

Company Registration No. 07687709 (England and Wales)

CRANMER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

CRANMER EDUCATION TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 19
Governance statement	20 - 23
Statement on regularity, propriety and compliance	24
Statement of trustees' responsibilities	25
Independent auditor's report on the financial statements	26 - 27
Statement of financial activities including income and expenditure account	28
Balance sheet	29
Statement of cash flows	30
Notes to the financial statements including accounting policies	31 - 56

CRANMER EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Oldham, Henshaw and Church of England- represented by A Armitage Education Trust (Henshaw Trust)
- Chair of Board of Trustees - represented by J Gregory
- Area Dean, Oldham West Deanery - represented by Reverend N Andrewes (resigned 27 November 2019 and post removed)
- Manchester Diocesan Board of Education - represented by D Smith (appointed 1 November 2019) and joined by A Coates as Diocesan Corporate members (appointed 27 November 2019)
- Reverend Williamson - (appointed 21 August 2019)

Trustees

J Gregory (Chair of Trust Board)
J A Hollis (Accounting Officer and Chief Executive Officer of Cranmer Education Trust)
T Mitchell
E Moores
M Tomlinson (Resigned 6 July 2020)
P Winter (Chair of Audit, Risk & Finance Committee)
M Khan
S Skidmore
S Curley
E Wood
Reverend J Rosedale
R Lamb

Senior management team

- Chief Executive Officer J Hollis
- Director of Operations C Ellis
- Director of Finance B Harper
- Principal HR Officer C Kearns
- IT Manager C Hawes
- Data Manager M Walker

Company registration number 07687709 (England and Wales)

Registered office Cranmer Education Trust
The Blue Coat School
Egerton Street
Oldham
OL1 3SQ

Academies operated

	Location	Principal
Mayfield Primary School	Mayfield Road, Oldham, OL1 4LG	M Couper-Barton
East Crompton St George's CofE Primary School	George Street, Shaw, Oldham, OL2 8AX	R Ross
The Blue Coat School	Egerton Street, Oldham, OL1 3SQ	R Higgins

Independent auditor

RSM UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

CRANMER EDUCATION TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds TSB
Church Street
Blackburn
BB2 1JQ

Solicitors

Hill Dickinson
1 St. Paul's Square
Old Hall Street
Liverpool
L3 9SJ

CRANMER EDUCATION TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Cranmer Education Trust is a Multi Academy Trust which offers a broad and balanced curriculum in accordance with the tenets of the Church of England. During the period the Trust operated one secondary and two primary academies.

The secondary academy is The Blue Coat C of E School for pupils aged 11 to 18 serving a wide catchment area across North East Manchester.

The two primary academies are East Crompton St George C of E Primary School for pupils aged 4-11 with a local catchment area in Shaw which joined the Trust on 1 September 2015 and Mayfield Primary School for pupils aged 3-11 situated in the Derker area of Oldham which joined the Trust on 1 January 2016.

The Trust's academies have a combined roll of 2,175 in the school census of January 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Cranmer Education 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 Trust.

The Trustees of Cranmer Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company changed its name from The Blue Coat School to Cranmer Education Trust on 1 May 2015 when the company converted to multi academy trust status.

Details of the trustees who served during the year (and to the date these accounts are approved) are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has opted into the Department for Education risk protection arrangement (RPA). This scheme protects trustees and officers from claims arising from negligent acts, errors and omissions occurring while on Trust business and provides cover up to £10,000,000.

Method of recruitment and appointment or election of Trustees

All members of the Trust Board are appointed and/or elected in accordance with the Articles of Association.

Trustees (Directors) are recruited by invitation dependent upon their expertise, experience and skills under the following conditions as set out in the Articles of Association as updated effective date 31 October 2019:

- Directors appointed by Members shall not exceed 13
- Directors who are employees including the Chief Executive Officer- number not to exceed one third of total Directors Article 57
- Co-opted Directors -Directors appointed by the Directors under Article 58
- Parent Directors if appointed under Articles 53-56

The Board must comprise of at least three Trustees each with a term of office of 4 years (with the exception of any post held ex officio).

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees and local governors depends on their existing experience. Where appropriate, induction training is provided on charitable, educational, legal and financial matters. All are given access to copies of policies, procedures, minutes, accounts, budgets, plans and other documents appropriate to their specific roles through the secure shared knowledge network – GovernorHub.

The Trust will institute training for Directors and local governors on their responsibilities within the Trust and will review its own needs in the light of its experience and responsibilities. These are likely to include:

- training for Directors in relation to their specific areas of oversight within the Trust.
- updates from the Diocesan Board of Education on the responsibilities of Directors and Members of Multi-Academy Trusts with a religious character
- training for Directors on their financial responsibilities, provided by an independent body
- training for Directors on their legal responsibilities and accountabilities as trustees, provided by an independent body
- induction training for new Directors and Governors
- training on the use of GovernorHub for the sharing of documents and information

Organisational structure

Cranmer Education Trust currently operates a management structure as follows: The Trust Board (including Audit, Risk and Finance Committee, Pay Committee and Standards Committee), local governance, the Principals of each Academy and the Executive Team of the Trust chaired by the Chief Executive Officer (CEO) who is also the Accounting Officer. The aim of the management structure is to devolve appropriate levels of responsibility to ensure responsive, high quality provision in all our schools. The management structure is set out in the following trust documents, the Scheme of Delegation, the Finance Manuals and Financial Responsibilities Key.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust using data results and budgets and making major decisions about the direction of the Trust, capital expenditure, senior staff appointments and the overall policy framework.

The Trust Board has established Local Governing Committees (LGC) in each academy of the Trust which receive delegated authority from the Trust Board to monitor and advise the Trust Board in relation to the functioning of the Academy under the remit of curriculum policy, safeguarding policy, admissions procedure, receiving and challenging local financial performance, compliance with Trust systems and procedures, appointments below principal level, monitoring and evaluating outcomes for pupils, estate maintenance and health and safety.

During 2019-20 the Executive Team headed by the CEO comprised key personnel of the Trust: The Operations Director and the Finance Director supported by the Trust HR Manager, IT and Data Managers and two third party specialists - School Improvement Professional, and Primary Specialist. The team through the CEO was delegated by the Trust Board wide ranging responsibilities to support the work of the Trust to ensure value for money, high standards of educational provision and actions for pupils, and consistent practice especially in areas such as procurement, IT finance, and facilities. The team is set to expand in 2020-21 to include the Business Manager of the main secondary and the Trust Finance Manager in readiness for the expansion of the Trust. In 2018-19, a further team was set-up, the Strategic Leadership Team, including the Director of Operations, Finance Director and the Principals of each Academy, chaired by the CEO to consult on and assist the Trust Board and Executive Team with the development of policy and procedures as a key communication tool for the Trust. The group is not a committee and does not have any formal powers delegated to it by the Trust Board.

The Trust is currently engaging with DFE and Rochdale Council to transfer St Annes Church of England Academy (St Anne's) from Middleton Academy Limited into the Trust for nil consideration. This will take place during 20-21 and bring the secondary schools within the Trust to two. St Anne's is a 6 Form of Entry Secondary School based in Middleton comprising a roll of 745 at the January 2020 census.

The Trust has also successfully applied to open a Free School in Oldham in 2023 referred to as Blue Coat 2 but to be named The Brian Clarke Church of England Academy and is currently working with DFE on all aspects of the educational provision, the site and the build during 2020-21.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

Factors considered in determining the pay and remuneration of key management personnel include the skills required (qualifications and experience), responsibility levels and autonomy. For new posts, benchmarking exercises and research is carried out so that the salaries paid are compatible with other similar posts outside the Trust. Posts within the Trust that have similar requirements are paid at comparable rates. The Trust also ensures that salaries are in line with market requirements as far as possible so that the best staff are recruited and retained, and staff are well motivated.

Trade Union Facility Time

The Trust did not have any relevant Trade Union Officials undertaking facility time in its employment.

Related parties and co-operation with other organisations

The Blue Coat School was designated a National Teaching School and a National Support School in 2013 and as such has established an Alliance (The Northern Alliance) of sixteen schools/colleges, from all phases and from 6 Local Authority areas to promote the professional development of staff so as to improve provision and outcomes for young people. During the current period the Alliance has provided school to school support through its network of Specialist Leaders of Education (SLE's), worked with Oldham Council Opportunities Area to provide SLE training, and a significant project in relation to Subject Networks for Oldham Council.

From 1 September 2017 the Trust became a designated centre for School Centered Initial Teacher Training (SCITT) under the trading name Manchester Nexus SCITT with full responsibility for the recruitment, training and assessing of the SCITT teacher training programme with Liverpool Hope University providing the PGCE element of the course- 54 students completed the SCITT programme for 19-20 and 65 joined the programme for 20-21.

From 1 September 2017 the Trust, through the CEO, became a strategic partner of North-West 1, the North West Maths hub, facilitating a secondary maths network and a primary research group to support the introduction of Singapore Maths into both the Trust primaries, and primaries across the area.

The Trust is also commissioned by the Local Authority to provide Quality Assurance provision for Newly Qualified Teachers in Oldham and leads a support network for staff responsible for that provision.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Trust is to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad, balanced, rich and differentiated curriculum, and which shall include:

- i. Church of England schools conducted in accordance with the principles, practices and tenets of the Church of England particularly in relation to arranging for religious education and daily acts of worship and in accordance with any trust deed governing the use of land used by the relevant Academy and having regard to any advice and following directives issued by the Diocesan Board of Education; and
- ii. other academies with or without a designated religious character,

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated as Church of England schools.

The Trust is dedicated to serve young people, to help and enable them to become everything they can be and everything that they are meant to be.

Objectives, Strategies and Activities - Achievements and Performance

Please see tables on pages 6-11.

CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

Objectives and Outcomes 2019-20	Achievements and Performance
<p>1. Continue to improve/sustain educational outcomes and progress</p>	<p>The Blue Coat School School data, based on Centre-Assessed Grades, shows that standards were in line with previous years and improved post-16, following focused improvement work with the key departments. Progress 9 of 0.44 (national average 2019 was -0.03) would put the school in the top 14% if compared with previous years.</p> <p>A-Level outcomes remained high – 6 Oxbridge places achieved pre-COVID. All students wishing to progress to Higher Education did so.</p> <p>Educational provision continued during COVID-19 based on the school's VLE, with increasing creativity as staff explored the functionality of Teams and school put protocols in place. Full curriculum review completed for September 2020 and refined to focus on key learning, and pedagogy for remote and blended is underway.</p> <p>East Crompton St George's Primary School Inspected in December 2019; overall outcome "Good". Early Years "R.I". Full curriculum review commenced over 2019-20. School Improvement Partner validated the quality and progress and the projections for SATs in March 2020. If SATs had been held the school was predicted to achieve Age-Related Expectations at KS2.</p> <p>Reading is now strong – writing less so. SEND has significantly improved. Key areas for improvement now are KS1, EYFS, Phonics.</p> <p>Provision during COVID-19 involved customised resources from Robin Hood Trust, supported by teacher phone calls and this has now been replaced by customised Oak Academy resources via Purple Mash.</p> <p>Mayfield Primary School Pupils are making very good progress from their starting points but gap at all thresholds remains significant. Curriculum quality is being updated in line with Ofsted best practice.</p> <p>Provision during COVID-19 was through customised Robin Hood Trust resources, mainly via paper, plus some on social media. Now moving onto Purple Mash.</p>
<p>2. Business Plans/Growth Strategy</p> <ul style="list-style-type: none"> • Achieve Brian Clarke Academy by successful and timely completion of necessary activities/processes 2019/20, i.e. <ul style="list-style-type: none"> • impactful engagement in design process; 	<p>Brian Clarke Academy On track, Education Plan, Governance Plan, Admissions Policy completed. Feasibility completed. School-Specific and ICT Brief completed by academic year end.</p>

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

<ul style="list-style-type: none"> • approval of Education Plan, Governance Plan, Admissions Policy; • successful ongoing communications plan and community engagement to build commitment to the vision of the new school and recruitment in 2021-22. • Successfully deliver expansion of Mayfield to 2FE (2 Forms of Entry) in time and in budget and fill all places in reception and nursery. • Develop business plan re re-brokering of St Anne's, full risk analysis and strategy for mitigation, improvement plan. Depending upon this plan, Trust capacity, RSC decision and wider political context, successfully bring St Anne's into the Trust. 	<p>Mayfield Primary School On track to finish by Easter 2021. In budget but Rising 2 Provision will remain a shell. Reception: 55, Nursery, 44. Numbers will need to increase for financial sustainability.</p> <p>St Anne's Business plan completed, approved by the Trust board and RSC/Headteacher Board. Emergency School Improvement and Trust Capacity Grant secured to support St Anne's. Transfer commenced but put on hold during COVID-19. Resumed in September 2020.</p>
<p>3. Trust Capacity</p> <ul style="list-style-type: none"> • Members approve new model Articles of Association • Implement Stage 1 of recommendations of external governance review • Ensure local governance is trained/able to fulfil its responsibilities and can model for/buddy Blue Coat II local governance. • Develop and implement business case to strengthen central capacity of Trust executive and school improvement to support new and underperforming schools entering CET. • Research/introduce improved systems/automation re HR, MIS, payroll, recruitment systems. • Secure future of SCITT as a good/outstanding teacher training body to recruit, train, develop and retain teachers for our schools and area. • Ensure stakeholder engagement and confidence as Trust expands. Build investment/hope of wider community in what we are striving to achieve for children and young people 	<ul style="list-style-type: none"> • Members increased to 5 in line with best practice. New Model Articles approved. • Local Governance – progress disrupted by COVID-19. Now resuming via Teams. Chairs all in place (SEE COVID-19/5 below). • Business Case completed. Executive Team reviewed and expanded. • I-Trent (HR/Payroll) successfully implemented on 1 September 2020. Blue Octopus (Recruitment) successfully implemented during 19/20. Financials Live (Finance) is being implemented across 2020-21. • SCITT inspection December 2020: "Good". 65 trainees recruited for 2020-21. 61% graduates gained posts in partner schools in 2020. • Communications strategy commenced. Websites developed. Connections with our communities grew stronger during COVID-19 because: <ul style="list-style-type: none"> • Free School Meal vouchers were made immediately available and sustained; • Provision of learning and pastoral care – schools remained open throughout to vulnerable and key worker children • Trust sourced ICT to help bridge the digital gap.
<p>4. Ethos</p> <ul style="list-style-type: none"> • Continue to develop the distinctively Christian character, particularly of our designated CofE schools, in line with Section 48 (SIAMS) framework; include in governance development. • Continue to develop quality of Spiritual, Moral, Social and Cultural education and ethos in our non-designated schools. • Continue to build support for pupils of other faiths in all our schools and a distinctive Cranmer ethos of success and achievement for children and young people through a holistic Christian philosophy of education which builds mutual respect, understanding and cohesion. 	<p>Verse for Year: "Give all your worries to him, because he cares about you" (1 Peter 5:7) – prescient.</p> <p>For the first half of the school year, the arc of the Christian year provided the framework for faith and worship – from Advent, through to Christmas and the Epiphany, into Lent. School worship and (at Blue Coat) Eucharistic worship continued.</p> <p>Following lockdown, the Chaplain developed weekly virtual assemblies, posted on all our Trust and school websites and through the schools' social media. These become the important way</p>

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

	<p>for pupils and staff to continue to feel part of a loving, inclusive community. As assemblies evolved, they included staff and pupils from schools across the Trust, planning themes such as light, kindness and hope. Participation of the staff prayer group (now online) increased markedly, allowing staff members to connect with one another and bring all fears and doubts before a faithful and loving God, in prayer for each other, our pupils and the communities which we serve/where we live.</p>
SUPPLEMENTARY REPORTING RE COVID-19	
<p>1 In reporting the main achievements of the academy trust explaining how the virus control measures affected their activities</p>	<ul style="list-style-type: none"> • All schools remained open throughout lockdown and including school holidays for children of key workers and vulnerable children. • Additional safeguarding controls and reporting were put in place in line with national and local requirements. Contact maintained with all families throughout. • SEND provision made available in schools, where possible. Some children were supported at home based on discussions with parents. Limited ability to provide interventions. Statutory assessment process and reporting continued. • Staff were rota'd on to keep schools open, as required; otherwise, worked from home supported by the Trust's ICT virtual desktop infrastructure and rapid development of Microsoft Teams. • Educational provision made available through established VLE (Blue Coat) and via websites and paper resources (primaries) using Robin Hood resources. • 35 additional reconditioned laptops provided to secondary pupils lacking digital access at home, prior to the introduction of the government scheme. Primary pupils lacking access at home were brought into school by agreement with parents. • Vouchers provided to FSM parents or BACS transfer before the national scheme was introduced. Families supported throughout up to 31st August 2020. • Schools partially opened in line with DfE requirements during June 2020 in addition to vulnerable and key worker children, i.e. Years 10 and 12 for a day per week supported by online resources. Year 6 in both primaries and Year 1 in St George's. Distancing controls combined with restrictions imposed by building programme which commenced in January 2020 and a large number of vulnerable children made it impossible for Mayfield to bring in Year 1 or Reception. St George's couldn't accommodate Reception. • All 3 schools opened as planned in September 2020. • Health and Safety, Risk Assessments and Controls. The hierarchy of controls has been fully maintained throughout COVID-19 on all sites. Health and Safety Service fully involved. Close working with Oldham Public Health to develop policy and systems for re-opening and model scenarios. Trust Board reviewed Risk Assessments on 28th May and 20th August 2020 pre-September opening. Intensive activity during August ensured all schools could open to all pupils. Use of sophisticated MIS and local intelligence to identify contacts accurately. Though rates of infection of staff and pupils have been high since September

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

	<p>(in line with local picture), there is no evidence of in-school transmission. Full HSE random inspection of Blue coat on 15th October made no recommendations.</p> <ul style="list-style-type: none"> • Recruitment – moved online with additional controls for verification and safeguarding. Deeper questioning on subject knowledge and pedagogy replaced lesson observations. Volume was high but all 3 schools are fully staffed.
2 Taking the opportunity to explain any financial uncertainties regarding the academy trust's financial sustainability and consideration of going concern and the steps being taken to address these uncertainties	<ul style="list-style-type: none"> • N/A
3 Explaining how the contribution of volunteers, where appropriate, assisted the academy trust in its work in managing in the changed circumstances	<ul style="list-style-type: none"> • N/A
4 The impact on the academy trust's ability to fundraise and how the trustees managed this situation	<ul style="list-style-type: none"> • N/A
5 How the outbreak of the virus has affected staff, volunteers and beneficiaries (such as the academy trust's pupils) and the implications for the academy trust's operations and activities for the coming year	<ul style="list-style-type: none"> • Baseline assessments on return in September reflect the extent of pupils' learning loss, particularly for primary most disadvantaged pupils. Secondary engagement in learning (tracked through VLE) was high (90+%) and those not engaging were followed up; but limited interactive teaching/dialogue/individual feedback in the moment has meant that all pupils have some loss, and some have much more. All school curricula were adjusted to focus on key learning, catch up what had been lost, whilst still developing new learning. • 50+% staff also had care responsibilities during lockdown. Clinically vulnerable/those shielding were supported; some evidence of high levels of anxiety about the return – but with support, individual risk assessments and comprehensive controls, all staff have returned for school opening. • Pupil welfare was priority, followed up through at least weekly individual contacts. Pupils were universally glad to return and are upset by repeated needs for bubbles to self-isolate.
6 How the financial and operational effects of the virus and the control measures relating to the virus affected the principal risks and uncertainties facing the academy trust during the reporting period	<ul style="list-style-type: none"> • Management of bubbles to minimise contacts. • Management of contact tracing and repeated requirements for pupils (and staff) to self-isolate, sometimes for multiple periods. • Staff management and behaviours: allocation of workspaces to preserve distancing. Constant vigilance, e.g. kitchen staff in one school all had to isolate together because distancing was not monitored by provider. Site staff prioritised for oversight. • School Meals: primaries can provide limited hot meal service; secondary cannot because of pressures of numbers and lack of space (dining hall also used for educational purposes). Implications for provider re income and for staff (currently furloughed). • Priority development of online provision: <ul style="list-style-type: none"> • New VLE (Purple Mash) at primaries (using Oak Trust materials). This enables teachers to mark pupils' work and monitor progress.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

	<ul style="list-style-type: none"> • Development of functionality of Teams and pedagogy for online teaching/feedback, whilst still teaching pupils in class. • Concerns re public examinations and fall-back arrangements if these cannot take place/pupils are ill/implications for pupils who have missed a lot through isolation, balance between needing to teach pupils to make up the learning loss, whilst also maintaining assessment data in case this is required for a version of Centre-Assessed Grades. • Concerns re admissions policies going forward in secondary; how faith-based admissions criteria which underpin the whole ethos of Blue Coat and its objectives, can work when attendance at public worship is limited by the controls and church capacity to address. Impact upon parents – adds to levels of anxiety.
<p>6 How the financial and operational effects of the virus and the control measures relating to the virus affected the principal risks and uncertainties facing the academy trust during the reporting period</p>	<ul style="list-style-type: none"> • Impact on closing educational gaps and learning loss especially for the most vulnerable. • Growth risk: St Anne's transfer delayed. Blue Coat 2 (a new Free School opening in 2023 called Brian Clarke Church of England Academy) development and opening delayed/slowed down. • Governance risk: legal advice taken through Confederation of School Trusts Directors: <ul style="list-style-type: none"> • 23rd April 2020 - Directors' Decision to use resolutions in writing • 23rd April 2020 - Written Resolution under Article 123 by Directors to delegate to Chair/Vice Chair and in writing Chairs of Committees • 23rd April 2020 - Written intentions to participate in remote meetings under Article 126. • Trust Board Meeting of 30th April 2020 did not take place; all papers made available to all Trustees. Decisions dealt with under Chairs' Action (see above) and reported on 28th May 2020 meeting by Teams. • Scheduled meeting on 16th July 2020 held by Teams. • Additional Meeting to review controls for school openings took place on 28th August 2020 by Teams. • Committee Meetings resumed in September 2020 via Teams, including both Trust Board Committees and Local Committees. • Documented trail of decision making maintained and communicated throughout.
<p>7 Give consideration whether there are any implications for any existing or potential defined benefit pension liability and investments the academy trust holds</p>	<ul style="list-style-type: none"> • The Trust does not hold investments. Regarding pensions – the effects of COVID on investments and therefore on pension liabilities will not be known until the next valuations for the purpose of setting contribution rates. Increase in these rates will lead to increase costs of employing staff - Trust to monitor the position.
<p>8 Consider any impact on the academy trust's reserves policy, level of reserves and any change to funds set aside for future commitments</p>	<ul style="list-style-type: none"> • No significant impact for 19-20 - Trust to continue to monitor position in 20-21

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

<p>9 The impact of the virus-related control measures on any wider network of which the academy trust is a part and how this affects the academy trust's operations</p>	<ul style="list-style-type: none"> • See 5 and 6 above
<p>10 The impact of the virus-related control measures on any wider network of which the academy trust is a part and how this affects the academy trust's operations</p>	<ul style="list-style-type: none"> • SCITT – DfE decision that all trainees on track to achieve Teachers' Standards by 2nd review who maintained learning (even if not in school) in final term should be accredited. All our trainees were supported and monitored during the final term 2020 and passed. • NQT Accreditation – as above, all passed NQT year. • ITE – recruitment continued/(s) via Zoom. Current indications are that numbers are increasing slightly. 65 trainees commenced in September 2020. All have main and contrasting placements. Central training adheres strictly to PHE controls and distancing. Individual support is online. • Teaching School Activities – including curriculum networks, NQT QA, Maths Sub-Hub, training for Early Career Framework – all moved to online. Applications process for Teaching School Hub was on put on ice; resumed in September – 6-week window under pressure of COVID management tilts procurement towards large national MATs with central CPD teams (though lacking the place-based knowledge and commitment).

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Public benefit

In setting objectives and planning activities the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

The key public benefit which the Trust aims to develop is the provision of continued high-quality education for all students through the objects, aims and strategies detailed above. The achievements against the annual objectives are also detailed above.

Engagement with employees (including disabled persons)

The Trust has a Trade Union Recognition Agreement and an established and effective Joint Consultation and Negotiation Committee (JCNC), which is well attended by union representatives and meets at least twice per year. All recognised trade unions are represented.

All employees have an annual appraisal and at least one appraisal objective per employee is linked to school and Trust's priorities. Each school has a minimum of two inset days each year where staff are given comprehensive information about school performance, team meetings regularly take place throughout the organisation and staff receive weekly updates in the form of meetings or bulletins from the Headteacher.

People who state they have a disability on job application forms are given an interview for the role if they meet the essential criteria on the job description, they do not have to meet the desirable criteria. The Trust has an Equality Policy which details the support available for disabled employees during their employment at the Trust.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

— see objectives, strategies and activities

Key Financial Performance Indicators

Performance in Pupil achievement and progress across the Trust is included in objectives, strategies and activities section on pages 6-11.

In relation to financial performance:

- Maintenance of reserves - to ensure that the Trust retains enough general reserves to cover £200k of any emergency capital maintenance work, £200k as protection for future changes in funding and at least two months of Trust salary costs £1,709k. General Restricted and Unrestricted reserves carried forward excluding pension at 31 August 2020 total £2,529k.
- Annual staff costs benchmarking — to ensure that staff costs remain within benchmarked national limits from the 2020 Academy Benchmarking Report. Report for 18-19 shows the following averages
Staff costs % as total costs — average 73 % - The Trust % for 19-20 is 73.5 %
Teaching staff to pupil ratio — average ranges from 15-20 — The Trust ratio for 19-20 is 19.42
- To achieve an annual operating surplus pre depreciation, capital grants and FRS 102 pension adjustments — net surplus for 19-20 has been achieved of £406k
- To pursue and increase year on year alternative sources of revenue funding contributing to income received from educational operations — Level of alternative income sources has increased over the last four years— see table below

Income	2019-20 £'000	2018-19 £'000	2017-18 £'000	2016-17 £'000
Donations excluding capital grants	36	44	46	44
Other trading activities excluding MAT set up grants and balances transferred in on conversion and SCITT bursaries including pupil catering income	1,695	1,732	1,486	1,278
Investment income	1	1	1	2
Total income alternative sources	1,732	1,777	1,533	1,324
Funding from educational operations excluding pupil catering income	11,636	10,770	10,533	10,233
Total income for comparison purposes excluding bursaries and capital gains	13,360	12,547	12,066	11,557
Alternative source income as percentage of total income for comparison purposes	13%	14.1%	12.7%	11.5%

The effect of COVID on income from catering, school activities and teaching school income generation has resulted in a flattening of the income generation in 2019-20.

Non-financial performance indicators include examination results as detailed in objectives and outcomes above.

Going Concern

The Trust has received details of 2020/21 Department of Education funding and made assessment of the impact of potential changes and risk areas including St Annes C of E Academy which will join the Trust during 20-21. Whilst uncertainties remain, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

Revenue

Trust income continues to increase with the continued rise in SCITT tuition fees (2019-20 £529,000, 2018-19 £393,000) and the receipt of sponsorship and bursary grants from National College of Teaching Leadership (NCTL 2019-20 £675,000, 2018-19 £566,000) which were passed directly on to trainees by the Trust. There were also increases in Teaching School Income from further work for the Oldham Opportunities Area in SLE training, Maths strategy and support for NQTs £39,000 and significant school to school support for St Anne's in teaching and learning, HR, data, and financial matters - £69,000 funded by the Emergency Fund and £42,000 from the school itself. Significant grants were received from DFE towards the rise in Teachers' pay and pensions totaling £533,000 and a startup grant of £30,000 towards our journey to open the Brian Clarke Academy in Oldham. However, the increase in income was not as significant as anticipated due to COVID effect on catering, trips and other school activities (decrease on 2018-19 of £271,000) and completion of the growth funding from the Local Authority in 2018-19 (decrease in income £126,000).

Expenditure in 2019-20 overall has seen a £1million increase on 2018-19 mainly due to an increase in staff and the full effect of the Teacher pay and pension awards. The Trust has been affected by COVID in the increase in costs for supply staff, PPE and other disposables for sanitation and cleaning costs, but these increases have been offset by reductions in services for the final term of the year, particularly catering and other premises costs such as utilities.

During the period ending 31 August 2020 total income excluding capital grants was £14,043,000 (2019 £13,113,000) and total operational expenditure before depreciation of £640,000 (2019 £655,000) was £14,264,000 (2019 £13,296,000) resulting in an operating loss (before depreciation, other gains and losses, but after FRS 102 defined benefit pension adjustments) of £221,000 (2019 loss £183,000).

Capital

Capital Grants of £1,754,000 (2019 £250,000) were received – including £1,196,000 from the Local Authority for the expansion of Mayfield and £510,000 Condition Improvement Funding from DFE for the roofs at the Blue Coat School - of which £1,322,000 was used to fund capital assets alongside £37,000 of current year devolved Capital Funding, £13k capital funds unused from prior years and £186,000 (2019 £138,000) from GAG. Devolved Capital Funding of £17,000 (2019 £19,000) has been carried forward unutilised this period. £384,000 of Condition Improvement Funding has been accounted for in this period though not utilised as yet to acquire fixed assets as it is required by the accounting policies to accrue funding not yet received when the grant is not conditional.

Reserves policy

The Trust has maximised reserves to provide a buffer for any funding cash flow delays, protection for future changes in funding and for capital estate investment/maintenance requirements as stated in the Key Performance Indicator section of the Trustees report.

Restricted general reserves total £696,000 (2019 £424,000) excluding the Trust's pension liability of £6,494,000 (2019 £4,669,000). However, the presence of a pension deficit does not mean that an immediate liability crystallises, as any such pension deficit arising through the triennial valuation of the scheme will be managed through increased future pension contribution rates. The contribution rates of the March 2016 valuation updated to August 2020 have been incorporated into cashflow models. In Note 24, the Department of Education has guaranteed that in the event of Trust closure, any outstanding Local Government pension liability will be met by the Department.

During the year £186,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions. Future capital acquisitions will be assessed as to whether these can be met by restricted general funds in the period or will be met from unrestricted funds.

The value of unrestricted reserves is £1,833,000 (2019 £1,885,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Trust.

Details of the Academy Trust's target reserves are included within the Key Performance Indicators on page 13. The Trustees are satisfied that the level of reserves is broadly in line with target.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Restricted fixed asset reserves total £16,593,000 (2019 £15,293,000) and includes the value of the assets and capital balances transferred by the local authority and the Manchester Diocesan Board of Education to the Trust on conversion of the secondary school in 2011 and the two primary schools in period ended 31 August 2016. The restricted fixed asset reserve also includes the funding of assets through grant income since conversion, any balance on capital funds received and not spent (£401,000) and is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Investment policy

The investment policy requires the Trust to maintain sufficient funds to cover expenditure identified through revenue and capital cashflow predictions before considering any investment opportunities. The investment objectives include:

- achieving best financial return available whilst maintaining security of deposits
- to protect the capital value of any investment from risk of loss and inflation
- exercise investment appraisal with care and skill

Surpluses for investment will be identified and documented by Academy but amalgamated to maximise investment potential. The Trust will only invest funds in risk free and easily accessible deposit accounts. For 19-20, Trustees have continued to defer the investment of any reserves to protect cash flow while estate maintenance projects are progressing and while establishing the Multi Academy Trust.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed during the period. The principal risks are identified as follows:

- Educational risk – Continuing quality education through COVID. Admission levels in school and admission criteria in church schools. Centre assessed grades consistency and challenge and Local Governance gaps to challenge quality of education. Mitigate these risks through data review plan for blended learning and remote provision, upskill teachers, use of Standards Committee, marketing schools remotely, prioritise learning essentials within breadth. Review of admissions and policies and creation of admissions committee 20-21. Robust pupil assessments communication with parents, involvement of Data Protection Officer.
- Growth Risk – developing a new Free School and potentially bringing in, through re-brokerage, a school likely to be judged “inadequate” also involve political challenges and reputational risk. To mitigate this the Trust is developing its marketing and communications strategy, particularly through social media, to offset any negative publicity and building relationships with key individuals and bodies whose support/influence can have a positive effect when faced with detractors with a particular agenda.
- Growth management risk - Expansion of the Trust could potentially deplete Trust resources and result in an inability to back fill due to funding pressures particularly during the COVID pandemic. Actions taken by the Trust to mitigate this risk include plans to increase central capacity (both human and through more efficient automated systems), detailed planning of expansion requirements including management of pre-opening resources and application for emergency school improvement and potential transition/capacity funding for re-brokerage.
- Growth Risk – where expansion projects not delivered on time – pressure on quality of education provision, cost management, admissions, use of temporary accommodation. To mitigate - contingency planning prepared, communication channels maintained and used to actively pursue early works to mitigate issues, use of technical adviser by Trust to consider options, monitor costs closely.
- Health and Safety Risks - COVID transmission and reduced quality assurance (QA) ability due to COVID – risk mitigated through comprehensive risk assessments prepared for all aspects of Trust under COVID staff trained PPE and sanitizing equipment acquired, staff pupils and parent communication increased. Health and safety adviser visits continued. Standards Committee focus on H and S QA paperwork
- Key personnel recruitment, retention and succession risk - the risk of long-term sickness and any lack of succession, retention, development and recruitment of key staff, particularly through COVID limiting quality and progress of the Trust. Actions taken by the Trust include protocols set for safe recruitment and use of online interviewing and online and remote provision of training and mentoring. The SCITT and leadership programmes to support teaching staff, a robust pay policy, use of staff surveys, expansion of the appraisal process to include career aspirations, monitoring of market forces and consideration of succession planning for key personnel.
- Reliance on Government funding -To mitigate any reduction in funding as a result of the transition to a National Funding Formula maintain reputational status of the Trust through monitoring student success and achievement in order to maximise pupil base funding available, Growth of Trust to enable economies of scale and move to a capital allocation rather than reliance on CIF bidding. Attendance at Schools Forum and EFSA training events to understand the transition in funding policy and its effect at Local Authority level. Engaging in other income generating activities in order to support base funding through its Teaching School Alliance and SCITT.
- Financial risks under COVID – use of resources and management of internal controls. Mitigated through fraud training, recruitment of finance staff, allocation of responsibilities to maintain segregation of duties and to cover all financial activities documentation of all processes, identification of additional costs and claims for financial support from DFE.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

- SCITT- reputational risks if the training provided does not meet standards for Ofsted and financial risks if costs are not covered. Actions taken by the Trust include use of Paragon software to monitor student progress, SCITT management structure strengthened and partnership schools increased to enhance recruitment, training and QA of trainees, budgets set and monitored - separate accounting system for SCITT activities, Student Loan Company used to administer bursaries.
- Pension schemes - The Trust's employees are members of two defined pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of assets and liabilities of the LGPS in accordance with FRS102 and as a result a deficit has been included in the accounts for 31 August 2020. The TPS has been accounted for as a defined contribution scheme. Due to the nature of the two schemes, there is an underlying risk to the Trust relating to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme.

Risk Management

A Trust risk register is maintained and reviewed by the Audit, Risk and Finance Committee providing the basis for key internal controls, and on financial matters, the internal audit programme. Key controls in place are:

- Forensic data analysis
- Annual school improvement plans
- Organisation structure with clearly defined roles, authorisation levels and terms of reference
- Financial planning, budgeting and regular management reporting
- Formal written and published policies
- Vetting procedures as required by legislation for protection of the vulnerable
- Robust due diligence and tender procedures for new contracts and commissions

The Trust does not have any exposure to significant cash flow or liquidity issues nor does the Trust have any significant credit liabilities, only ordinary creditors from educational and construction activities disclosed in note 16.

CRANMER EDUCATION TRUST TRUSTEES' REPORT (CONTINUED)

Plans for Future Periods

Aims and Objectives	Planned Activities
<p>1. Continue to improve <u>educational outcomes</u> of pupils at key assessment points and maximise progress for all, especially those pupils for whom COVID-19 has been most damaging.</p>	<ul style="list-style-type: none"> • Changing development of school curriculum to build breadth and depth, and ensure pupils are prepared for public examinations. • Development of primary curriculum and subject leadership to ensure sequenced learning, precise teaching, accurate formative assessment. • Develop capacity for formative learning and pedagogic approaches. • Primary focus on Reading (Mayfield), Writing (Both), Key Stage 1 (Both), Early Years (St George's)
<p>2. Enable schools to face strategic challenges</p>	<ul style="list-style-type: none"> • Pupils numbers and social viability: marketing of St George's to achieve secure 1FE. Marketing new 2FE at Mayfield; ensure viability of nursery; review Rising 2s provision, in the light of the financial pressures. • Manage/resolve admissions policy issues/faith-based oversubscription criteria and evidence issues at Blue Coat. • Financial planning and necessary actions for 2020-21 arising from additional COVID-19 costs and national pay awards.
<p>3. Implement Growth Strategy to extend educational opportunities to move young people and build reputation and resilience of Trust</p>	<ul style="list-style-type: none"> • Transfer and integrate St Anne's. Begin improvement strategy. • Secure optimal provision for Brian Clake Academy design, pre-plan successful Section 10 Consultation, Headship appointment, project plan in place for 2022 opening. • Reputation and capacity of MAT: application for Teaching School Hubs.
<p>4. Develop Trust capacity and identity</p>	<ul style="list-style-type: none"> • Development of central Executive Team with shared strategic perspective and ownership. • Build Trust identity through marketing strategy and systems, structures, practices and culture that defines us.
<p>5. Ensure strong governance and controls</p>	<ul style="list-style-type: none"> • Ensure Trust board and committee membership. • Build membership of local committees and means of fulfilling their responsibilities in context of COVID-19 – responsibilities of Headteachers to support this. • Begin shadow governance for Brian Clarke Academy.
<p>6. Strengthen the CE ethos of the Trust</p>	<ul style="list-style-type: none"> • Continue to develop role of chaplaincy to extend to St Anne's and become integral to primaries. • Development/extension (COVID-19 permitting) of shared Christian celebrations/faith events to build shared identity as a Christian family that welcomes all. • Review preparations for potential SIAMs inspections.
<p>7. Manage uncertainties of COVID-19 to protect health and welfare of pupils and staff, and educational provision during periods of intense disruption.</p>	<ul style="list-style-type: none"> • Continuous review of controls and systems. • Messages of shared responsibility. • See 1 above. • Preparation for public examinations or their substitute.

CRANMER EDUCATION TRUST

TRUSTEES' REPORT (CONTINUED)

Fundraising

The Trust has little activity in this area. No professional advisers or commercial participators are used to raise funds. Only small amounts are generated mainly from primary activities with parents.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust does not hold, and the Trustees do not anticipate that it will in the future hold any funds as custodian for any third party.

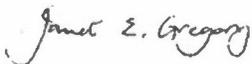
AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 10 December 2020 and signed on the Board's behalf by:



J Gregory
Chair of Trust Board

CRANMER EDUCATION TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Cranmer Education 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 Chief Executive Officer, 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 Cranmer Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Three usual operational meetings, and a meeting relating to COVID lockdown. A further designated meeting was arranged for 3 Trustees to attend regarding the reopening of schools. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
J Gregory (Chair of Trust Board)	5	5
J A Hollis (Accounting Officer and Chief Executive Officer of Cranmer Education Trust)	4	4
T Mitchell	4	4
E Moores	2	4
M Tomlinson (Resigned 6 July 2020)	1	3
P Winter (Chair of Audit, Risk & Finance Committee)	4	4
M Khan	1	4
S Skidmore	3	4
S Curley	4	4
E Wood	4	4
Reverend J Rosedale	5	5
R Lamb	5	5

During the period 2019-20, Trustees competently and effectively dealt with the following areas:

- Capacity of the Trust to grow and strengthen.
- Performance of the schools and specifically leadership. Risk areas and actions taken to mitigate.
- Decisions to reopen schools after lockdown and review of Health and Safety issues
- Metrics showing trends re Trust performance educationally and financially.
- Policy development.

Challenges for the Board:

- Growth, in the context of national changes to the academization and re-brokerage policies and the Free Schools programme.
- Capacity of the Board and the need to ensure a range of strategic expertise and succession and monitoring of delegated tasks.
- Impact of COVID on schools' performance and finance
- Capacity of the Trust to resource and fund growth.

Data used by Board

The Board now uses a summary dashboard including financial and educational performance. Trust now provides GovernorHub facilities for the sharing of data to Governance.

CRANMER EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value-for-money framework through appointment, planning and review of internal / external auditor work and review of the effectiveness of internal controls. It also monitors the risk profile of the Trust and approves the Academy Risk register and Business Continuity Plan. The meetings of this Committee alongside the full Trust Board meetings and the regular monthly distribution to the Chairs of the Trust Board and the Audit and Finance Committee of the finance position of the Trust ensures that Trustees meet the requirements of maintaining effective oversight of funds.

The Audit, Risk and Finance Committee were planned to meet 4 times in the year, however, due to the impact of COVID, the committee only met twice in October 2019 and February 2020.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
T Mitchell	1	2
E Moores	1	2
M Tomlinson (Resigned 6 July 2020)	1	2
P Winter (Chair of Audit, Risk & Finance Committee)	2	2
M Khan	0	2
S Skidmore	2	2
S Curley	1	2

Pay Committee

A Pay Committee was established during 2018-19 to review national pay awards for teachers and support staff and to review salary ranges and recommend/approve performance awards for CEO, Headteachers and Executive staff.

Attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
T Mitchell (Chair)	4	4
E Moores	3	4
M Khan (stepped down on 31 August 2019)	0	0
R Lamb (appointed on 1 September 2019)	4	4

Standards Committee

A Standards Committee was established in 2019-20 to focus on standards across the educational institutions owned and operated by the Trust. The Standards Committee were planned to meet 3 times in the year, however, due to the impact of COVID, the committee only met once in September 2019.

Attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
E Wood (Chair) (appointed 1 September 2019)	1	1
R Lamb (appointed 1 September 2019)	1	1
Rev J Rosedale (appointed 1 September 2019)	1	1
J Gregory (appointed 16 October 2019)	0	0

CRANMER EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

Governance reviews

An external review of Governance was undertaken by Jane Lewis, who is a National Leader of Governance, published July 2019. Recommendations included:

- Developing a governance plan for the new free school including succession planning
- Review governance arrangements across the trust in light of the expansion
- Develop Governance training and development plan
- Provide a clear induction process for new trustees

The Articles include the delegation of local responsibilities to Local Governing Bodies. The principles of the Scheme of Delegation were reviewed and revised during 2018/19 in preparation for the expansion of the Trust. The Scheme of Delegation will be reviewed again during 2020/21 following the amalgamation of the audit and finance committees and the set up of a pay committee in 2018/19, a Standards Committee in 2019/20 and the Trust expansion plans.

Review of value for money

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

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

- The growth of the Trust to bring economies of scale – due diligence work undertaken on St Anne's – Middleton Academy to work towards bringing the Academy within the Trust during 2020-21. Continued work by the Trust with DFE on setting up a new school in Oldham.
- Review and benchmark of Trust contracts for services that are central to the running of the Trust to ensure value for money is achieved through all the academies. During 19-20 this included a tender process for the provision of HR in-house and a new payroll system. Also, the procurement of a new accounting system for 2020-21 whereby reporting and investigation of transactions can be performed effectively at all levels.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

CRANMER EDUCATION TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and appointed Jane Ripley to carry out an independent internal scrutiny.

The internal reviewer's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. During the year the internal auditor was employed to undertake work on the following areas, however, the restrictions imposed by COVID19 meant that work could only be performed through limited desktop review with no physical checking on site. As a result, work was limited as shown below:

- the preparation for St Anne's joining the Trust (delayed due to COVID19);
- tender processes utilised by the Trust;
- review of budget and forecast projections (delayed due to COVID19);
- and review of the Business Continuity Disaster Recovery Plan.

The internal auditor recommendations included ensuring financial checks and references were undertaken for bidding contractors on capital projects even where the tender process is run by an independent project team and that the tender process for catering and cleaning is performed by professional advisors. Also, that the Business Continuity Plan is updated following COVID experience and that ICT backups are regularly tested, and quality checked.

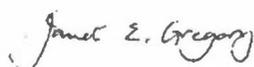
Review of effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility of reviewing the effectiveness of the system of internal control. During the year ended 31 August 2020 the review has been informed by:

- the work of the internal reviewer
- the work of the external auditor
- the school resource management self – assessment tool and
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



J Gregory
Chair of Trust Board



J A Hollis
Accounting Officer and Chief Executive Officer of Cranmer
Education Trust

CRANMER EDUCATION TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Cranmer Education Trust I have considered my responsibility to notify the Academy Trust Board and the Education and Skills Funding Agency (EFSA) of material irregularity, impropriety and non-compliance with EFSA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



J A Hollis
Accounting Officer

10 December 2020

CRANMER EDUCATION TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the Trustees to prepare 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

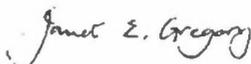
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the 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 with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



J Gregory
Chair of Trust Board

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANMER EDUCATION TRUST

Opinion

We have audited the financial statements of Cranmer Education Trust (the "charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities including income and expenditure account, the Balance Sheet, the Statement of 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANMER EDUCATION TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 25, the Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

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

Use of our report

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

RSM UK Audit LLP

John Guest (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

16 December 2020

CRANMER EDUCATION TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Donations and capital grants	4	36	-	1,754	1,790	294
Charitable activities:						
- Funding for educational operations	5	269	11,620	-	11,889	10,770
- Funding for teaching school	29	-	1,593	-	1,593	1,250
Other trading activities	6	123	401	-	524	1,048
Investments	7	1	-	-	1	1
Total		<u>429</u>	<u>13,614</u>	<u>1,754</u>	<u>15,797</u>	<u>13,363</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	481	12,216	640	13,337	12,715
- Teaching school	29	-	1,567	-	1,567	1,236
Total	8	<u>481</u>	<u>13,783</u>	<u>640</u>	<u>14,904</u>	<u>13,951</u>
Net income/(expenditure)		(52)	(169)	1,114	893	(588)
Transfers between funds	19	-	(186)	186	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	26	-	(1,198)	-	(1,198)	(1,807)
Net movement in funds		<u>(52)</u>	<u>(1,553)</u>	<u>1,300</u>	<u>(305)</u>	<u>(2,395)</u>
Reconciliation of funds						
Total funds brought forward		<u>1,885</u>	<u>(4,245)</u>	<u>15,293</u>	<u>12,933</u>	<u>15,328</u>
Total funds carried forward		<u>1,833</u>	<u>(5,798)</u>	<u>16,593</u>	<u>12,628</u>	<u>12,933</u>

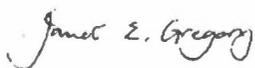
CRANMER EDUCATION TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14		16,191		15,273
Current assets					
Debtors	15	1,006		380	
Cash at bank and in hand		3,043		2,583	
		<u>4,049</u>		<u>2,963</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,118)		(634)	
Net current assets			2,931		2,329
Net assets excluding pension liability			19,122		17,602
Defined benefit pension scheme liability	26		(6,494)		(4,669)
Total net assets			<u>12,628</u>		<u>12,933</u>
Funds of the Trust:					
Restricted funds	19				
- Restricted fixed asset funds			16,593		15,293
- Restricted income funds			696		424
- Pension reserve			(6,494)		(4,669)
Total restricted funds			<u>10,795</u>		<u>11,048</u>
Unrestricted income funds	19		1,833		1,885
Total funds			<u>12,628</u>		<u>12,933</u>

The financial statements on pages 28 to 56 were approved by the board of trustees and authorised for issue on 10 December 2020 and are signed on their behalf by:



J Gregory
Chair of Trust Board

CRANMER EDUCATION TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	23		797		53
Cash flows from investing activities					
Dividends, interest and rents from investments		1		1	
Capital grants from DfE Group		1,220		250	
Purchase of tangible fixed assets		(1,558)		(376)	
Net cash used in investing activities			(337)		(125)
Net increase/(decrease) in cash and cash equivalents in the reporting period			460		(72)
Cash and cash equivalents at beginning of the year			2,583		2,655
Cash and cash equivalents at end of the year			<u>3,043</u>		<u>2,583</u>

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

General information

Cranmer Education Trust is a Charitable Company (the "Trust"). The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS102, 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling which is also the functional currency of the Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The Trustees have reviewed and approved budgets and cashflow forecasts for 2020/21 and future years, and considered the following:

The MAT's financial position, its financial plans (including anticipated student numbers), the demand for places and the broader environment which includes any additional demands placed on the budget because of Covid-19 to ensure that the MAT can continue to operate safely and the inclusion of the financial impact and risks associated with St Annes Church of England Academy which will join the Trust during 20-21.

In the light of this review they have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Income

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

Grants

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

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

CRANMER EDUCATION TRUST

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

1 Accounting policies (Continued)

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

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 Trust has provided the goods or services.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities (SOFA).

Where the donated goods are a fixed asset they are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Transfer on conversion

Where assets and liabilities are received by the Trust on conversion to an academy the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

The Trust, since academisation in 2011 has held the land and buildings of The Blue Coat School on a licence to occupy from the owners, the Oldham Henshaw and Church of England Education Trust evidenced in the Church Supplemental Agreement. The land and buildings are recognised in the balance sheet on the basis of the flow of future economic benefit from the use of the property and its continuing occupancy by the school on the basis of substance over form. The property was valued at depreciated replacement cost in 2015 by Sanderson Weatherall Quantity Surveyors and is being depreciated over its remaining useful economic life.

On conversion to academies, during year ended 31 August 2016, East Crompton St George's CofE Primary School and Mayfield Primary School received transfer of property under lease agreements and license arrangements for £Nil consideration. The land and buildings were valued by Kier Group plc for the ESFA on the basis of fair value and were transferred to the Trust as follows:

Mayfield Primary School - 125 year lease agreement with Oldham Council

East Crompton St George's CofE Primary School - license agreement within the Church Supplemental Agreement for the use of the Land owned by the Manchester Diocesan Board of Education until the agreement is terminated.

Interest receivable

Interest receivable is included in the SOFA on a receivable basis, and is stated inclusive of related tax credits.

CRANMER EDUCATION TRUST

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

1 Accounting policies (Continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the SOFA 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 licenced land and assets under construction, so as to write off the cost of assets less their residual values on a straight line basis over their useful lives on the following bases:

Leasehold land and buildings	2% per annum
Plant and machinery	10% per annum
Land - leased	Over life of the lease
Land - licence agreement	No depreciation is charged
ICT/Educational equipment and motor vehicles	20% - 33% per annum
Assets in the course of construction	No depreciation is charged
Major school improvements	5% per annum

Where an asset comprises of two or more components that have substantially different useful lives, each component must be depreciated separately over its useful economic life.

CRANMER EDUCATION TRUST

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

1 Accounting policies (Continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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 SOFA.

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 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.

Leased assets

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

Financial instruments

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments. The Trust only holds basic financial instruments as defined in FRS 102.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 18. 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.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

CRANMER EDUCATION TRUST

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

1 Accounting policies (Continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

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

Pensions benefits

Retirement benefits to employees of the 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 so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit method. As stated in note 26, the TPS is an unfunded multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees. Designated funds are unrestricted funds which the Trustees have set aside for specific purposes.

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 DfE, ESFA and RSC.

CRANMER EDUCATION TRUST

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

1 Accounting policies (Continued)

Agency arrangements

The Trust acts as an agent in the administering of 16-19 Vulnerable Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the SOFA to the extent that the Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA. The funds received and paid and any balances held are disclosed in note 28.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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.

Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability of £6,494k (2019: £4,669k).

Fixed assets

The categorisation of fixed asset expenditure in the accounts for the purpose of depreciation is based on judgement of the expected useful life for each asset involved. Assets have been categorised into set bases of expected life in order to simplify the calculation and disclosure of the basis of depreciation. The amount of depreciation subject to uncertainty is £640k (2019: £655k). The useful life basis are described in note 1.

Critical areas of judgement

The trustees have determined that no areas of judgement are critical to the academy trust's financial statements.

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Statement of financial activities - comparative year information

Year ended 31 August 2019	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000
Income and endowments from:				
Donations and capital grants	44	-	250	294
Charitable activities:				
- Funding for educational operations	-	10,770	-	10,770
- Funding for teaching school	-	1,250	-	1,250
Other trading activities	554	494	-	1,048
Investments	1	-	-	1
Total	<u>599</u>	<u>12,514</u>	<u>250</u>	<u>13,363</u>
Expenditure on:				
Charitable activities:				
- Educational operations	596	11,464	655	12,715
- Teaching school	-	1,236	-	1,236
Total	<u>596</u>	<u>12,700</u>	<u>655</u>	<u>13,951</u>
Net income/(expenditure)	3	(186)	(405)	(588)
Transfers between funds	-	(128)	128	-
Other recognised gains/(losses)				
Actuarial losses on defined benefit pension schemes	-	(1,807)	-	(1,807)
Net movement in funds	<u>3</u>	<u>(2,121)</u>	<u>(277)</u>	<u>(2,395)</u>

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	1,754	1,754	250
Other donations	36	-	36	44
	<u>36</u>	<u>1,754</u>	<u>1,790</u>	<u>294</u>

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	9,843	9,843	9,533
Start up grants	-	30	30	-
Other DfE group grants	-	1,359	1,359	803
	-	11,232	11,232	10,336
Other government grants				
Local authority grants	-	364	364	419
Exceptional government funding				
Coronavirus job retention scheme grant	6	-	6	-
Coronavirus exceptional support	10	-	10	-
	16	-	16	-
Other incoming resources	253	24	277	15
	269	11,620	11,889	10,770

In the current year income relating to the provision of school meals of £253k has been reclassified from catering income within other trading activities (note 6) to other incoming resources in educational operations above. The prior year value of £391k has not been reclassified which makes the above note not entirely comparable.

The Trust has been eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers £10k of costs in relation to Free School Meals paid prior to the National Scheme, extra staffing over Easter to keep the Primary Schools open to support key worker families and costs of cleaning materials, postage for education packs, PPE and sanitiser and soap. These costs are included in notes 8 and 10 below as appropriate.

The Trust furloughed two of its playworkers and four of its peri-teaching staff under the government's CJRS. The funding received of £6k related to staff costs in respect of these 6 staff which are included within note 10 below as appropriate.

CRANMER EDUCATION TRUST

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

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Hire of facilities	1	-	1	2
Catering income	29	-	29	437
Music tuition	22	-	22	32
Trips	-	300	300	373
Other income	71	101	172	204
	<u>123</u>	<u>401</u>	<u>524</u>	<u>1,048</u>

In the current year income relating to the provision of school meals of £253k has been reclassified from catering income within other trading activities to other incoming resources in educational operations (note 5). The prior year value of £391k has not been reclassified which makes the above note not entirely comparable.

7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Interest from short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

8 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises Other £'000 £'000		Total 2020 £'000	Total 2019 £'000
Academy's educational operations					
- Direct costs	7,842	-	564	8,406	7,964
- Allocated support costs	1,885	1,416	1,630	4,931	4,751
Teaching school					
- Direct costs	533	-	936	1,469	1,138
- Allocated support costs	77	-	21	98	98
Total support costs	<u>10,337</u>	<u>1,416</u>	<u>3,151</u>	<u>14,904</u>	<u>13,951</u>

CRANMER EDUCATION TRUST

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

8 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2020 £'000	2019 £'000
Operating lease rentals	40	34
Depreciation of tangible fixed assets	640	655
Net interest on defined benefit pension liability	94	71
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	20	20
- Other services	8	3

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Direct costs				
Educational operations	17	8,389	8,406	7,964
Teaching school	-	1,469	1,469	1,138
Support costs				
Educational operations	464	4,467	4,931	4,751
Teaching school	-	98	98	98
	481	14,423	14,904	13,951

	Teaching school £'000	Educational operations £'000	Total 2020 £'000	Total 2019 £'000
Analysis of support costs				
Support staff costs	77	1,885	1,962	1,728
Depreciation	-	640	640	655
Technology costs	-	218	218	221
Premises costs	-	776	776	763
Legal costs	-	8	8	10
Other support costs	19	1,373	1,392	1,449
Governance costs	2	31	33	23
	98	4,931	5,029	4,849

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs - employed

Staff costs during the year were:

	2020 £'000	2019 £'000
Wages and salaries	7,330	6,910
Social security costs	750	703
Pension costs	2,175	1,589
	<hr/>	<hr/>
Staff costs - employees	10,255	9,202
Agency staff costs	82	66
Staff restructuring costs	-	10
	<hr/>	<hr/>
Total staff expenditure	10,337	9,278
	<hr/> <hr/>	<hr/> <hr/>
 Staff restructuring costs comprise:		
Redundancy payments	-	10
	<hr/> <hr/>	<hr/> <hr/>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2019: £9,770).

Staff numbers

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

	2020 Number	2019 Number
Teachers	112	106
Administration and support	123	119
Management	19	19
	<hr/>	<hr/>
	254	244
	<hr/> <hr/>	<hr/> <hr/>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2020 FTE	2019 FTE
Teachers	105	101
Administration and support	85	79
Management	19	19
	<hr/>	<hr/>
	209	199
	<hr/> <hr/>	<hr/> <hr/>

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff (Continued)

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u> </u>	<u> </u>

Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £415,000 (2019: £389,000).

11 Central services

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

- 1 Payroll services;
- 2 Legal services;
- 3 Audit and accountancy;
- 4 IT infrastructure;
- 5 Website and marketing;
- 6 Finance software;
- 7 Insurance (excluding RPA);
- 8 Human resources;
- 9 Finance services;
- 10 IT support;
- 11 Estates support;
- 12 Data support;
- 13 Strategic leadership;
- 14 Admin Executive Assistant;
- 15 School improvement services;
- 16 Primary maths lead

The Trust charges for these services on the following basis:

- Points 1-4 and 7 - Allocated over the time the Academy is in the Trust and pupil or staff numbers in each Academy
- Point 5 - Equal allocation to each Academy
- Point 6 and 15 - Actual costs for each Academy
- Points 8-14 - Allocated over the time the Academy is in the Trust and either 60/20/20 or 70/15/15 split secondary/primary/primary dependant on service provided
- Point 16 - Equal cost to each primary Academy

CRANMER EDUCATION TRUST

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

11 Central services (Continued)

The amounts charged during the year were as follows:	2020 £'000	2019 £'000
Mayfield Primary School	121	95
East Crompton St George's CofE Primary School	110	84
The Blue Coat School	337	333
	<u>568</u>	<u>512</u>

12 Trustees' remuneration and expenses

One or more Trustees have been paid remuneration or has received other benefits from employment with the Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contract of employment, and not in respect of their services as Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their roles as Trustees.

The value of Trustees' remuneration and other benefits are as follows:

J A Hollis - Chief Executive Officer:
Remuneration £89,568 (2019: £71,698)
Employer's pension contributions paid £nil (2019: £nil)

During the year ended 31 August 2020, travel and subsistence expenses totalling £44 (2019: £197) were reimbursed to one Trustee of the Trust.

Any other related party transactions involving the Trustees are set out in note 27.

13 Trustees and officers' insurance

The Trust has opted into the Department for Education risk protection arrangement (RPA), as 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 Trust business and provides cover up to £10,000,000. It is not possible to quantify the Trustees' and officers indemnity element from the overall cost of the RPA scheme membership.

CRANMER EDUCATION TRUST

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

14 Tangible fixed assets

	Leasehold land and buildings	Plant and machinery	ICT/ Educational equipment and motor vehicles	Assets in the course of construction	Major school improvements	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2019	13,223	542	1,501	212	3,827	19,305
Transfer	-	106	-	(106)	-	-
Additions	-	30	190	1,338	-	1,558
Disposals	-	-	(5)	-	-	(5)
At 31 August 2020	13,223	678	1,686	1,444	3,827	20,858
Depreciation						
At 1 September 2019	1,625	205	1,219	-	983	4,032
On disposals	-	-	(5)	-	-	(5)
Charge for the year	240	70	138	-	192	640
At 31 August 2020	1,865	275	1,352	-	1,175	4,667
Net book value						
At 31 August 2020	11,358	403	334	1,444	2,652	16,191
At 31 August 2019	11,598	337	282	212	2,844	15,273

15 Debtors

	2020 £'000	2019 £'000
Trade debtors	30	9
VAT recoverable	84	51
Prepayments and accrued income	892	320
	1,006	380

16 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	6	61
Other taxation and social security	178	169
Other creditors	161	102
Accruals and deferred income (see note 17)	773	302
	1,118	634

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Deferred income

	2020 £'000	2019 £'000
Deferred income is included within:		
Creditors due within one year	29	49
	<u>29</u>	<u>49</u>
Deferred income at 1 September 2019	49	118
Released from previous years	(49)	(118)
Resources deferred in the year	29	49
	<u>29</u>	<u>49</u>
Deferred income at 31 August 2020	29	49

At the balance sheet date the Trust was holding funds received in advance in relation to rates relief from ESFA of £Nil (2019: £22,000) and universal free school meals £29,000 (2019: £27,000).

The year end balance of £29,000 is expected to be released in the 2020/21 year.

18 Financial instruments

The Trust has the following financial instruments measured at fair value through profit or loss at 31 August:

	2020 £'000	2019 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	769	188
	<u>769</u>	<u>188</u>
Carrying amount of financial liabilities		
Measured at amortised cost	911	416
	<u>911</u>	<u>416</u>

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	-	9,843	(9,657)	(186)	-
Start up grants	-	30	(30)	-	-
Other DfE / ESFA grants	-	922	(922)	-	-
Other government grants	-	364	(364)	-	-
Pupil premium	-	437	(437)	-	-
Teaching school	12	1,593	(1,567)	-	38
Other restricted funds	412	425	(179)	-	658
Pension reserve	(4,669)	-	(627)	(1,198)	(6,494)
	<u>(4,245)</u>	<u>13,614</u>	<u>(13,783)</u>	<u>(1,384)</u>	<u>(5,798)</u>
Restricted fixed asset funds					
Inherited on conversion	10,041	-	(221)	-	9,820
DfE group capital grants	3,900	1,754	(244)	-	5,410
Capital expenditure from GAG	1,352	-	(175)	186	1,363
	<u>15,293</u>	<u>1,754</u>	<u>(640)</u>	<u>186</u>	<u>16,593</u>
Total restricted funds	<u>11,048</u>	<u>15,368</u>	<u>(14,423)</u>	<u>(1,198)</u>	<u>10,795</u>
Unrestricted funds					
Inherited funds	105	-	-	-	105
Unrestricted funds	1,780	429	(481)	-	1,728
	<u>1,885</u>	<u>429</u>	<u>(481)</u>	<u>-</u>	<u>1,833</u>
Total funds	<u>12,933</u>	<u>15,797</u>	<u>(14,904)</u>	<u>(1,198)</u>	<u>12,628</u>

CRANMER EDUCATION TRUST

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

19 Funds (Continued)

The Trust is not subject to GAG carry forward limits.

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

During the year £186,000 of restricted general funds were transferred to fixed asset reserves to be utilised on capital acquisitions.

The value of unrestricted reserves is £1,833,000 (2019: £1,885,000). These are freely available for general purposes and will be allocated in line with the strategic objectives of the Trust.

Restricted fixed asset reserves total £16,593,000 (2019: £15,293,000) and includes the value of the assets and capital balances transferred by the local authority and the Manchester Diocesan Board of Education to the Trust on conversion of the secondary school in 2011 and the two primary schools in period ended 31 August 2016. The restricted fixed asset reserve also includes the funding of assets through grant income since conversion, any balance on capital funds received in the period and not spent £17,000 (2019: £19,000) and is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The restricted fixed asset reserve also includes £384,000 (2019: £Nil) of Conditional Improvement Funding agreed unconditionally with the DfE but not yet received by the Trust at 31 August 2020.

CRANMER EDUCATION TRUST

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

19 Funds (Continued)

Funds prior year

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	9,533	(9,405)	(128)	-
Other DfE / ESFA grants	-	803	(803)	-	-
Other government grants	-	419	(419)	-	-
Teaching school	(2)	1,250	(1,236)	-	12
Other restricted funds	263	509	(360)	-	412
Pension reserve	(2,385)	-	(477)	(1,807)	(4,669)
	<u>(2,124)</u>	<u>12,514</u>	<u>(12,700)</u>	<u>(1,935)</u>	<u>(4,245)</u>
Restricted fixed asset funds					
Transfer on conversion	10,267	-	(226)	-	10,041
DfE group capital grants	3,872	250	(222)	-	3,900
Capital expenditure from GAG	1,431	-	(207)	128	1,352
	<u>15,570</u>	<u>250</u>	<u>(655)</u>	<u>128</u>	<u>15,293</u>
Total restricted funds	<u>13,446</u>	<u>12,764</u>	<u>(13,355)</u>	<u>(1,807)</u>	<u>11,048</u>
Unrestricted funds					
Inherited funds	1,777	599	(596)	-	1,780
	105	-	-	-	105
	<u>1,882</u>	<u>599</u>	<u>(596)</u>	<u>-</u>	<u>1,885</u>
Total funds	<u>15,328</u>	<u>13,363</u>	<u>(13,951)</u>	<u>(1,807)</u>	<u>12,933</u>

CRANMER EDUCATION TRUST

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

19 Funds (Continued)

Total funds analysis by academy

	2020	2019
	£'000	£'000
Fund balances at 31 August 2020 were allocated as follows:		
Mayfield Primary School	209	190
East Crompton St George's CofE Primary School	217	170
The Blue Coat School	1,969	1,885
Central services	134	64
	<u>2,529</u>	<u>2,309</u>
Total before fixed assets fund and pension reserve		
Restricted fixed asset fund	16,593	15,293
Pension reserve	(6,494)	(4,669)
	<u>12,628</u>	<u>12,933</u>
Total funds	<u><u>12,628</u></u>	<u><u>12,933</u></u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Mayfield Primary School	821	121	92	224	1,258	1,239
East Crompton St George's CofE Primary School	700	133	93	174	1,100	1,102
The Blue Coat School	6,852	829	431	1,754	9,866	9,326
Central services	-	347	8	1,059	1,414	1,154
	<u>8,373</u>	<u>1,430</u>	<u>624</u>	<u>3,211</u>	<u>13,638</u>	<u>12,821</u>
	<u><u>8,373</u></u>	<u><u>1,430</u></u>	<u><u>624</u></u>	<u><u>3,211</u></u>	<u><u>13,638</u></u>	<u><u>12,821</u></u>

CRANMER EDUCATION TRUST

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

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	16,191	16,191
Current assets	1,833	1,814	402	4,049
Creditors falling due within one year	-	(1,118)	-	(1,118)
Defined benefit pension liability	-	(6,494)	-	(6,494)
Total net assets	1,833	(5,798)	16,593	12,628

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	15,273	15,273
Current assets	1,885	1,058	20	2,963
Creditors falling due within one year	-	(634)	-	(634)
Defined benefit pension liability	-	(4,669)	-	(4,669)
Total net assets	1,885	(4,245)	15,293	12,933

21 Commitments under operating leases

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

	2020 £'000	2019 £'000
Amounts due within one year	39	40
Amounts due between one and five years	48	48
	<u>87</u>	<u>88</u>

22 Capital commitments

	2020 £'000	2019 £'000
Expenditure contracted for but not provided in the financial statements	2,440,000	-

CRANMER EDUCATION TRUST

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

23 Reconciliation of net income/(expenditure) to net cash flow from operating activities	2020	2019
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	893	(588)
Adjusted for:		
Capital grants from DfE and other capital income	(1,754)	(250)
Interest receivable	(1)	(1)
Defined benefit pension scheme costs less contributions payable	533	406
Defined benefit pension scheme finance cost	94	71
Depreciation of tangible fixed assets	640	655
Movements in working capital:		
(Increase) in debtors	(92)	(162)
Increase/(decrease) in creditors	484	(78)
Net cash provided by operating activities	<u>797</u>	<u>53</u>

24 Analysis of changes in net funds	1 September	Cash flows	31 August
	2019		2020
	£'000	£'000	£'000
Cash	2,583	460	3,043

25 Members' liability

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

26 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £161,000 (2019: £102,000) were payable to the schemes at 31 August 2020 and are included within creditors.

CRANMER EDUCATION TRUST

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

26 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' Pensions Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme 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 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- 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 notional rate of return including earnings growth is 4.45%.
- Employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay

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

The employer's pension costs paid to the TPS in the period amounted to £1,222,113 (2019: £1,250,952).

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 plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20 to 20.6% between 2018 and 2020 for employers and 5.5 to 12.5% for employees.

CRANMER EDUCATION TRUST

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

26 Pension and similar obligations (Continued)

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.

Accounting for the McCloud/Sargeant Judgement

In December 2018 the Government lost a court of Appeal case (the McCloud/Sargeant case) which found that transitional protection arrangements put in place when the firefighters' and judges' schemes were reformed were age discriminatory. The Government's appeal to the Supreme Court was denied in June 2019. In a Written Ministerial Statement on 15 July 2019 the Government committed to seeking a remedy across all public sector schemes.

LGPS actuaries have been instructed by employers to calculate an approximate approach for quantifying a constructive obligation for accounting purposes and this has been incorporated into liabilities at both 31 August 2020 and 31 August 2019.

Total contributions made	2020	2019
	£'000	£'000
Employer's contributions	432	398
Employees' contributions	130	120
Total contributions	<u>562</u>	<u>518</u>

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2020 by a qualified independent actuary.

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

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

	2020	2019
	Years	Years
Retiring today		
- Males	20.5	20.6
- Females	23.1	23.1
Retiring in 20 years		
- Males	22.0	22.0
- Females	25.0	24.8

CRANMER EDUCATION TRUST

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

26 Pension and similar obligations (Continued)

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

	2020	2019
Discount rate - 0.5%	1,898	1,678
CPI rate +0.5%	1,545	1,313
Salary increase rate +0.5%	310	324

The Trust's share of the assets in the scheme

	2020 Fair value £'000	2019 Fair value £'000
Equities	5,276	5,081
Bonds	1,241	1,121
Cash	698	672
Property	543	598
Total fair value of assets	7,758	7,472

The actual return on scheme assets was £(183,000) (2019: £332,000).

Amount recognised in the Statement of Financial Activities

	2020 £'000	2019 £'000
Current service cost	959	684
Net interest cost	94	71
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	6	120
Total operating charge	1,059	875

Changes in the present value of defined benefit obligations

	2020 £'000
At 1 September 2019	12,141
Current service cost	959
Interest cost	241
Employee contributions	130
Actuarial loss	868
Benefits paid	(93)
Past service cost	6
At 31 August 2020	14,252

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

26 Pension and similar obligations (Continued)

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

	2020
	£'000
At 1 September 2019	7,472
Interest income	147
Return on plan assets (excluding net interest on the net defined pension liability)	(330)
Employer contributions	432
Employee contributions	130
Benefits paid	(93)
	<hr/>
At 31 August 2020	7,758
	<hr/> <hr/>

27 Related party transactions

No related party transactions took place in the period of account other than certain trustee's remuneration and expenses already disclosed in note 12.

28 Agency arrangements

The Trust distributes 16-19 Vulnerable Bursary Funds to students, on behalf of the ESFA. In the year the Trust received £Nil (2019: £4,800) of vulnerable bursary and disbursed £Nil (2018: £4,800) to the relevant students from the fund. The Trust had no beneficial interest in these transactions.

CRANMER EDUCATION TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

29 Teaching school trading account

	2020		2019	
	£'000	£'000	£'000	£'000
Direct income				
Teaching school grant		40		40
Teaching school trading income		349		251
SCITT tuition fees		529		393
SCITT bursaries and sponsorships		675		566
		<u> </u>		<u> </u>
Total income		1,593		1,250
Direct costs				
Direct staff costs	533		303	
Other direct costs	936		835	
	<u> </u>		<u> </u>	
	1,469		1,138	
	<u> </u>		<u> </u>	
Other costs				
Support staff costs	77		69	
Other support costs	19		28	
Share of governance costs	2		1	
	<u> </u>		<u> </u>	
	98		98	
	<u> </u>		<u> </u>	
Total operating costs		(1,567)		(1,236)
		<u> </u>		<u> </u>
Surplus from teaching school		26		14
		<u> </u>		<u> </u>
Teaching school balances at 1 September 2019		12		(2)
		<u> </u>		<u> </u>
Teaching school balances at 31 August 2020		38		12
		<u> </u>		<u> </u>

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 6 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, to obtain limited assurance about whether the expenditure disbursed and income received by Cranmer Education Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2019 to 2020 Part 9: Regularity Reporting. We are independent of Cranmer Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Cranmer Education Trust's accounting officer and Trustees

The accounting officer is responsible, under the requirements of Cranmer Education Trust's funding agreement with the Secretary of State for Education dated 23 March 2015 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Cranmer Education Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2019 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2019 to 2020.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Cranmer Education Trust and the ESFA in accordance with the terms of our engagement letter dated 6 July 2017. Our work has been undertaken so that we might state to the Cranmer Education Trust and the 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 Cranmer Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK Audit LLP
Chartered accountants
3 Hardman Street
Manchester
M3 3HF

Dated: *16 December 2020*