22	<u>715</u>	<u>716</u>

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies

General information and basis of preparation

St Michael's Church of England Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is Astley Road, Chorley, Lancashire, PR7 1RS. The nature of the Academy Trusts operations and principal activities are set out in the Trustees' Report on page 4.

The financial statements 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) 2019), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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 an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Income (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 Academy Trust has provided 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".

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.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Expenditure (continued)

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 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 restrictions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold buildings	125 years
Furniture and equipment	4 to 10 years
Computer equipment	3 years
Motor vehicles	5 years

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.

A notional rent charge and equivalent donation from the Diocese has not been recognised on the grounds that a reasonable estimate of the value is not readily available.

The remainder of the land is leased to the school under a 125 year lease from the Local Authority.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

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.

Provisions

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

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Financial instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. 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.

Taxation

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

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.

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net operating income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees.

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Capital grants	-	268	268	23
Trips and other non public funds	-	113	113	218
Other donations	-	65	65	-
	<u>-</u>	<u>446</u>	<u>446</u>	<u>241</u>

Income from donations and capital grants was £446,000 (2020 - £241,000) of which £nil (2020 - £nil) was attributable to unrestricted funds, £113,000 (2020 - £218,000) was attributable to restricted general funds and £333,000 (2020 - £23,000) was attributable to restricted fixed asset funds.

£268,000 (2020 - £23,000) of government grants were received for capital and maintenance works.

3 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,665	5,665	5,414
Other DfE Group grants:				
Pupil Premium	-	123	123	110
Teacher Pay/Pension grant	-	300	300	299
Rates grant	-	20	20	20
Other grants	-	-	-	5
	<u>-</u>	<u>6,108</u>	<u>6,108</u>	<u>5,848</u>
Other Government grants				
Local Authority grants	-	54	54	31
	<u>-</u>	<u>54</u>	<u>54</u>	<u>31</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exceptional Government funding				
Coronavirus Job Retention Scheme grant	-	-	-	-
Coronavirus catch up premium	-	91	91	-
Other coronavirus exception support	-	12	12	-
	<u>-</u>	<u>103</u>	<u>103</u>	<u>-</u>
Total	<u>-</u>	<u>6,265</u>	<u>6,265</u>	<u>5,879</u>

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

3 Funding for Academy Trust's educational operations (continued)

Funding for Academy Trust's educational operations was £6,265,000 (2020 - £5,879,000) of which £nil (2020 - £nil) was attributable to unrestricted funds, £6,265,000 (2020 - £5,879,000) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

£6,265,000 (2020 - £5,879,000) of government grants were received for the purposes of the day to day running costs of the Academy and its charitable objectives.

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Hire of facilities	9	-	9	20
Catering income	1	-	1	203
Sale of educational goods and services	10	-	10	5
	<u>20</u>	<u>-</u>	<u>20</u>	<u>228</u>

Income from other trading activities was £20,000 (2020 - £228,000) of which £20,000 (2020 - £228,000) was attributable to unrestricted funds, £nil (2020 - £nil) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Short term deposits	-	-	-	7
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>

Investment income was £nil (2020 - £7,000) of which £nil (2020 - £7,000) was attributable to unrestricted funds, £nil (2020 - £nil) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2021 £000	Total 2020 £000
Academy Trust's educational operations					
Direct costs	4,692	60	468	5,220	5,033
Allocated support costs	<u>666</u>	<u>453</u>	<u>155</u>	<u>1,274</u>	<u>1,376</u>
	<u>5,358</u>	<u>513</u>	<u>623</u>	<u>6,494</u>	<u>6,409</u>

£20,000 (2020 - £214,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £6,346,000 (2020 - £6,094,000) was attributable to restricted general funds and £128,000 (2020 - £101,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2021 £000	2020 £000
Operating lease rentals	6	6
Depreciation	128	101
(Gain)/loss on disposal of fixed assets	-	-
Fees payable to the auditor for:		
Audit	8	8
Other services	<u>2</u>	<u>4</u>
	<u>144</u>	<u>119</u>

No additional transactions have taken place under Section 5.2 of the 2020 Academies Financial Handbook which require additional disclosure.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

7 Charitable activities

	Total 2021 £000	Total 2020 £000
Direct costs – educational operations	5,220	5,033
Support costs – educational operations	1,274	1,376
	<u>6,494</u>	<u>6,409</u>

Analysis of direct costs	Educational operations £000	Total 2021 £000	Total 2020 £000
Direct staff costs	4,692	4,692	4,490
Learning resources	132	132	145
ICT related costs	144	144	70
Examination fees	75	75	63
School trips and visits	108	108	209
Depreciation	60	60	27
Other direct costs	9	9	29
Total direct costs	<u>5,220</u>	<u>5,220</u>	<u>5,033</u>

Analysis of support costs	Educational operations £000	Total 2021 £000	Total 2020 £000
Support staff costs	666	666	574
Depreciation	68	68	74
Premises costs	385	385	448
Catering costs	42	42	205
Other support costs	103	103	63
Governance costs	10	10	12
Total support costs	<u>1,274</u>	<u>1,274</u>	<u>1,376</u>

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

8 Staff

(a) Staff costs

	2021	2020
	£000	£000
Staff costs during the period were:		
Wages and salaries	3,868	3,640
Social security costs	402	370
Pension costs	1,045	974
	<u>5,315</u>	<u>4,984</u>
Agency staff costs	39	77
Staff restructuring costs	-	-
Apprenticeship Levy	4	3
	<u>5,358</u>	<u>5,064</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Non-statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £nil (2020: £nil).

(c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full-time equivalents, was as follows:

	2021	2021	2020	2020
	Number	Full-time	Number	Full-time
		equivalent		equivalent
Teachers	69	62	67	63
Administration and support	37	28	34	25
Management	7	7	7	6
	<u>113</u>	<u>97</u>	<u>108</u>	<u>94</u>

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

8 Staff (continued)

(d) Higher paid staff

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

	2021 No.	2020 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
	<u>4</u>	<u>4</u>

(e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £653,000 (2020: £586,000).

9 Related party transactions - Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from employment with the Academy Trust. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

J Jenks (Principal and trustee):

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

C Clarke (staff trustee) (retired 31st August 2021):

Remuneration	£55,000 - £60,000. (2020: £50,000 - £55,000)
Employers' pension contributions	£10,000 - £15,000. (2020: £10,000 - £15,000)

J Kirkpatrick (staff trustee):

Remuneration	£50,000 - £55,000. (2020: £50,000 - £55,000)
Employers' pension contributions	£10,000 - £15,000. (2020: £10,000 - £15,000)

J Baxendale (staff trustee) (appointed 30th October 2020):

Remuneration	£25,000 - £30,000. (2020: not appointed as a staff trustee)
Employers' pension contributions	£5,000 - £10,000. (2020: not appointed as a staff trustee)

During the year ended 31st August 2021, no travel and subsistence expenses were reimbursed or paid directly to trustees (2020: £nil).

Other related party transactions involving the trustees are set out in note 26.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

10 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 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.

11 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2020	1,393	375	261	27	2,056
Additions	237	-	136	-	373
At 31 st August 2021	1,630	375	397	27	2,429
Depreciation					
At 1 st September 2020	129	272	233	24	658
Charged in period	32	33	60	3	128
At 31 st August 2021	161	305	293	27	786
Net book values					
At 31 st August 2020	1,264	102	29	3	1,398
At 31 st August 2021	1,469	70	104	-	1,643

12 Debtors

	2021 £000	2020 £000
Trade debtors	10	14
VAT recoverable	59	42
Other debtors	49	38
Prepayments and accrued income	60	50
	178	144

13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	58	143
Other taxation and social security	-	-
Other creditors	76	100
Accruals and deferred income	37	47
	171	290

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

14 Funds

	Balance at 1 st September 2020 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	155	5,665	(5,477)	(97)	246
Pupil premium grant	-	123	(123)	-	-
Teacher Pay/Pension grant	-	300	(300)	-	-
Rates grant	-	20	(20)	-	-
Other DfE/ESFA grants	-	103	(103)	-	-
Local Authority grants	-	54	(54)	-	-
Other restricted funds	9	113	(109)	-	13
Pension reserve	(1,711)	-	(160)	41	(1,830)
	(1,547)	6,378	(6,346)	(56)	(1,571)
Restricted fixed asset funds					
DfE/ESFA capital grants	-	268	-	(211)	57
Donation from Trust	-	65	-	(65)	-
Other capitalised assets	1,000	-	(119)	373	1,254
ESFA building valuation	398	-	(9)	-	389
	1,398	333	(128)	97	1,700
Total restricted funds	(149)	6,711	(6,474)	41	129
Total unrestricted funds	406	20	(20)	-	406
Total funds	257	6,731	(6,494)	41	535

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 Academy. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2021. At the period end the carry forward of GAG funding was £246,000.

Other DfE/ESFA grants include monies received outside of GAG funding for example the Teacher Pay Grant and Pupil Premium. These funds have been spent in full by the 31st August 2021.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. A large percentage of these funds relate specifically to Special Educational Needs (SEN). As at the 31st August 2021 these funds had been spent in full.

Other restricted funds include monies from trips & non-public funds. As at the 31st August 2021 this fund had a surplus of £13,000. These funds have been carried forward to the next accounting period.

Donations from Trust represents donated income from the St. Michaels Trust in relation to capital works ongoing at the Academy. These funds were spent in full at the 31st August 2021.

DfE/ESFA capital grants represent capital monies received during the period from the ESFA. As at the 31st August 2021, £57,000 of these funds were unspent and have been carried forward to the next accounting period.

Capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These will be depreciated in line with the accounting policies set out in note 1.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

14 Funds (continued)

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

	Balance at 1 st September 2019 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	95	5,414	(5,287)	(67)	155
Pupil premium grant	-	110	(110)	-	-
Teacher Pay/Pension grant	-	299	(299)	-	-
Rates grant	-	20	(20)	-	-
Other DfE/ESFA grants	-	5	(5)	-	-
Local Authority grants	-	31	(31)	-	-
Other restricted funds	2	218	(211)	-	9
Pension reserve	(1,378)	-	(131)	(202)	(1,711)
	(1,281)	6,097	(6,094)	(269)	(1,547)
Restricted fixed asset funds					
DfE/ESFA capital grants	-	23	-	(23)	-
Donated from Trust	25	-	-	(25)	-
Other capitalised assets	978	-	(93)	115	1,000
ESFA building valuation	406	-	(8)	-	398
	1,409	23	(101)	67	1,398
Total restricted funds	128	6,120	(6,195)	(202)	(149)
Total unrestricted funds	385	235	(214)	-	406
Total funds	513	6,355	(6,409)	(202)	257

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

15 Analysis of net assets between funds

Fund balances at 31st August 2021 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,643	1,643
Current assets	406	430	57	893
Current liabilities	-	(171)	-	(171)
Pension scheme liability	-	(1,830)	-	(1,830)
Total net assets	<u>406</u>	<u>(1,571)</u>	<u>1,700</u>	<u>535</u>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	1,398	1,398
Current assets	406	454	-	860
Current liabilities	-	(290)	-	(290)
Pension scheme liability	-	(1,711)	-	(1,711)
Total net assets	<u>406</u>	<u>(1,547)</u>	<u>1,398</u>	<u>257</u>

16 Capital commitments

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	<u>57</u>	<u>-</u>

17 Commitments under operating leases

Operating leases

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

	2021 £000	2020 £000
Amounts due within one year	3	6
Amounts due between one and five years	1	4
Amounts due after five years	-	-
	<u>4</u>	<u>10</u>

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

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

	2021	2020
	£000	£000
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	237	(54)
Adjusted for:		
Depreciation (note 11)	128	101
Capital grants from DfE and other capital income	(333)	(23)
Interest receivable (note 5)	-	(7)
Defined benefit pension scheme cost less contributions payable (note 25)	131	109
Defined benefit pension scheme finance cost (note 25)	29	22
(Increase) in debtors	(34)	(34)
(Decrease) in creditors	(119)	(13)
Net cash provided by operating activities	39	101

19 Cash flows from financing activities

	2021	2020
	£000	£000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by financing activities	-	-

20 Cash flows from investing activities

	2021	2020
	£000	£000
Purchase of tangible fixed assets	(373)	(115)
Dividends, interest and rents from investments	-	7
Capital grants from DfE/ESFA	268	23
Capital funding received from others	65	-
Net cash (used in) investing activities	(40)	(85)

21 Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	715	716
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	715	716

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

22 Analysis of changes in net debt

	At 1 st September 2020	Cash flows	Acquisition / disposal of subsidiaries	Finance leases	Other non-cash changes	At 31 st August 2021
Cash	716	(1)	-	-	-	715
Cash equivalents	-	-	-	-	-	-
Overdraft facilities repayable on demand	-	-	-	-	-	-
	716	(1)	-	-	-	715
Loans falling due within one year	-	-	-	-	-	-
Loans falling due after more than one year	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-
	-	-	-	-	-	-
Total	716	(1)	-	-	-	715

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Diocese the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

24 Members' Liability

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

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31st March 2016 and of the LGPS 31st March 2019.

Contributions amounting to £17,000 (2020: £15,000) were payable to the schemes at 31st August 2021 and are included within creditors.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

25 Pension and similar obligations (continued)

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 full-time teachers in academies and, from 1st 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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31st March 2016. The valuation report was published by the Department for Education on 5th 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% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The pension costs paid to TPS in the period amounted to £1,012,000 (2020: £981,000).

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.

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

25 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 contribution made for the year ended 31st August 2021 was £195,000 (2020: £191,000), of which employer's contributions totalled £152,000 (2020: £150,000), and employees' contributions totalled £43,000 (2020: £41,000). The agreed contribution rates for future years are 23.6% for employers and the rate for employees remains dependant on the earnings of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join 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 Academy Trust at the balance sheet date.

Principal Actuarial Assumptions	At 31 st August 2021	At 31 st August 2020
Rate of increase in salaries	4.2%	3.9%
Rate of increase for pensions in payment / inflation	2.8%	2.5%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.7%	2.4%

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

	At 31 st August 2021	At 31 st August 2020
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.1	25.0
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.9	26.8

Sensitivity analysis

	Central £000	Sensitivity 1 +0.1% pa discount rate £000	Sensitivity 2 +0.1% pa inflation £000	Sensitivity 3 +0.1% pa pay growth £000	Sensitivity 4 1 year inc in life expectancy £000
Liabilities	5,042	4,950	5,136	5,056	5,203
Assets	(3,212)	(3,212)	(3,212)	(3,212)	(3,212)
Deficit	1,830	1,738	1,924	1,844	1,991
Projected service cost	304	297	312	304	315
Projected net interest	30	30	31	30	33

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 st August 2021	Fair value at 31 st August 2020
Equities	1,623	1,234
Gilts	-	-
Corporate bonds	170	187
Property	321	368
Cash and other liquid assets	67	49
Other	1,031	869
Total market value of assets	3,212	2,707

The actual return on scheme assets was £387,000 (2020: £(22,000)).

Amounts recognised in the statement of financial activities

	2021 £000	2020 £000
Current service cost (net of employee contributions)	(127)	(105)
Interest income	50	49
Interest expense	(79)	(71)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(4)	(4)
Total operating charge	(160)	(131)

St Michael's Church of England Academy Trust

Notes to the Financial Statements

Year Ended 31st August 2021

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2021	2020
	£000	£000
At 1st September	4,418	4,048
Current service cost	279	251
Past service cost	-	4
Interest cost	79	71
Employee contributions	43	41
Actuarial loss	295	121
Benefits paid	(72)	(118)
Losses or gains on curtailments	-	-
Past service costs	-	-
Unfunded pension payments	-	-
At 31st August	<u>5,042</u>	<u>4,418</u>

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

	2021	2020
	£000	£000
At 1st September	2,707	2,670
Interest income	50	49
Return on plan assets (excluding interest income)	-	-
Assets distributed on settlements	-	-
Actuarial gain/(loss)	336	(81)
Employer contributions	152	150
Employee contributions	43	41
Benefits paid	(72)	(118)
Administrative expenses	(4)	(4)
At 31st August	<u>3,212</u>	<u>2,707</u>

26 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.